Burjeel Holdings PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023
(UNAUDITED)

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE DIRECTORS 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 30 September 2023, comprising of the interim condensed consolidated statement of financial position as at 30 September 2023, and the related interim condensed consolidated statement of comprehensive income for the three-months and nine-months period then ended, the related interim condensed consolidated statements of changes in equity and cash flows for the nine-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
Partner
Ernst & Young
Registration No 687

30 October 2023
Abu Dhabi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months period ended 30 September 2023 (unaudited)

	Notes	*Three months ended 30 September*		*Nine months ended 30 September*	
		2023	*2022*	***2023***	*2022*
		AED	*AED*	***AED***	*AED*
Revenue	4	**1,155,409,696**	933,157,510	**3,317,239,551**	2,831,558,400
Doctors' and other employees' salaries and emoluments		**(496,184,055)**	(415,169,064)	**(1,463,111,801)**	(1,230,660,413)
Inventories consumed		**(289,589,029)**	(207,345,098)	**(806,584,044)**	(660,432,385)
Depreciation of property and equipment	6	**(57,974,497)**	(60,409,026)	**(174,555,560)**	(189,002,587)
Amortisation of intangible assets		**(933,207)**	(791,934)	**(2,662,103)**	(3,101,165)
Depreciation of right-of-use assets		**(30,785,860)**	(26,855,100)	**(84,172,750)**	(80,498,461)
Provision for expected credit losses		**(20,274,990)**	(11,691,954)	**(55,923,790)**	(49,721,443)
Other expenses	5	**(92,813,702)**	(109,213,610)	**(281,436,658)**	(296,905,674)
OPERATING PROFIT FOR THE PERIOD		**166,854,356**	101,681,724	**448,792,845**	321,236,272
Finance costs		**(33,569,890)**	(67,038,705)	**(104,130,406)**	(172,546,809)
Interest income from related parties	8	**-**	13,146,999	**-**	41,848,351
Share of profit from equity accounted investees		**3,774,924**	4,402,902	**17,110,885**	14,540,732
PROFIT FOR THE PERIOD		**137,059,390**	52,192,920	**361,773,324**	205,078,546
Other comprehensive income		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**137,059,390**	52,192,920	**361,773,324**	205,078,546
Profit for the period and total comprehensive income for the period attributable to:					
Equity holders of the Parent Company		**128,671,802**	46,671,999	**342,356,432**	189,978,290
Non-controlling interests		**8,387,588**	5,520,921	**19,416,892**	15,100,256
		137,059,390	52,192,920	**361,773,324**	205,078,546
Earnings per share attributable to equity holders of the Parent Company:					
- basic and diluted earnings per share (AED) (restated)	14	**0.02**	0.01	**0.07**	0.04

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	*(Unaudited) 30 September 2023 AED*	*(Audited) 31 December 2022 AED*
ASSETS			
Non-current assets			
Property and equipment	6	**1,918,803,062**	2,001,503,707
Intangible assets		**9,472,824**	7,278,837
Right-of-use assets		**1,036,313,304**	1,018,557,484
Capital work in progress		**29,474,040**	23,281,616
Investment in associates		**33,583,450**	29,072,565
Term deposits		**2,552,500**	2,552,500
		3,030,199,180	3,082,246,709
Current assets			
Inventories		**240,206,486**	239,850,836
Accounts receivable and prepayments		**1,557,373,209**	1,189,537,105
Amounts due from related parties	8	**23,066,236**	23,538,218
Bank balances and cash	7	**94,200,966**	149,962,481
		1,914,846,897	1,602,888,640
TOTAL ASSETS		**4,945,046,077**	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		**441,789,012**	194,686,535
Equity attributable to equity holders of the parent		**1,335,749,647**	1,088,647,170
Non-controlling interests		**42,616,820**	29,199,928
Total equity		**1,378,366,467**	1,117,847,098
Non-current liabilities			
Interest bearing loans and borrowings	9	**810,864,449**	903,820,385
Lease liabilities		**1,065,797,219**	1,077,976,668
Employees' end of service benefits		**145,532,618**	121,447,629
Derivative financial instrument	11	**16,839,357**	28,374,631
		2,039,033,643	2,131,619,313
Current liabilities			
Accounts payable and accruals		**1,010,169,140**	945,477,127
Lease liabilities		**111,422,218**	97,632,216
Interest bearing loans and borrowings	9	**375,395,168**	356,971,713
Amounts due to related parties	8	**30,659,441**	35,587,882
		1,527,645,967	1,435,668,938
Total liabilities		**3,566,679,610**	3,567,288,251
TOTAL EQUITY AND LIABILITIES		**4,945,046,077**	4,685,135,349

Mr. Muhammed Shihabuddin
Chief Financial Officer

Mr. John Sunil
Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 30 September 2023 (unaudited)

	Attributable to the equity holders of Parent								
	Share capital AED	*Shareholder's account AED*	*Share premium AED*	*Other reserve AED*	*Shareholder's contribution AED*	*Accumulated losses/ Retained earnings AED*	*Total AED*	*Non - controlling interest AED*	*Total equity AED*
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 (unaudited)	-	-	-	-	-	189,978,290	189,978,290	15,100,256	205,078,546
Total comprehensive income for the period (unaudited)	-	-	-	-	-	189,978,290	189,978,290	15,100,256	205,078,546
Dividend paid to non-controlling interest (unaudited)	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)
Additional contribution (unaudited)	-	-	-	-	300,000	-	300,000	-	300,000
Movement in shareholder's account, net (unaudited)	-	(128,484)	-	-	-	-	(128,484)	-	(128,484)
Increase in share capital (unaudited)	549,266,000	(532,835,106)	-	-	(16,430,894)	-	-	-	-
Reduction of share capital (unaudited)	(49,526,349)	-	-	-	-	49,526,349	-	-	-
Balance at 30 September 2022 (unaudited)	500,473,651	-	-	2,889,504	3,553,665	46,671,999	553,588,819	27,863,617	581,452,436
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 (unaudited)	-	-	-	-	-	342,356,432	342,356,432	19,416,892	361,773,324
Total comprehensive income for the period (unaudited)	-	-	-	-	-	342,356,432	342,356,432	19,416,892	361,773,324
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(6,000,000)	(6,000,000)
Dividend paid	-	-	-	-	-	(95,253,955)	(95,253,955)	-	(95,253,955)
Balance at 30 September 2023 (unaudited)	520,513,417	-	366,854,049	3,039,504	3,553,665	441,789,012	1,335,749,647	42,616,820	1,378,366,467

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2023 (unaudited)

	Notes	*Nine-month ended 30 September* 2023 AED (Unaudited)	2022 AED (Unaudited)
OPERATING ACTIVITIES			
Profit for the period		**361,773,324**	205,078,546
Adjustments for:			
Depreciation on property and equipment	6	**174,555,560**	189,002,587
Amortisation of intangible assets		**2,662,103**	3,101,165
Depreciation on right-of-use assets		**84,172,750**	80,498,461
Provision for expected credit losses		**55,923,790**	49,721,443
Share of profit from equity accounted investees		**(17,110,885)**	(14,540,732)
Interest income from related parties	8	**-**	(41,848,351)
Provision for employees' end of service benefits		**36,314,861**	29,666,135
Lease adjustment		**(6,718,765)**	(342,931)
Gain on disposal of property and equipment, net		**-**	(350,000)
Change in fair value of profit rate swap	11	**(11,535,274)**	5,981,957
Finance costs		**104,130,406**	172,546,809
		784,167,870	678,515,089
Working capital adjustments:			
Inventories		**(355,650)**	(19,931,947)
Accounts receivable and prepayments		**(423,759,894)**	(216,647,033)
Amounts due from related parties		**3,731,188**	74,207,709
Accounts payable and accruals		**64,692,013**	(159,500,248)
Amounts due to related parties		**(5,069,365)**	(4,124,733)
Cash generated from operations		**423,406,162**	352,518,837
Employees' end of service benefits paid		**(15,489,078)**	(11,441,731)
Finance costs paid		**(64,896,049)**	(131,973,013)
Net cash flows from operating activities		**343,021,035**	209,104,093
INVESTING ACTIVITIES			
Additions to property and equipment	6	**(92,095,295)**	(53,412,593)
Additions to intangible assets		**(4,856,090)**	(140,804)
Additions to capital work in progress		**(6,192,423)**	(7,094,090)
Proceeds from disposal of property and equipment		**381,304**	488,019
Amounts due from related parties		**-**	1,326,968,902
Dividend income received from equity accounted investee		**12,600,000**	-
Movement in long term deposits		**-**	643,489
Net cash flows (used in) from investing activities		**(90,162,504)**	1,267,452,923
FINANCING ACTIVITIES			
Net movement in shareholder's account		**-**	(128,484)
Net movement in share contribution		**-**	300,000
Dividend paid		**(95,253,955)**	-
Payment of principal portion of lease liabilities		**(132,833,610)**	(114,015,909)
Net movement in margin account		**(601,629)**	1,081,721
Dividend paid to non-controlling interest		**(6,000,000)**	(5,000,000)
Settlement of derivatives	11	**-**	(13,505,989)
Receipt of interest bearing loans and borrowings	9	**1,583,696**	300,016,029
Repayment of interest bearing loans and borrowings	9	**(76,116,177)**	(1,392,494,020)
Net cash flows used in financing activities		**(309,221,675)**	(1,223,746,652)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(56,363,144)**	252,810,364
Cash and cash equivalents at 1 January		**146,736,382**	39,157,261
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	**90,373,238**	291,967,625

The accompanying notes 1 to 15 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 30 October 2023.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

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 ("IFRS"), and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results for the nine months period ended 30 September 2022 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 instrument which is carried at fair value.

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

2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries. 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

2 BASIS OF PREPARATION continued

2.2 Basis of consolidation continued

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 year 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 consistent with those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2022, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2023.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- 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 significant impact on the interim condensed consolidated financial statements of the Group.

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

- Amendments to IFRS 16: Lease Liability in a Sale and Lease back
- Amendments to IAS 1: Classification of Liabilities as Current and Non-Current
- Supplier Finance Arrangement – Amendments to IAS 7 and IFRS 17

The Group has concluded that these standards will not have a material impact on its interim condensed consolidated financial statements when implemented in future periods.

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 annual consolidated financial statements as at and for the year ended 31 December 2022.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.3 UAE Corporate Tax ("UAE CT")

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

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

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

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered for the financial period ended 30 September 2023. Following assessment of the potential impact of the UAE CT Law on the 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 the position at subsequent reporting dates.

4 REVENUE

4.1 Types of revenue

	Three months ended 30 September		*Nine months ended 30 September*	
	2023 (Unaudited) AED	*2022 (Unaudited) AED*	***2023 (Unaudited) AED***	*2022 (Unaudited) AED*
Clinic revenue	**1,117,287,047**	903,897,700	**3,201,556,361**	2,748,892,566
Pharmacy sales	**13,159,201**	14,315,636	**44,117,927**	48,416,061
Other operating income	**23,623,291**	13,585,040	**66,688,621**	29,953,190
Revenue from contracts with customers	**1,154,069,539**	931,798,376	**3,312,362,909**	2,827,261,817
Rental income	**1,340,157**	1,359,134	**4,876,642**	4,296,583
	1,155,409,696	933,157,510	**3,317,239,551**	2,831,558,400

4.2 Revenue from contracts with customers – timing of recognition

Out patient – services rendered at the point in time	**726,308,857**	610,555,110	**2,065,181,319**	1,824,372,954
In patient – services rendered over time	**390,978,190**	293,342,590	**1,136,375,042**	924,519,612
Pharmacy – services rendered at the point in time	**13,159,201**	14,315,636	**44,117,927**	48,416,061
Other operating income – services rendered at the point in time	**23,623,291**	13,585,040	**66,688,621**	29,953,190
	1,154,069,539	931,798,376	**3,312,362,909**	2,827,261,817

4 REVENUE continued

4.3 Revenue from contracts with customers by geographical markets

	Three months ended 30 September		*Nine months ended 30 September*	
	2023 (Unaudited) AED	*2022 (Unaudited) AED*	***2023 (Unaudited) AED***	*2022 (Unaudited) AED*
United Arab Emirates	**1,105,870,735**	890,279,394	**3,180,973,988**	2,697,785,690
Sultanate of Oman	**48,198,804**	41,518,982	**131,388,921**	129,476,127
	1,154,069,539	931,798,376	**3,312,362,909**	2,827,261,817

4.4 Revenue from contracts with customers by asset type

	Three months ended 30 September		*Nine months ended 30 September*	
	2023 (Unaudited) AED	*2022 (Unaudited) AED*	***2023 (Unaudited) AED***	*2022 (Unaudited) AED*
Hospitals	**1,007,455,340**	802,094,442	**2,886,647,843**	2,478,054,670
Medical centres	**109,831,707**	101,803,258	**314,908,518**	270,837,896
Pharmacies	**13,159,201**	14,315,636	**44,117,927**	48,416,061
Others	**23,623,291**	13,585,040	**66,688,621**	29,953,190
	1,154,069,539	931,798,376	**3,312,362,909**	2,827,261,817

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 year. 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 a number 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 year 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 ended 30 September		*Nine months ended 30 September*	
	2023 (Unaudited) AED	*2022 (Unaudited) AED*	***2023 (Unaudited) AED***	*2022 (Unaudited) AED*
Advertisement and marketing expenses	**15,902,703**	15,353,776	**37,208,968**	36,799,112
Repair and maintenance costs	**21,609,918**	11,212,834	**52,992,194**	38,916,467
Housekeeping and hospitality expenses	**18,014,902**	18,379,748	**53,981,991**	46,618,811
Security charges	**3,967,387**	4,193,992	**11,679,971**	12,175,955
Legal and professional expenses	**8,210,108**	5,553,350	**22,444,573**	15,440,768
Transportation expenses	**4,519,296**	4,016,014	**13,438,106**	11,455,981
Printing and stationery costs	**2,107,515**	2,407,986	**5,873,669**	5,979,453
Bank charges	**2,268,126**	2,133,542	**5,982,290**	6,864,557
(Gain) loss on profit rate swap	**(13,161,255)**	17,170,073	**(11,535,274)**	5,981,957
Utility charges	**15,303,567**	13,037,294	**37,446,712**	33,133,085
Rent expenses	**4,441,861**	2,559,485	**12,890,790**	9,253,115
Credit card commission expenses	**1,054,010**	2,052,126	**3,289,962**	5,906,395
Corporate charges (note 8)	-	-	-	28,108,881
Miscellaneous and other expenses	**8,575,564**	11,143,390	**35,742,706**	40,271,137
	92,813,702	109,213,610	**281,436,658**	296,905,674

Miscellaneous and other expenses of AED 35,742,706 includes expense 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 92,095,295 for the nine months period ended 30 September 2023 (nine months period ended 30 September 2022: AED 53,412,593) which comprises of building and leasehold improvements of AED 16,662,997 (2022: AED 8,398,450), medical equipment of AED 46,337,601 (2022: AED 19,427,687), furniture and fixtures of AED 8,376,725 (2022: AED 5,380,552), computer and office equipment of AED 14,885,259 (2022: AED 15,753,175) and motor vehicles of AED 5,832,713 (2022: AED 4,452.729).

Further, during the nine months period ended 30 September 2023, property and equipment amounting to AED 140,924 (nine months period ended 30 September 2022: AED Nil) were transferred from Response Plus Holding PJSC, a related party at amount equal to net book value (note 8).

During the nine months period ended 30 September 2023, property and equipment having net book value of AED 381,304 were transferred to a related party (nine months period ended 30 September 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 and nine months period ended amounted to AED 57,974,497 and AED 174,555,560, respectively (three months and nine months period ended 30 September 2022: AED 60,409,026 and AED 189,002,587, respectively).

See note 12 for capital commitments.

7 BANK BALANCES AND CASH

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Cash in hand	**3,011,398**	1,630,957
Bank balances:		
Cash at bank	**87,195,715**	144,940,291
Fixed deposits	**166,125**	165,134
Margin deposits	**3,827,728**	3,226,099
Bank balances and cash	**94,200,966**	149,962,481

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Bank balances and cash	**94,200,966**	149,962,481
Less: margin deposits	**(3,827,728)**	(3,226,099)
Cash and cash equivalents	**90,373,238**	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.

Fixed deposits and margin deposits are kept with local commercial banks in the United Arab Emirates, Oman and India and carry interest at prevailing market rates. Fixed deposits have an 'original maturity' of less than 3 months.

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

	30 September 2023 AED (Unaudited)	*30 September 2022 AED (Unaudited)*
Significant non-cash transactions		
Employees' end of service benefits transferred from a related party (note 8)	**3,259,206**	-
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 ended 30 September		*Nine months ended 30 September*	
	2023 (Unaudited) AED	*2022 (Unaudited) AED*	***2023 (Unaudited) AED***	*2022 (Unaudited) AED*
Revenue	**665,331**	2,128,639	**3,917,572**	14,127,738
Interest income from related parties	-	13,146,999	-	41,848,351
Purchases	**5,389,330**	5,159,373	**16,175,441**	12,196,871
Doctors' and other employees' salaries and benefits	**482,762**	107,578	**1,786,793**	3,419,451
Corporate charges (note 5)	-	-	-	28,108,881
End of service benefits transferred from a related party (note 7)	-	-	**3,259,206**	-
Leave salary transferred from a related party (note 7)	-	-	**558,591**	-
Property and equipment transferred to a related party (note 6)	**381,304**	-	**381,304**	1,502,924
Property and equipment transferred from a related party (note 6)	-	-	**140,924**	-
Directors' remuneration*	**4,561,599**	-	**18,246,173**	-
Others	**7,301,668**	7,447,657	**25,982,752**	25,045,034

* The directors' remuneration includes expense of AED 4,049,068 relating to year ended 31 December 2022 which has been recorded during the nine months period ended 30 September 2023 as the approval from the Board and HR Committee were obtained during the period. The remuneration was approved by shareholders in the 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 ended 30 September		*Nine months ended 30 September*	
	2023 (Unaudited) AED	*2022 (Unaudited) AED*	***2023 (Unaudited) AED***	*2022 (Unaudited) AED*
Salaries, end of service and other benefits	**1,317,500**	770,500	**3,454,500**	2,125,500
Number of key management personnel	**2**	2	**2**	2

8 RELATED PARTY TRANSACTIONS AND BALANCES continued

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Amounts due from related parties		
Entities under common control		
VPS Healthcare LLC	**12,526,610**	9,334,733
Others	**10,539,626**	14,203,485
	23,066,236	23,538,218

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

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Amounts due to related parties		
Others	**30,659,441**	35,587,882

As at 30 September 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

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Term loans	**931,797,764**	1,006,959,849
Short-term loans	**250,000,000**	250,000,000
Vehicle loans	**4,461,853**	3,832,249
	1,186,259,617	1,260,792,098

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

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Non-current	**810,864,449**	903,820,385
Current	**375,395,168**	356,971,713
	1,186,259,617	1,260,792,098

9 INTEREST BEARING LOANS AND BORROWINGS continued

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

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
At 1 January	**1,260,792,098**	3,207,706,901
Additions during the period / year	**1,583,696**	300,964,527
Repayments during the period / year	**(76,116,177)**	(2,247,879,330)
At the end of the period / year	**1,186,259,617**	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 + 1.9% to 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 Centre;
- 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.

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

Other represents business units that support the hospitals, medical centre 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

As at and for the nine months period 30 September 2023

	Hospitals AED	*Medical centre AED*	*Pharmacies AED*	*Others AED*	*Total segments AED*	*Adjustments and eliminations AED*	*Consolidation AED*
Revenue							
Out patient revenue	1,873,958,303	318,403,216	-	-	2,192,361,519	(127,180,200)	2,065,181,319
In patient revenue	1,136,375,042	-	-	-	1,136,375,042	-	1,136,375,042
Total clinical revenue	3,010,333,345	318,403,216	-	-	3,328,736,561	(127,180,200)	3,201,556,361
Pharmacy sales	-	-	45,229,232	-	45,229,232	(1,111,305)	44,117,927
Others	54,441,873	3,370,837	2,495,471	760,780,935	821,089,116	(754,400,495)	66,688,621
Rental income	4,846,932	29,710	-	-	4,876,642	-	4,876,642
Total revenue	3,069,622,150	321,803,763	47,724,703	760,780,935	4,199,931,551	(882,692,000)	3,317,239,551
External customers	2,945,486,648	318,309,065	46,613,398	6,830,440	3,317,239,551	-	3,317,239,551
Intersegment	124,135,502	3,494,698	1,111,305	753,950,495	882,692,000	(882,692,000)	-
Total revenue	3,069,622,150	321,803,763	47,724,703	760,780,935	4,199,931,551	(882,692,000)	3,317,239,551
Segment profit	328,795,975	66,013,368	3,909,532	(36,945,551)	361,773,324	-	361,773,324
Finance costs	102,189,388	1,928,437	-	12,581	104,130,406	-	104,130,406
Profit before interest, taxation (EBIT)	430,985,363	67,941,805	3,909,532	(36,932,970)	465,903,730	-	465,903,730
Depreciation and amortisation	234,856,773	24,110,031	534,595	1,889,014	261,390,413	-	261,390,413
Profit before interest, taxation, depreciation, amortisation (EBITDA)	665,842,136	92,051,836	4,444,127	(35,043,956)	727,294,143	-	727,294,143
Total assets as at 30 September 2023	7,998,279,496	646,338,807	122,711,378	2,471,237,329	11,238,567,010	(6,293,520,933)	4,945,046,077
Total liabilities as at 30 September 2023	7,077,519,373	585,959,669	123,845,032	2,128,597,900	9,915,921,974	(6,349,242,364)	3,566,679,610
Other disclosures:							
Additions to property and equipment	79,106,754	9,432,099	607,883	2,948,559	92,095,295	-	92,095,295
Additions to intangibles	4,054,016	479,879	-	322,195	4,856,090	-	4,856,090
Additions to capital work in progress	124,338	4,421,250	-	1,646,835	6,192,423	-	6,192,423

10 SEGMENTAL REPORTING continued

For the nine months period 30 September 2022 and as at 31 December 2022:

	Hospitals AED	*Medical centre AED*	*Pharmacies AED*	*Others AED*	*Total segments AED*	*Adjustments and eliminations AED*	*Consolidation AED*
Revenue							
Out patient revenue	1,675,404,087	279,098,527	-	-	1,954,502,614	(130,129,660)	1,824,372,954
In patient revenue	924,519,612	-	-	-	924,519,612	-	924,519,612
Total clinical revenue	2,599,923,699	279,098,527	-	-	2,879,022,226	(130,129,660)	2,748,892,566
Pharmacy sales	-	-	50,339,584	-	50,339,584	(1,923,523)	48,416,061
Others	21,231,309	683,042	265,286	573,756,300	595,935,937	(565,982,747)	29,953,190
Rental income	4,271,385	25,198	-	-	4,296,583	-	4,296,583
Total revenue	2,625,426,393	279,806,767	50,604,870	573,756,300	3,529,594,330	(698,035,930)	2,831,558,400
External customers	2,498,504,965	276,148,535	48,681,347	8,223,553	2,831,558,400	-	2,831,558,400
Intersegment	126,921,428	3,658,232	1,923,523	565,532,747	698,035,930	(698,035,930)	-
Total revenue	2,625,426,393	279,806,767	50,604,870	573,756,300	3,529,594,330	(698,035,930)	2,831,558,400
Segment profit	137,522,851	45,827,828	3,104,367	18,623,500	205,078,546	-	205,078,546
Finance costs	170,110,859	2,145,340	-	290,610	172,546,809	-	172,546,809
Interest income from related parties	(41,848,351)	-	-	-	(41,848,351)	-	(41,848,351)
Profit before interest, taxation (EBIT)	265,785,359	47,973,168	3,104,367	18,914,110	335,777,004	-	335,777,004
Depreciation and amortisation	242,280,506	28,353,033	573,040	1,395,634	272,602,213	-	272,602,213
Profit before interest, taxation, depreciation, amortisation (EBITDA)	508,065,865	76,326,201	3,677,407	20,309,744	608,379,217	-	608,379,217
Total assets as at 31 December 2022	7,715,105,176	539,866,298	112,194,472	2,460,825,938	10,827,991,884	(6,142,856,535)	4,685,135,349
Total liabilities as at 31 December 2022	7,118,332,118	546,114,292	116,746,941	1,967,561,981	9,748,755,332	(6,181,467,081)	3,567,288,251
Other disclosures:							
Additions to property and equipment	26,185,829	2,384,826	590,437	2,348,265	31,509,357	-	31,509,357
Additions to intangibles	126,970	-	-	-	126,970	-	126,970
Additions to capital work in progress	1,518,692	27,250	-	-	1,545,942	-	1,545,942

10 SEGMENTAL REPORTING continued

For the three months period 30 September 2023

	Hospitals AED	*Medical centre AED*	*Pharmacies AED*	*Others AED*	*Total segments AED*	*Adjustments and eliminations AED*	*Consolidation AED*
Revenue							
Out patient revenue	652,196,773	111,129,847	-	-	763,326,620	(37,017,763)	726,308,857
In patient revenue	390,978,190	-	-	-	390,978,190	-	390,978,190
Total clinical revenue	1,043,174,963	111,129,847	-	-	1,154,304,810	(37,017,763)	1,117,287,047
Pharmacy sales	-	-	13,242,398	-	13,242,398	(83,197)	13,159,201
Others	19,413,420	1,510,847	147,793	269,133,921	290,205,981	(266,582,690)	23,623,291
Rental income	1,328,433	11,724	-	-	1,340,157	-	1,340,157
Total revenue	1,063,916,816	112,652,418	13,390,191	269,133,921	1,459,093,346	(303,683,650)	1,155,409,696
External customers	1,028,047,191	111,354,280	13,306,994	2,701,231	1,155,409,696	-	1,155,409,696
Intersegment	35,869,625	1,298,138	83,197	266,432,690	303,683,650	(303,683,650)	-
Total revenue	1,063,916,816	112,652,418	13,390,191	269,133,921	1,459,093,346	(303,683,650)	1,155,409,696
Segment profit	125,248,374	24,732,135	(279,256)	(12,641,863)	137,059,390	-	137,059,390
Finance costs	32,833,006	732,769	-	4,115	33,569,890	-	33,569,890
Profit before interest, taxation (EBIT)	158,081,380	25,464,904	(279,256)	(12,637,748)	170,629,280	-	170,629,280
Depreciation and amortisation	80,288,150	8,511,676	175,523	718,215	89,693,564	-	89,693,564
Profit before interest, taxation, depreciation, amortisation (EBITDA)	238,369,530	33,976,580	(103,733)	(11,919,533)	260,322,844	-	260,322,844

10 SEGMENTAL REPORTING continued

For the three months period 30 September 2022:

	Hospitals AED	*Medical centre AED*	*Pharmacies AED*	*Others AED*	*Total segments AED*	*Adjustments and eliminations AED*	*Consolidation AED*
Revenue							
Out patient revenue	567,019,239	95,579,187	-	-	662,598,426	(52,043,316)	610,555,110
In patient revenue	293,342,590	-	-	-	293,342,590	-	293,342,590
Total clinical revenue	860,361,829	95,579,187	-	-	955,941,016	(52,043,316)	903,897,700
Pharmacy sales	-	-	16,151,073	-	16,151,073	(1,835,437)	14,315,636
Others	9,182,348	203,991	265,286	191,774,873	201,426,498	(187,841,458)	13,585,040
Rental income	1,132,155	25,198	-	(98,219)	1,059,134	300,000	1,359,134
Total revenue	870,676,332	95,808,376	16,416,359	191,676,654	1,174,577,721	(241,420,211)	933,157,510
External customers	820,107,923	94,183,469	14,580,922	4,285,196	933,157,510	-	933,157,510
Intersegment	50,568,409	1,624,907	1,835,437	187,391,458	241,420,211	(241,420,211)	-
Total revenue	870,676,332	95,808,376	16,416,359	191,676,654	1,174,577,721	(241,420,211)	933,157,510
Segment profit	30,547,611	20,103,469	480,093	1,061,747	52,192,920	-	52,192,920
Finance costs	66,356,668	662,752	-	19,285	67,038,705	-	67,038,705
Finance income	(13,146,999)	-	-	-	(13,146,999)	-	(13,146,999)
Profit before interest, taxation (EBIT)	83,757,280	20,766,221	480,093	1,081,032	106,084,626	-	106,084,626
Depreciation and amortisation	78,538,104	8,906,872	200,915	410,169	88,056,060	-	88,056,060
Profit before interest, taxation, depreciation, amortisation (EBITDA)	162,295,384	29,673,093	681,008	1,491,201	194,140,686	-	194,140,686

10 SEGMENTAL REPORTING continued

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

Revenue by Geographic segments:

	Emirate of Abu Dhabi AED	*Northern Emirates AED*	*Sultanate of Oman AED*	*Kingdom of Saudi Arabia AED*	*Total AED*
For the nine months period ended 30 September 2023					
Out patient revenue	**1,851,103,174**	**125,252,418**	**88,825,727**	**-**	**2,065,181,319**
In patient revenue	**966,972,653**	**136,331,882**	**33,070,507**	**-**	**1,136,375,042**
Pharmacy	**44,117,927**	**-**	**-**	**-**	**44,117,927**
Other income	**49,255,766**	**7,940,168**	**9,492,687**	**-**	**66,688,621**
	2,911,449,520	**269,524,468**	**131,388,921**	**-**	**3,312,362,909**
Rental income	**4,792,928**	**-**	**83,714**	**-**	**4,876,642**
Total revenue	**2,916,242,448**	**269,524,468**	**131,472,635**	**-**	**3,317,239,551**
For the nine months period ended 30 September 2022					
Out patient revenue	1,623,657,141	112,246,569	88,469,244	-	1,824,372,954
In patient revenue	772,801,551	115,313,578	36,404,483	-	924,519,612
Pharmacy	48,416,061	-	-	-	48,416,061
Other income	23,781,307	1,569,483	4,602,400	-	29,953,190
	2,468,656,060	229,129,630	129,476,127	-	2,827,261,817
Rental income	3,817,277	371,250	108,056	-	4,296,583
Total revenue	2,472,473,337	229,500,880	129,584,183	-	2,831,558,400
For the three months period ended 30 September 2023					
Out patient revenue	**650,343,425**	**42,985,805**	**32,979,627**	**-**	**726,308,857**
In patient revenue	**327,042,521**	**52,070,654**	**11,865,015**	**-**	**390,978,190**
Pharmacy	**13,159,201**	**-**	**-**	**-**	**13,159,201**
Other income	**16,014,317**	**4,254,812**	**3,354,162**	**-**	**23,623,291**
	1,006,559,464	**99,311,271**	**48,198,804**	**-**	**1,154,069,539**
Rental income	**1,312,252**	**-**	**27,905**	**-**	**1,340,157**
Total revenue	**1,007,871,716**	**99,311,271**	**48,226,709**	**-**	**1,155,409,696**
For the three months period ended 30 September 2022					
Out patient revenue	545,970,485	36,300,649	28,283,976	-	610,555,110
In patient revenue	241,092,003	40,077,330	12,173,257	-	293,342,590
Pharmacy	14,315,636	-	-	-	14,315,636
Other income	12,003,729	519,562	1,061,749	-	13,585,040
	813,381,853	76,897,541	41,518,982		931,798,376
Rental income	1,137,328	113,750	108,056	-	1,359,134
Total revenue	814,519,181	77,011,291	41,627,038	-	933,157,510

11 DERIVATIVE FINANCIAL INSTRUMENT

The Group has entered into a profit rate swap agreement with Islamic bank in United Arab Emirates to manage its interest rate exposure. The changes in the fair value of the derivative amounting to AED 11,535,274 (profit) for the nine months period ended 30 September 2023 (30 September 2022: AED 5,981,957 (loss)) are included as a component of other expenses in the interim condensed consolidated statement of comprehensive income.

The fair value of the Group's derivative financial instrument as at 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Profit rate swap – non-current liabilities	**16,839,357**	28,374,631

As at 30 September 2023 and 31 December 2022, the Group has an interest rate swap agreement to limit exposure to interest rate increases related to a portion of the floating rate indebtedness. As at 30 September 2023, the aggregate notional principal amounts of the outstanding interest rate swap contracts amount to AED 769,670,299 (31 December 2022: AED 491,429,670). The derivative financial instrument represents the recognition of a financial liability amounting to AED 16,839,357 as at 30 September 2023 (31 December 2022: AED 28,374,631) relating to the fair value adjustment of the profit rate swap.

The fair value of the profit rate swap is 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 instrument measured at fair value at 30 September 2023 and 31 December 2022:

	Level 1 AED	*Level 2 AED*	*Level 3 AED*
Derivative financial instrument – Profit rate swap measured at fair value:			
30 September 2023	-	**16,839,357**	-
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 30 September 2023 and 31 December 2022.

11 DERIVATIVE FINANCIAL INSTRUMENT 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 instrument 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 30 September 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 September 2023 and year ended 31 December 2022, 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 30 September 2023, the Group had contingent liabilities in respect of labour guarantees amounting to AED 1,610,432 (31 December 2022: AED 1,622,432) and performance guarantees amounting to AED 11,584,099 (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.

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

	30 September 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Building improvements	**22,424,433**	9,127,550
Medical equipment	**23,682,262**	6,399,924
Others	**4,691,964**	727,023
	50,798,659	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 and nine months period ended 30 September 2023 and 30 September 2022.

14 BASIC AND DILUTED EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit for the period 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 ended 30 September		***Nine months ended 30 September***	
	2023 (Unaudited) AED	*2022 (Unaudited) AED*	***2023 (Unaudited) AED***	*2022 (Unaudited) AED*
Earnings:				
Profit attributable to equity holders of the Parent (AED)	**128,671,802**	46,671,999	**342,356,432**	189,978,290
Number of shares				
Weighted-average number of ordinary shares for basic and diluted earnings per share (restated*)	**5,205,624,170**	5,004,736,510	**5,205,624,170**	5,004,736,510
Earnings per share				
Basic and diluted earnings per share (AED) (restated)	**0.02**	0.01	**0.07**	0.04

* 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 interim condensed consolidated financial statements.

15 COMPARATIVE INFORMATION

The Group has changed presentation of comparative information in interim condensed consolidated statement of comprehensive income to conform to the current period presentation. This reclassification did not have any impact on the previously reported profit or equity of the Group.

The reclassifications are summarised as follows:

	Nine months ended 30 September 2022		
	(Unaudited) AED As previously reported	*(Unaudited) AED As reclassified now*	*(Unaudited) AED Reclassification*
Interim condensed consolidated statement of comprehensive income:			
Inventories consumed	684,034,715	660,432,385	23,602,330
Doctors' and other employees' salaries and benefits	1,220,276,858	1,230,660,413	(10,383,555)
Rent expenses	9,253,115	-	9,253,115
Utility charges	33,133,085	-	33,133,085
Other expenses	241,300,699	296,905,674	(55,604,975)

15 COMPARATIVE INFORMATION continued

	Three months ended 30 September 2023		
	(Unaudited) AED As previously reported	*(Unaudited) AED As reclassified now*	*(Unaudited) AED Reclassification*
Interim condensed consolidated statement of comprehensive income:			
Inventories consumed	219,131,951	207,345,098	11,786,853
Doctors' and other employees' salaries and benefits	404,785,509	415,169,064	(10,383,555)
Rent expenses	2,559,485	-	2,559,485
Utility charges	13,037,294	-	13,037,294
Other expenses	92,213,533	109,213,610	(17,000,077)