أمانات
AMANAT
HEALTHCARE & EDUCATION

2016
ANNUAL REPORT

HERE TO GROW **YOUR FUTURE**

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Section I

LETTERS TO SHAREHOLDERS, AND THE MANAGEMENT TEAM

Chairman's Letter

On behalf of the Board of Directors, I am pleased to share with you our exciting journey to date, our successes in 2016, and our outlook for 2017 and beyond.

Amanat Holdings Journey

In 2014, Amanat Holdings ("Amanat") was born from the shared vision of an experienced management team and a group of prominent and experienced local and international investors. Together we identified the opportunity to launch a publicly listed company that would create long-term value for the Gulf Co-operation Council's (GCC) healthcare and education sectors. This came at a pivotal time as both sectors were experiencing a shift from predominantly public investment towards a greater involvement of the private sector. We saw the potential to participate in and develop these industries, through partnering with established healthcare and education organizations to build a selective portfolio of high quality companies that are distinctive, highly differentiated and competitively sustainable, by providing them with the necessary capital and expertise to become market leaders.

Today, I am proud to say that Amanat is the largest integrated healthcare and education investment company in the GCC. With a strong balance sheet and expanding portfolio of industry-leading companies, we continue to position ourselves as the partner of choice for GCC healthcare and education companies in the region. Additionally, in alignment with GCC governments' ambitious agendas to diversify their economies, we help drive the growth and development of these sectors to ensure the region has access to the highest standards of healthcare and education.

A Changed Environment

There is no doubt that today's economic environment is significantly different from when we first listed on the Dubai Financial Market in 2014. Volatile oil prices, changing regulations and tightening liquidity have all contributed to a challenging economic environment.

In the midst of this turbulence, over the last two years we carefully assessed these market movements and adjusted our deployment strategy to ensure we would most effectively navigate the volatility. Not only have we been successful, but we have delivered outstanding results. In particular, our cautious and disciplined approach to executing our strategy and how we manage costs, has allowed us to deliver two years of profits and to distribute dividends.

Value Creation Approach and Strong Corporate Governance

Driven by strong growth, increasing demand, and a commitment to improving quality, the healthcare and education sectors demonstrate significant potential for creating value. To capture these opportunities, Amanat takes a structured, hands-on approach supporting in its investee companies by developing an effective roadmap for success. Under the guidance and expertise of our management team, we ensure that market opportunities are captured, a sound strategy for growth is in place and all tactical planning, operational and financial measures are implemented.

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To date, we have acquired three leading companies in the GCC's healthcare and education sectors. All these companies are leaders in their respective fields and have allowed us to move forward with our longer-term strategy. We are working closely with each of these companies to accelerate their growth and solidify their market position. .

Our strong commitment to corporate governance has also been a critical element to the successful execution of our strategy. Transparency and reliability are not only key to the growth of Amanat, but to the growth of our investee companies. We clearly understand that having trust and faith in education and healthcare systems is extremely important for local communities, which is why our dedication to upholding the highest levels of corporate governance and social responsibility is so important to Amanat.

Aligned with National Goals

We believe our business objectives and development goals are closely aligned with those of regional governments. Across the GCC, national development plans have identified education and healthcare as critical enablers of growth. Better education leads to higher productivity, increased competitiveness and greater levels of sustainability. Additionally, enhanced healthcare also leads to a happier, healthier, and more reliable workforce and society. That's why we believe our work not only delivers direct economic value to our shareholders, but also contributes to the wellbeing of our communities and the growth of our national economies.

I would like to express my appreciation to our shareholders for their confidence and unwavering support which underlines our success. All our Board of Directors, management team and employees are united in our shared values, ensuring that we are well positioned to continue being a partner that delivers value to our shareholders, our platform companies, and the communities in which we operate.

Faisal Bin Juma Belhoul

Chairman

"STRONG GROWTH, INCREASING DEMAND AND A COMMITMENT TO IMPROVING QUALITY IN **HEALTHCARE** AND **EDUCATION"**

CEO's Letter

We are very pleased to announce another year of positive financial results as we mark our second anniversary. Amanat's net profit for the 12 months ending December 31, 2016, reached AED 38.4 million which is a growth of more than five folds over the previous year if we exclude the 2015 sale of Al Noor Hospital Group and the pre-operating expenses. This was driven by an increased share of profits from associates from AED 8.9 million in 2015 to AED 20.1 million in 2016 primarily as a result of the new investments made. In addition, interest revenue on cash deposits grew by 93 percent.

2016 in Review
By the end of the year, we had successfully completed investments in two unique companies in both the healthcare and education sectors totalling AED 540 million. This currently brings the total number of our portfolio companies to three. In April 2016, we invested AED 145.8 million for a 16.34 percent stake in Madaares PJSC, one of the UAE's largest providers of primary and secondary education.

In December 2016, we completed the acquisition of a 13.18 percent economic interest in International Medical Company, which is one of the best hospitals in the region in terms of their focus on quality. In addition, we have committed to participate in a loan of up to AED 92.5 million to our third portfolio company, Sukoon International Holding CJSC (Sukoon), where our ownership currently stands at 33.25 percent. Sukoon is one of the leading providers of long-term and critical care services in Jeddah and is currently undergoing expansion in Riyadh.

Constant Value Creation
To date, this brings our total deployment to AED 737 million which represents almost 30 percent of our capital. Our target for 2017 is to cross the 50 percent deployment threshold.

We will continue to focus on companies with differentiated business models, proven management, and attractive growth prospects. Equally important, we look for opportunities where we share a unified view with the incumbent shareholders and management for the strategic direction of the business. This in turn provides the Amanat team with the right environment for our active-investor, value-creation model that involves working closely with the leadership of our investee companies to drive improvements in three core areas: governance, strategy and corporate finance.

This is one of the main core competencies of our team, who has been doing this consistently for over a decade. With this experienced team, we are confident that Amanat is well positioned to benefit from expected potential growth, and is best suited to drive positive change to the sectors we operate in.

2017 Outlook
We are positive on the outlook for both the healthcare and education sectors; where the macroeconomic drivers along with structural reforms can support drive further growth. The healthcare and education sector will focus on the quality and efficiency of services; in addition to the introduction of specialized services, greater focus on human knowledge and the wider participation of the private sector.
As the only regional publicly listed investment company that focuses on healthcare and education, we adopt the highest standard of corporate governance and transparency and aspire to be the partner of choice for investors that are looking for exposure in these sectors.

Guided by experienced, prudent and supportive board members, we are confident in our ability to execute our strategy. Our deal pipeline is promising and we will continue to carefully construct our portfolio to include leading businesses. This will hopefully serve as a testament to Amanat's unique proprietary deal capabilities, and further validate our business model, as we continuously seek to create value for our shareholders, portfolio companies and the wider communities we operate in.

Khaldoun Haj Hasan
Chief Executive Officer

"A **SOURCE** OF **CAPITAL** AND **EXPERTISE** TO GCC HEALTHCARE AND EDUCATION COMPANIES SEEKING TO **REALIZE POTENTIAL**"

Board of Directors

Faisal Bin Juma Belhoul

Chairman

Faisal was the founder of Ithmar Capital. He was Chairman of the UAE Private Hospitals Council, the UAE Private School Council and the Pharmaceutical and Healthcare Equipment Business Group of the Dubai Chamber of Commerce and Industry (DCCI). He is a Board member of the DCCI by a Ruler decree, and serves as the Chairman, board member on several regional and international companies and a member of the YPO. Faisal was recognized as one of the top 100 Executives in the Gulf region. Educated in the USA, Faisal studied Manufacturing Engineering in Boston University.

Sheikh Abdulla Bin Khalifa Al Khalifa

Director

Sheikh Abdulla is a the Chief Executive Officer of SIO Assets Management Company B.S.C.(c). Prior to that he was the Head of Wealth Management at Standard Chartered Bank for Bahrain. He started his career in 2001 at Arab Banking Corporation in Bahrain. He is Chairman of Seef Properties as well as SICO; and a Board Member of BBK, BFC Holdings Limited and Bahrain International Golf Course. Sheikh Abdulla holds a BSC in Business Administration from the George Washington University and has also attended various professional courses.

Sheikh Mansoor Bin Mohamed Bin Butti Al Hamid

Director

Sheikh Mansoor is the Head of Strategic Relations and Business Development at Mubadala Petroleum, a wholly-owned subsidiary of Mubadala Development. He is a member of the board of the United Al Saqer Group, a highly diversified family business based in the UAE. The United Al Saqer Group's businesses include multiple dealerships including BMW, Rolls Royce, Iveco, Tadano, Kawasaki, Mitsubishi, New Holland, and property management, construction.

Kamal Bahamdan

Director

Kamal is a CEO, Founder of Safanad, and Chairman of the Investment and Management Committees. He is also the CEO of Bahamdan Group, responsible for expanding its activities. Prior to that, he was co-founder and managing partner of the BV Group. He is a five-time equestrian Olympian and a bronze medalist in the 2012 Olympic games. He was named a Young Global Leader 2006 by the Forum of Young Global Leaders. Kamal holds a BS in Manufacturing Engineering from Boston University, USA.

Board of Directors

Dr. Kassem Alom Zarzur
Director

Dr. Kassem was the founder and CEO of Al Noor Hospitals Group and currently is the Deputy Chairman. Prior to that he owned a private clinic in Abu Dhabi. He is the Chairman of his newly established family and of the Syrian Business Council, he is also a member of the UAE Ministry of Health Council. Previously, he was a Board Member of the Abu Dhabi Chamber of Commerce and chaired the health sector committee. Dr. Alom holds a MBBS from the University of Seville and specialized in internal medicine and gastroenterology at the University of Madrid. Additionally, he is a fellow of the Royal Society of Medicine in London.

Dr. Abdulmajeed Saif Alkajeh
Director

Dr. Abdulmajeed is the Associate Dean for Research and Post-Graduate Studies and Assistant Professor at UAE University. Prior to that, he served as Dean of Student Affairs and Assistant Professor at the AUS. He is Chairman of Al Khaja Group, speacialized in healthcare services. In addition to a book publication, he has contributed to numerous medical and scientific publications. He holds a Bachelor of Science from the University of Arizona, and a Ph.D. in Medical Science of Bacteria from the University of Glasgow.

Khalfan Bin Juma Belhoul
Director

Khalfan is the VP – Strategy at Dubai Holding, where he is responsible for formulating the strategic direction. Khalfan also founded the Belhoul Investment Office, responsible for rolling-out a sophisticated asset allocation strategy, prior to that he played a key role in restructuring the Belhoul Group along with building a comprehensive IT platform for the Group. Khalfan holds an MSC in Electronic Commerce and a BSC in Finance and Management Information Systems, from Boston University.

Management Team

Khaldoun Haj Hasan
Chief Executive Officer

Khaldoun was part of Amanat's founding members, he is responsible and accountable for overall operations, management, strategy and development of Amanat. He was the co-founder and managing partner of Ithmar Capital. Prior to that he held various senior management positions. He serves on the board of a number of companies across the region, in addition to, a FTSE 250 company. He is also a member of the Young Presidents Organization (YPO). Khaldoun holds a BS and MSc in manufacturing Engineering and an MBA with honors from Boston University.

Ranjit Bhonsle
Chief Operating Officer

Ranjit is responsible for all aspects of investment and portfolio management including origination, transaction execution, portfolio monitoring and value creation. Ranjit serves on the executive/investment committee of the Board of Directors. Ranjit started his career at Kidder Peabody, followed by general partner roles at Kohlberg & Co., Ravelin Capital and Ithmar Capital. Ranjit holds a BA – Economics from the University of Michigan and an MBA from the London Business School.

Dawod Al Ghoul
Chief Financial Officer

Dawod is responsible for leading the financial planning & implementation, investments, financial risk and leads the formulation and execution of the corporate strategy. Prior to joining Amanat he was the Group CFO at Arab Bank Group and was also an international tax consultant with KPMG Dallas. He is currently a board member of several banks across the MENA. Dawod holds an MBA from the University of Colorado and a CPA from the state of Colorado.

Sina Kazim
Chief Social Infrastructure Officer

Sina is responsible for spearheading investments in the Social Infrastructure space. Prior to joining Amanat, he worked with Meraas Holding as Chief Development Officer, he also worked closely with the management to attract FDI into Dubai. Prior to that he worked with Dubai World Trade Center as Senior Director, with Dubai Civil Aviation as Project Director and with Emaar Properties as Senior Manager Projects.

Karim Ziwar
Head of Healthcare

Karim helps define and leads the execution of the corporate strategy of the Company in the healthcare sector. Prior to joining Amanat he served in the capacity of Principal of Ithmar Capital, also within the venture capital arm of Tejari as well as with National Telecommunication Corporation, Egypt's. He serves on the Board of Directors of a public company in the GCC. Karim holds a BA in Finance and Management, and an MBA in Corporate Finance and International Business from the University of Miami.

Management Team

Irteza Ahmed

Interim Head of Education

Irteza Ahmed is responsible for identifying and evaluating investment opportunities and providing strategic advice to portfolio companies. Prior to joining Amanat, he worked at Goldman Sachs in London and New York where he advised on mergers and acquisitions in the healthcare sector. He holds an MBA from Tuck School of Business at Dartmouth and BSc. from Imperial College London, UK.

Kareem Murad

Investor Relations Director

Kareem plays a strategic role, he develops and executes communication strategies establishing and building relationships with stakeholders. He previously served as a Director in Investments at Ithmar Capital, he was also SVP heading the Research Department at SHUAA Capital. He started his professional career in 2000 as the Assistant Head of Treasury and Investment Department in ABC (Jordan). Kareem holds a BBA from the American University of Beirut and an MSc in International Finance and Capital Markets from the University of Brighton.

Aisha M. Al Shareef

Chief Administrative Officer

Aisha is responsible of the corporate support departments, focusing on HR, Marketing and Administration & IT. She brings 15 years of experience. Prior to joining Amanat.she worked at Dubai Holding as a Director of Talent & Organization Development for 7 years; she developed, the talent and performance management, succession planning strategies. Aisha holds MSc in Project Management from British University in Duba and BSc in IT.

Ahmed Hammad

General Counsel & Company Secretary

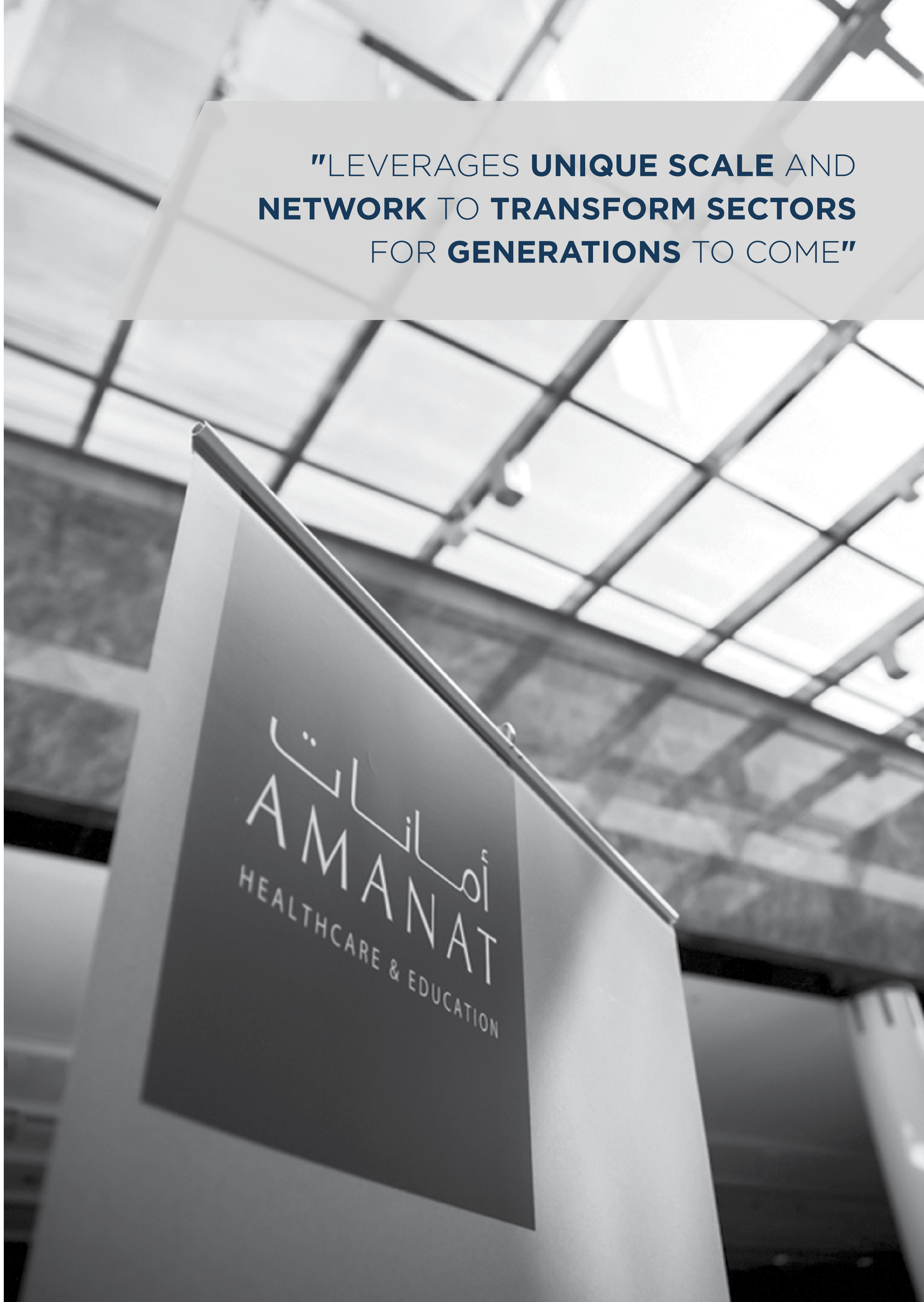
Ahmed is currently the General Counsel & Company Secretary of Amanat. Prior to joining Amanat, Ahmed was a senior associate in the equity markets team of Al Tamimi & Company, and was a key player in the team that advised on Amanat IPO in 2014.Prior to that, he worked for various financial institutions and a law firm in Egypt, where he started his professional career. Ahmed holds a Bachelor's degree in Law and English from the University of Cairo.

Majid Almuhairi

Compliance and Internal Audit Manager

Majid leads the department that independently and objectively assists Amanat in accomplishing its corporate objectives by evaluating and improving the effectiveness of the organization's governance, risk management and internal control. Prior to joining Amanat, he worked for Amlak Finance PJSC. Majid holds a BSc in Business Administration from American University of Sharjah (AUS).

"LEVERAGES **UNIQUE SCALE** AND **NETWORK** TO **TRANSFORM SECTORS** FOR **GENERATIONS** TO COME"



Section II

A YEAR IN REVIEW

Financial and Operational Highlights

2016 Results

NET PROFIT

AED 38.4 mn ▲ 5x*

*excluding sale of Al Noor Hospital and pre-operating expenses

INCOME FROM ASSOCIATES

AED 20.18 mn ▲ 126%

6M Education

14M Healthcare

INCOME FROM INTEREST

AED 62.2 mn ▲ 93%

Total Capital Deployed Since Inception

737mn
29.4%
of total capital

UAE
19.7%
of total capital deployed

KSA
80.3%
of total capital deployed

Total Capital Deployed In 2016

540mn

73%
Healthcare

IMC
360mn
13.18% of the company

SUKOON
34.4mn
33.25% of the company

27%
Education

Madaares
145.8mn
16.34% of the company

Profit and Loss Statement

Description (AED)	From 17th Nov. 2014 to 31st Dec. 2015	As of 31st Dec. 2016
Income		
Income From Associates	8,917,753	20,181,290
Income From Interest	32,264,312	62,226,864
Other Income	57,290,819	1,806,707
Total income	**98,472,884**	**84,214,861**
Expenses		
Staff Costs	18,658,376	25,760,001
General and Administration Expenses	16,715,564	20,003,742
Pre-incorporation Expenses	12,515,380	-
Total Expenses	**47,889,321**	**45,763,743**
Profit for the Year	**50,583,563**	**38,451,118**
Non-Controlling Interest	**-**	**(53,018)**
Net Profit for the Year	**50,583,563**	**38,398,100**

Balance Sheet Statement

Description (AED)	As of 31st Dec. 2015	As of 31st Dec. 2016
Assets		
Current Assets		
Cash and Bank Balances	2,337,585,161	1,771,027,943
Other Current Assets	10,728,746	45,834,880
Total Current Assets	**2,348,313,907**	**1,816,862,823**
Non-Current Assets		
Property & Equipment	1,085,016	1,829,879
Investments in Associates	216,201,344	816,139,025
Total Non-Current Assets	**217,286,360**	**817,968,904**
Total Assets	**2,565,600,267**	**2,634,831,727**
Liabilities		
Current Liabilities		
Trade and Other Payables	6,736,055	5,383,917
Provisions	-	8,537,095
Total Current Liabilities	**6,736,055**	**13,921,012**
Non-Current Liabilities		
Payable to Shareholders of L&T	-	61,944,254
Provisions	1,147,100	1,651,600
Total Non-Current Liabilities	**1,147,100**	**63,595,854**
Equity		
Share Capital	2,500,000,000	2,500,000,000
Reserves	15,834,413	14,615,867
Unrealised Gain - Al Noor	1,415,848	-
Retained Earnings	40,466,931	42,583,568
Total Shareholder's Equity	**2,557,717,192**	**2,557,199,435**
Non-Controlling Interests	-	114,925
Total Equity	**2,557,717,192**	**2,557,314,360**
Total Liabilities & Equity	**2,565,600,347**	**2,634,831,727**

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Market and Economic Overview

2016 was a pivotal year for the economies of the GCC. Spurred by sustained low oil prices, the year steered in a new era of structural reform designed to support a less oil intensive, more diverse and knowledge-driven economy. The steps being taken in 2016 and 2017 will help create a more mature, less volatile economy and will allow GCC countries to unlock the tremendous potential that is inherent in the region.

GCC countries have announced transformation restructuring programs that included first time lifting of subsidies, implementing fees for public services, and reducing government employment benefits, all of which will bring long term benefits to the GCC environment. New taxes, most notably a GCC-wide VAT was announced and is scheduled for implementation in 2018. These transformation plans serve as an important roadmap for GCC countries as they embark on further development of their economies.

Looking ahead, the economic picture, both globally and in the GCC, is expected to improve. GCC countries are expected to deliver on their transformation roadmaps, and the transition to a slightly more expansionary fiscal posture are expected to drive growth.

In this context, the economic diversification plans and an increasing population have made the development of the healthcare and education sectors a top priority in the GCC. Both sectors will continue to be central pillars of these transformation plans for years to come.

Therefore, despite the wider challenging economic environment, the GCC healthcare and education sectors continue to present significant opportunities for strong growth. A rising population and government commitment to diversification, coupled with a growing preference by nationals and expatriates to increasingly seek private sector health and education services, is boosting demand in both sectors.

GCC countries are committed to investing in two integral elements of this cycle, both capacity building such as expanding physical facilities like hospital, clinic, school and university buildings, and human talent, by bringing relevant training and degree programs to the region.

Increasingly, public-private partnerships are being championed as a preferred mechanism to support the growth of healthcare and education sectors, through managing government expenditures while still accessing world-class expertise. Governments are also looking to improve licensing and regulatory processes to encourage greater private sector participation.

UAE Healthcare and Education

The subdued economic environment in 2016 and 2017 is expected to have only limited impact on the healthcare and education sectors in the UAE, as they are driven by longer-term factors such as population growth and government priorities.

Particularly in Dubai and Abu Dhabi, new health facilities – both government and private sector – continued to open during 2016, and more are in the pipeline. This supports key UAE Vision 2021 objectives, including reducing the incidence of cardiovascular disease, obesity and diabetes, and ensuring that all hospitals achieve either national or international accreditation.

In education, the UAE witnessed continued school openings and expansions, reflecting the robust demand, which expects to see K-12 private school enrolment grow by 5 percent a year through 2020. With virtually all expatriate children in private education and a growing

Market and Economic Overview

number of Emiratis also choosing private schools, this represents a large majority of the overall student population.

Higher education is also growing the UAE, with forecasted private university enrolment expected to grow by 7.3 percent annually through 2020, and public university enrolment rising 5.3 percent annually during the period.*

Saudi Arabia Healthcare and Education

In 2017, Saudi Arabia will continue to implement Saudi Vision 2030 and the National Transformation Program (NTP) 2020, which place a high priority on healthcare and education. The 2017 budget signals a continued commitment to spending on these key sectors, with healthcare and education representing 36 percent of the national budget.

During 2016, the release of the National Transformation Program 2020 revealed the government's intention to boost private sector involvement in healthcare, with the Ministry of Health aiming to increase the private sector's share of healthcare spending from 25 percent to 35 percent. A key focus will be on streamlining the procedures for registering and opening private clinics and hospitals. Other core NTP goals include improving preventive care, increasing the number of long-term care facilities, and enhancing healthcare efficiency and efficacy through use of IT and digital solutions.

In education, the NTP places a focus on implementing programs to improve the skills of the Saudi workforce and better match learning to the needs of the economy. It identifies increasing private sector participation in the education sector as a priority, particularly in higher education and has set a goal of increasing the share of students in private universities from 6 percent to 15 percent. There also has been growth in enrolment of K-12 students in private schools and government intention to further encourage this trend. Other NTP goals include improving PISA and TIMSS scores and creating a more creative learning environment.

* Published by PWC - Understanding the GCC Education sector - A country by country guide. September 2016

Amanat Holdings

Amanat is one of the leading integrated healthcare and education companies in the GCC and the only publicly listed company in the region that is exclusively focused on these two sectors. Established and listed on the Dubai Financial Market in 2014, Amanat has a paid-up capital of AED 2.5 billion.

Led by an experienced management team, Amanat is selectively building a portfolio of high quality healthcare and education companies in the region that are distinctive, differentiated and competitively sustainable.

Amanat's founding shareholders and management team selected healthcare and education because these sectors have favourable long-term growth drivers, represent undersupplied, non-cyclical industries, and enjoy positive support from the government. As a result, these sectors offer a unique opportunity to capture significant value while also delivering important services to communities across the region.

Amanat aspires to be the partner of choice for healthcare and education companies in the GCC for both public and private sectors. Through these partnerships, Amanat seeks to deliver sound, disciplined and sustainable returns to investors and drive the development of these sectors.

2014

September
AED 2.5 billion Amanat to launch IPO on DFM in October

October
Amanat IPO subscription period opens

November
Dubai Financial Market welcomes the listing of Amanat

2015

May
Amanat acquired 4.14% stake in Al Noor Hospital

August
Amanat acquires 35% investment in Sukoon International Holding PJSC

December
Amanat sells stake in Al Noor Hospital

2016

February
Amanat invested a further AED 16.317 mn in Sukoon through a capital increase

April
Amanat acquires 16.34% in an education portfolio through Madaares PrJSC for AED 145.8 million

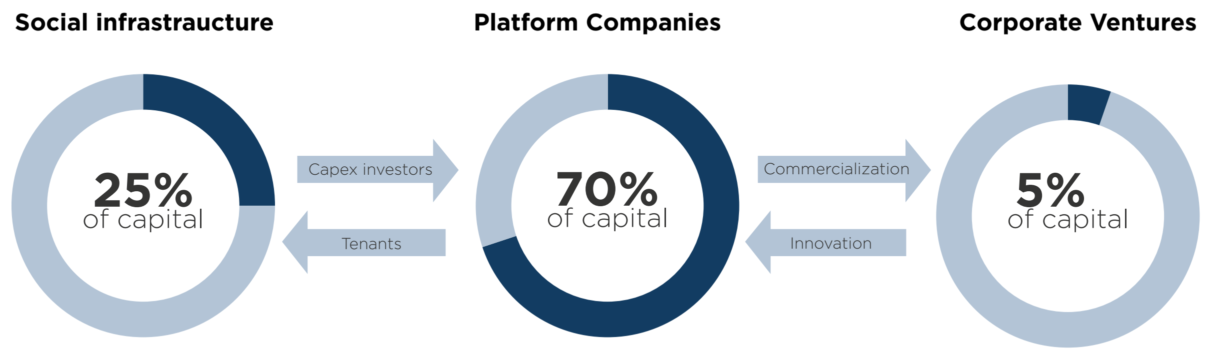
April
Amanat shareholders approve 1.5 percent dividend at company's first Annual General Meeting

November
Amanat agreed to participate in a loan with an amount up to AED 92.5mn to its associate Sukoon with all other major shareholders, Amanat participated in first tranche of AED 34.4 mn.

December
Amanat aquired 13.18% of leading Saudi healthcare provider International Medical Center (IMC)

Investment Verticals

To achieve its vision, Amanat has a clear strategic direction that is focused on investing in three integrated verticals: Platform Companies, Social Infrastructure and Corporate Ventures.



Platform Companies
Amanat's 'Platform Companies' vertical seeks to invest in successful, differentiated, established businesses that demonstrate positive growth prospects, have experienced management teams and reputable shareholders and require capital and management expertise to further grow. These companies represent the core of Amanat's investment strategy, with a target of 70 percent of capital allocated to this area.

Social Infrastructure
Supporting the platform company's verticals is the 'Social Infrastructure' vertical which invests in healthcare and education real estate. These assets are leased back on a triple net basis, providing recurring cash flow for the vertical. Attractive locations, and strong and credit worthy operators are key characteristics to any asset acquired. Amanat targets a deployment of 25 percent of capital to these investments.

Corporate Ventures
The third vertical, 'Corporate Ventures', works with strong international partners with proven business models and IP that is transferrable to the region to address quality, supply and productivity gaps in the market. The capital target allocation for these ventures is 5 percent.

Value Creation Approach

Amanat drives value and success across these verticals through its unique, active investor, value creation model. This model involves partnering with the leadership of Amanat investee companies to drive improvements and growth in three core areas: governance, corporate strategy and corporate finance.

Through supporting our investee companies enhance their strong leadership, appropriate operations and control systems, we ensure that they adhere to the highest levels of governance as this is essential to achieving sustainable performance. Amanat also works closely with its investee companies to execute a strategy of sustainable differentiation that delivers growth and ensures strong financial measures are in place to achieve maximum financial success.

Execute acquisitions, JVs, PPP's and strategic equity investments

Support funding requirements through Amanat's other verticals

Structure and execute optimal financing options

Assess organic growth strategy to ensure market position

Formulate inorganic growth strategy that leverage core competency

Realize operational improvement opportunities

Implement optimal organization structure

Develop financial and operational indicators for diligent decision-making

Establish processes, policies and infrastructure to facilitate scalability

Healthcare Division

Amidst an evolving regional healthcare environment in 2016, the Healthcare division successfully completed its third investment and its first divestment. As a result, this division generated income from associates of AED 14M in 2016 compared to AED 9M in 2015, an increase of 61 percent. Sukoon contributed AED 13.6M in 2016 compared to AED 9M in 2015 while the new investment IMC contributed AED 400K for 6 days during 2016.

Amanat completed the divestment of 4.14 percent state in Al Noor Hospitals Group, an investment that generated AED 55M in profit representing a 42.4 percent return.

Having acquired a stake in Sukoon International Holding in 2015, the leading integrated long-term and critical-care operator of scale in the Kingdom, 2016 was focused on supporting the company grow. Progress continued on an expansion of the company's Jeddah facility that will provide a total of 250 beds once completed in 2017. Sukoon also made progress toward a new 150 to 170 bed facility in Riyadh that is expected to open in 2018.

During 2016, Amanat helped Sukoon grow in several ways, including actively leading strategic initiatives on the Board and Executive Committee level, assisting the development of a strategic business plan, helped recruit a senior medical, supported initiatives to diversify revenue and improve margins, and participating alongside other major Sukoon shareholders in a AED 92.5 million loan to the company to provide working capital and help meet capital expenses. AED 34.4 million has been utilise to date to fund working capital and capex requirements. Currently, Amanat has a 33.25% percent stake in Sukoon Investment Holding PJSC.

In December 2016, Amanat purchased a 13.18 percent stake in the 300-bed International Medical Company (IMC) hospital in Jeddah, a facility with world-class facilities and doctors, and a reputation as one of the best hospitals in the region. Amanat has also begun working with IMC's management in areas of organization, expanding service lines, further improving the patient experience, and exploring opportunities for growth in Jeddah and elsewhere in the Western Region.

Additionally, Amanat supported ongoing expansion plans within the current facility and elsewhere in the Western Region, as well as establish a medical college. Additionally, Amanat also assisted in assessing the optimal structure by introducing debt to reduce the cost of capital.

2017 Outlook

Amanat's approach to new investments during 2017 and beyond is framed by our recognition that the region is home to a number of successful, well-run healthcare companies that would like to grow, but are unable to access the capital or the management expertise they need. As we have done with Sukoon and IMC, we will continue to identify and pursue investments in strong companies that have ambitions to grow.

We also view Saudi Arabia's growing appetite for public-private partnerships as important opportunities in the sector, especially as more emphasis continues to be placed on implementing full health insurance coverage for the population.

More broadly, Amanat is exploring opportunities to expand specialised, tertiary- and quaternary-care, given that most hospitals in the region provide only general care. we will seek to pursue these opportunities through the development of our existing Platform Companies, as well as through new investments.

Healthcare Division

Portfolio Companies

Sukoon International Holding PJSC

Amanat has a 33.25 percent stake in Sukoon International Holding, a Saudi-based long-term and critical care provider with a 230-bed facility in Jeddah that is expanding to 250 beds in 2017. Another 150 to 170 bed facility under development in Riyadh is undergoing. The leading integrated extended and long-term care operator of scale in the Kingdom, Sukoon is well positioned to capitalise on a projected gap in supply and quality of healthcare market.

	2015	2016	Growth
Total # of Beds	230	230	
Revenue (SAR 'mn)	280.9	228.9	-18.51%
Net Profit (SAR 'mn)	50.3	104.5	107.8%
Net Profit Margin	17.9%	45.65%	
Total Assets (SAR 'mn)	**576.9**	**757.9**	**31.4%**
Total Equity (SAR 'mn)	**376.4**	**488.4**	**29.7%**
ROE	**13.4%**	**21.4%**	

International Medical Company (IMC)

Amanat has a 13.18 percent stake in International Medical Company (IMC), a world-class, 300-bed, multi-speciality hospital in Jeddah that serves Saudi Arabia's Western Region. More than 150 U.S., Canadian and European-certified physicians practising across more than 30 specialties serve patients using state-of-the-art facilities that rank the facility among the best in the region.

	2015	2016	Growth
Total # of Beds	300	300	
Revenue (SAR 'mn)	1,050.2	1,083.8	3.2%
Net Profit (SAR 'mn)	153.8	174.7	13.6%
Net Profit Margin	14.6%	16.1%	
Total Assets (SAR 'mn)	**977.2**	**1,048.5**	**7.3%**
Total Equity (SAR 'mn)	**728.7**	**800.0**	**9.8%**
ROE	**21.1%**	**21.8%**	

Education Division

In the context of a broader regional economy that grew at a cautious pace, 2016 proved to be a turning point for Amanat's' Education division, as it completed its first investment.
As a result, the new investment in this division generated net income of AED 6.2M between June and December 2016. In April, Amanat purchased a 16.34 percent stake in Madaares, making Amanat one of the company's top five investors.

Through our hands-on involvement, we then started working closely with other shareholders and management to identify opportunities for value creation. In this way, Amanat provided strategic input to business plans and operational improvements, and helped evaluate various expansion opportunities. we also explored how Amanat's 'Social Infrastructure Projects' and 'Corporate Ventures' verticals could support Madaares' growth.

2017 Outlook
Looking ahead to 2017 and beyond, Amanat will continue to identify opportunities to address the continued need for more seat capacity across our key markets of the UAE and Saudi Arabia. These opportunities are driven by strong growth in the demand for seats coupled with a continuing shortage of places in schools offering American and IB curriculam.

These gaps are prevalent both in the UAE and Saudi Arabia, providing a large geographic footprint to pursue opportunities, whether through expansion of Madaares or new investments. Because the broader market is not only demanding more seats, but also higher quality learning, Amanat's focus will be on investments that can deliver premium, high-quality education to communities across the region.

Portfolio Companies

Madaares
Amanat has a 13.18 percent stake in Madaares. Madaares, one of the UAE's largest providers of K-12 primary and secondary education is a highly rated portfolio of seven schools and four nurseries. Amana is one of the five largest shareholders of Madaares, which offers premium education across multiple curricula, including British, American and International Baccalaureate (IB).

Schools
- Raha International School
- Jumeirah Baccalaureate School
- Dubai British School
- Uptown School
- Greenfield Community School
- Al Mizhar American Academy
- Dubai British School - Jumeirah Park

Nurseries
- Childrens Garden Barsha
- Childrens Garden Green Community
- Childrens Garden Jumeirah
- Dubai British Foundation

	2015	2016	Growth
Total # of Schools	11	11	
Revenue (AED 'mn)	387.2	457.7	18.2%
Net Profit (AED 'mn)	64.6	93.8	45.3%
Net Profit Margin	16.7%	20.5%	
Total Assets (AED 'mn)	**1,310.8**	**1,466.2**	**11.9%**
Total Equity (AED 'mn)	**810.7**	**904.3**	**11.6%**
ROE	**8.0%**	**10.4%**	

Section IV

THE AMANAT COMMUNITY

The Amanat Community

The Human Face
At Amanat, we recognise that it is our human capital that fundamentally drives our success. This understanding regarding the critical role that employees play in our organisation carries through to our investee companies as well. That's because the success of great hospitals and schools is largely a reflection of the calibre of healthcare and education professionals and administrators working there.

At Amanat, our success is driven by a corporate culture of ownership, entrepreneurship and purposeful collaboration, whether our teams are identifying a new investment opportunity, conducting due diligence on a prospective target, or working with an investee company. This culture is crucial in enabling our teams to drive change within the management structure and operations of our investee companies.

High Impact, Performance Based
Our deeply skilled, highly effective, and high-impact teams work cohesively and collaboratively in our performance-based culture, while always keeping in mind that the work we do will directly impact patients and students in the communities in which we live.

With Amanat's workforce reflecting a wide range of nationalities, background, and cultures, we understand the benefits that diversity brings to the workplace, and we complement the value of this diversity and the exceptional individual strengths of each employee with a carefully curated training and development program.

Through onsite and offsite workshops, Amanat's learning opportunities not only further employee empowerment but also translate into direct benefits for our investee companies and ultimately our shareholders.

Commitment to the Community
Amanat Holdings' commitment to corporate social responsibility is at the heart of our company's DNA. The very nature of our work – healing people and educating children – means we are deeply involved with, connected to, and concerned about the communities in which we operate.

We invest in ethical, socially responsible companies that are providing services, which represent the very bedrock of any happy and productive community. By supporting our investee companies in delivering the best possible healthcare and education services, we are contributing to high-priority national development goals.

As part of our overall Value Creation Model, we also work with our investee companies regarding their individual corporate social responsibility programs.

Section V

CORPORATE GOVERNANCE AND COMPLIANCE

Board of Directors

Corporate Governance
Amanat implements the highest standards of corporate governance as a key strategic differentiator and source of competitive advantage. We aspire to set the standard for governance in the region and endeavour cascade this throughout all our investments. Through our corporate governance framework, we demonstrate our commitment to protecting the interests of all stakeholders, including shareholders, employees, co-investors and investee companies.

Amanat's corporate governance framework is principally realized through the Company's Board of Directors and Board committees, and through the Internal Audit and Compliance framework.

I. Board of Directors
The Company is managed by a Board of Directors composed of seven Directors. The first Board of Directors was appointed by the founders of the Company at inception, and includes:

1. Faisal Bin Juma Belhoul – Chairman of the Board
2. Sheikh Abdulla Khalifa Al Khalifa – Board Member
3. Sheikh Mansoor Bin Mohamed Bin Butti Al Hamed – Board Member
4. Mr. Kamal Bahamdan – Board Member
5. Dr. Kassem Alom – Board Member
6. Dr. Abdulmajeed Alkhajeh – Board Member
7. Mr. Khalfan Bin Juma Belhoul – Board Member

The Board composition reflects the applicable rules and regulations requiring that a majority of Board Members, including the Chairman, must be UAE nationals; that at least one-third of Board Members are independent directors and that the majority are non-executive. Amanat exceeds the applicable requirements, with all Board Members qualifying as non-executive and the majority as independent.

The Board, which must meet at least four times a year, has more than a dozen mandates. Among them:

- Adopting the Amanat's strategic approaches and main objectives
- Setting a code of conduct for the Board and company, including rules on insider information, and conflicts of interest
- Establishing and reviewing mechanisms to ensure internal compliance, and ensuring the use of appropriate regulatory systems for risk management
- Ensuring the soundness of administrative, financial, and accounting systems
- Setting the rules, responsibilities, training and behaviour of Board Members
- Setting a mechanism for receiving shareholders' complaints and proposals, and setting a policy that regulates the company's relationship with stakeholders
- Adopting criteria for granting incentives, bonuses, and privileges to Board members and Senior Executive Management
- Setting the company's disclosure and transparency policy and assessing its implementation
- Setting a clear policy for distribution of the company's profits in a manner that serves the interests of both shareholders and company

Board of Committees

II. Board of Directors Committees

A. Audit Committee
The Audit Committee is responsible for reviewing the company's financial and accounting policies and procedures and monitoring the integrity of the company's financial statements and reports. Among other roles, it reviews all auditing reports and internal controls, addresses related party transactions, and ensures implementation of the company's code of conduct.

The committee is required to meet at least four times during the year.
Committee members include:

- Dr. Abdulmajeed Alkhajeh – Committee Chairman
- Sheikh Mansoor Bin Mohamed Bin Butti Al Hamed – Committee member
- Mr. Khalfan Bin Juma Belhoul – Committee member

B. Nomination and Remuneration Committee
The Nomination and Remuneration Committee establishes the policies for bonuses, privileges, incentives and salaries for all company personnel, including Board Members; it determines the company's executive and staff qualification requirements; and sets the human resources and training policies. The Committee establishes and updates the policy for nominations to the Board and executive management, which includes seeking to achieve greater gender balance. It continually assesses and verifies the independence of independent Board Members. The committee is required to meet at least four times during the year.
Committee members include:

- Mr. Kamal Bahamdan – Committee Chairman
- Sheikh Abdulla Khalifa Al Khalifa – Committee Member
- Mr. Khalfan Bin Juma Belhoul – Committee Member

III. Internal Audit and Compliance Function
The Internal Audit and Compliance Function is responsible for the ongoing monitoring and reporting to the Audit Committee on all aspects of Amanat's compliance with its policies, procedures, ethics requirements and code of conduct, as set and approved by the Board of Directors and Board committees.

Key responsibilities include reporting on significant risk exposure and control issues, as part of its broader monitoring and evaluation of company governance and risk management processes. The Function also evaluates: risks related to achieving the organisation's strategic objectives; company systems used to ensure compliance with policies, plans, procedures, laws, and regulations; and the alignment of results with established objectives and goals. The Function also assesses the means used to safeguard company assets; the efficiency and effectiveness with which company resources are deployed; and the reliability and integrity of all types of information used by the company.

"SEEK TO DELIVER SOUND, **DISCIPLINED** AND **SUSTAINABLE RETURNS** TO **INVESTORS**"

Section VI

CONSOLIDATED FINANCIALS

Consolidated Financials

For the year ended 31 December 2016

Directors' Report

The Board of Directors of Amanat Holdings PJSC (the "Company'') and its subsidiaries (the "Group") has the pleasure in submitting the consolidated statement of financial position of the Group as at 31 December 2016 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended 31 December 2016.

Principal Activities

The principal activities of the Group during the period ended 31 December 2016 were to invest in companies and enterprises in the fields of education and healthcare and managing, developing and operating such companies and enterprises.

Financial Results

The Group has recorded a net profit attributable to the shareholders of AED 38.4 million for the period ended 31 December 2016.

During the current financial year, the shareholders approved in the Annual General Meeting held on 18 April 2016, within the amendments of the Articles of Association of the Company, to cancel the statutory (additional) reserve and, thus, transfer the accumulated reserve to retained earnings.

In accordance with the Articles of Association of the Company, 10% of net profit for the period is transferred to the Legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid up share capital. Accordingly an amount of AED 3.84 million has been transferred to legal reserve during the year. The legal reserve is not available for distribution.

The Board of Directors of the Company has approved in the meeting held on 15 March 2017 theaudited 2016 financials. The Board has proposed a cash dividend of AED 0.015 per share which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The remaining of the distributable profit after considering appropriation to reserves and proposed dividend (subject to approval of the shareholders at the Annual General Meeting) will be transferred to retained earnings.

Total shareholders' funds as at 31 December 2016 amount to AED 2,557 million prior to proposed dividend.

Amanat invested AED 540 million during 2016, which included two new acquisitions. In April 2016 Amanat completed the acquisition of a 16.34 per cent stake in Madaares for approximately AED 145.8 million. Operating under the Taaleem brand, Madaares is one of the leading school and nursery education providers in the UAE. Amanat also closed an acquisition of a 13.18 per cent economic interest in IMC, a best-in-class 300-bed multi-disciplinary hospital serving Saudi Arabia's Western Region, for AED 359.8 million towards the end of 2016.

Directors' Report (continued)

In addition, Amanat approved to participate in a loan to its associate Sukoon in an amount up to AED 92.5 million alongside other shareholders, out of which AED 34.4 million has been drawn down to date to fund working capital and capex requirements and may be repaid in the form of equity or cash at the option of the lenders.

Amanat has now deployed AED737 million on strategic investments in the UAE and Saudi Arabia healthcare and education sectors, representing almost 29.4 per cent of its total capital.

Outlook
Amanat will keep investing in businesses that are highly differentiated with proven management where it can add value. With a healthy deal pipeline in place, Amanat will continue to be very selective in pursuing opportunities that meet the Company investment criteria. With all the key financial indicators showing strong growth, Amanat expects the share from associates to improve as their full year performance starts to be reflected in our financials.

Directors

Mr. Faisal Bin Juma Belhoul	Chairman
Sheikh Abdulla Khalifa Al Khalifa	Board Director
Sheikh Mansoor Bin Mohamed Bin Buti Al Hamed	Board Director
Mr. Kamal Bahamdan	Board Director
Dr. Kassem Alom	Board Director
Dr. Abdul Majeed Saif Mohamed Ameen Alkhajeh	Board Director
Mr. Khalfan Bin Juma Belhoul	Board Director

Auditors
KPMG were appointed as external auditors for the Group for the period ended 31 December 2016. The Board of Directors has recommended KPMG as the auditors for 2017 for approval by the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Faisal Bin Juma Belhoul
Chairman
Dubai, United Arab Emirates
15 March 2017

KPMG

Independent auditors' report

To the Shareholders of Amanat Holdings PJSC

Report on the audit of consolidated financial statements

Opinion

We have audited the consolidated financial statements of Amanat Holdings PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

1. Acquisition accounting

Refer to note 4 and 5 of the consolidated financial statements

The Group has significant investments in the following entities:
- Sukoon International Holding Company ("Sukoon");
- Madaares PrJSC ("Madaares"); and
- International Medical Center ("IMC") through a subsidiary Loai Reda & Hakeem Company for Trading Ltd. ("LT").

A number of key judgments are made to account for these investments in the Group's financial statements, including:

- The level of influence that the Group has over the investee, to determine whether it has control, significant influence or less than significant influence. This conclusion determines the classification of the investee as a subsidiary, associated undertaking, a form of a joint venture or another form of investment and the accounting treatment for the costs incurred as part of their investment;
- The point at which an investee's classification has changed, as in the case of Madaares; and.
- Fair value of the assets and liabilities at the date of investment and the resulting goodwill.

The Group appointed an expert to assess the fair values of the identifiable assets and liabilities of Sukoon and Madaares at the respective dates of their acquisitions.

Our audit response

We reviewed for reasonableness management's assessment of the level of influence that the Group has over the investee by taking into consideration the Group's percentage holding in the investee directly or indirectly through subsidiaries, its representation on the board of directors of the investee and its ability to influence the operational and financial policies of the investee. Where the classification changed during the course of the accounting period, such as in the case of Madaares which changed from an available for sale investment to an associate, we reviewed the rationale underpinning this conclusion for reasonableness.

With respect to the fair values ascribed to the identifiable net assets and liabilities at acquisition, we undertook the following procedures:

• We assessed the competence, independence and integrity of the external valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;

• We obtained and reviewed the external valuation reports for Sukoon and Madaares. With the involvement of our specialist valuation team we challenged the basis of the key assumptions used in the fair value and purchase price allocation as determined by the valuer to test they were reasonable; and

• We carried out procedures to test whether investment specific standing data supplied to the external valuers by management reflected the underlying records held by the Group and which has been tested during our audit.

Key audit matters (continued)

1. Acquisition accounting (continued)

Our audit response (continued)

The Group has internally determined the fair value of the identifiable assets and liabilities of IMC at the date of its acquisition, as described in note 5 to the Group financial statements. We have reviewed management's calculations and assumptions used for arriving at the fair values.

Based on the outcome of our evaluation we determined the adequacy of the disclosure in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Directors' report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors' report, and the Chairman's statement, Management review, Financial review and Key Ratios ("the Reports") which are expected to be made available to us after that date.

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

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

When we will read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of management and those charged with governance for the consolidated financial statements (continued)

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

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

• the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

• the Group has maintained proper books of account;

• the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

KPMG

Report on other legal and regulatory requirements (continued)

- as disclosed in note 5 and 6 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2016;

- note 18 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2016.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date:

Amanat Holdings PJSC

Consolidated statement of financial position

	Note	31 December 2016 AED'000	31 December 2015 AED'000
ASSETS			
Non-current assets			
Property and equipment value		**1,830**	1,085
Investment in associates	5	**781,744**	206,184
Loan to a related party	18	**34,395**	-
Total non-current assets		**817,969**	207,269
Current assets			10,018
Available-for-sale investment	6	**-**	2,128
Deposits and prepayments	7	**2,110**	8,378
Other assets	8	**29,970**	222
Due from related parties	18	**13,755**	2,337,585
Cash and bank balances	9	**1,771,028**	2,358,331
Total current assets		**1,816,863**	2,565,600
Total assets		**2,634,832**	2,565,600
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**2,500,000**	2,500,000
Share issuance reserve	11	**5,718**	5,718
Unrealised gain on available-for-sale investment	6	**-**	1,416
Retained earnings		**42,583**	40,467
Statutory reserve	20	**-**	5,058
Legal reserve	21	**8,898**	5,058
Total equity attributable to the owners of the Company		**2,557,199**	2,557,717
Non-Controlling Interest		**115**	
Total Equity		**2,557,314**	2,557,717
LIABILITIES			
Current liabilities			
Trade and other payables	12	**77,518**	7,883
Total liabilities		**77,518**	7,883
Total equity and liabilities		**2,634,832**	2,565,600

The notes on pages 15 to 40 are an integral part of these consolidated financial statements.
These consolidated financial statements were approved by the Board of Directors on **15 MAR 2017** and signed on its behalf by

Chairman
Name: Faisal Bin Juma Belhoul

Director
Name: Sheikh Abdulla Bin Khalifa Al Khalifa

The Independent auditors' report is set out on pages 3 - 8.

AMANAT HOLDINGS
2016 ANNUAL REPORT

Amanat Holdings PJSC

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	For the year ended 31 December 2016 AED'000	For the period from 17 November 2014 to 31 December 2015 AED'000
Income			
Interest income	13	**62,227**	32,264
Realised gain on sale of available-for-sale investment		**1,268**	56,201
Dividend income		**146**	1,090
Other income		**393**	-
		64,034	89,555
Share of profit of equity-accounted investees	5	**20,181**	8,918
Expenses			
Pre-incorporation expenses		**-**	(12,515)
Employee related expenses	14	**(25,760)**	(18,658)
General and administrative expenses	15	**(20,004)**	(16,717)
Total operating expenses		**(45,764)**	(47,890)
Net profit for the year/ period		**38,451**	50,583
Profit attributable to:		**38,398**	50,583
Owners of the Company		**53**	-
Non-Controlling interests		**38,451**	50,583
Basic and diluted earnings per share (AED)	16	**0.0154**	0.0202

The notes on pages 15 to 40 are an integral part of these consolidated financial statements.
The Independent auditors' report is set out on pages 3 - 8.

Amanat Holdings PJSC

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	For the year ended 31 December 2016 AED'000	For the period from 17 November 2014 to 31 December 2015 AED'000
Net profit for the year/ period		**38,451**	50,583
Other comprehensive income			
Available-for-sale investment – net change in fair value	6	**(148)**	57,617
Available-for-sale investment – reclassified to profit or loss		**(1,268)**	(56,201)
Total comprehensive income for the year/period		**37,035**	51,999
Profit attributable to:			
Owners of the Company		**36,982**	51,999
Non-Controlling interests		**53**	-
		37,035	51,999

The notes on pages 15 to 40 are an integral part of these consolidated financial statements.
The Independent auditors' report is set out on pages 3 - 8.

Amanat Holdings PJSC

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Note	Share capital AED'000	Share issuance reserve AED'000	Unrealised gain on available-forsale investment AED'000	Retained earnings AED'000	Statutory reserve AED'000	Legal reserve AED'000	Non-Controlling Interest AED'000	Total AED'000
Proceeds from share subscription	*10*	2,500,000	-	-	-	-	-	-	2,500,000
Proceeds received for share issuance and IPO expenses	*11*	-	50,000	-	-	-	-	-	50,000
Less: Share issuance and IPO expenses	*11*	-	(44,282)	-	-	-	-	-	(44,282)
Profit for the period		-	-	-	50,583	-	-	-	50,583
Transfer to statutory reserve	*20*	-	-	-	(5,058)	-	-	-	-
Transfer to legal reserve	*21*	-	-	-	(5,058)	5,058	-	-	-
Available-for-sale investment – net change in fair value	*6*	-	-	57,617	-	-	5,058	-	57,617
Available-for-sale investment – reclassified to profit or loss	*6*	-	-	(56,201)	-	-	-	-	(56,201)
As at 31 December 2015		**2,500,000**	**5,718**	**1,416**	**40,467**	**5,058**	**5,058**	**-**	**2,557,717**

Amanat Holdings PJSC

Consolidated statement of changes in equity (continued)
For the year ended 31 December 2016

	Note	Share capital AED'000	Share issuance reserve AED'000	Unrealised gain on available-forsale investment AED'000	Retained earnings AED'000	Statutory reserve AED'000	Legal reserve AED'000	Non-Controlling Interest AED'000	Total AED'000
As at 1 January 2016		2,500,000	5,718	1,416	40,467	5,058	5,058	-	2,557,717-
Acquisition of subsidiary with Non-Controlling interest	*4*	-	-	-	-	-	-	62	62
Profit for the year		-	-	-	38,398	-	-	53	38,451
Transfer from statutory reserve	*20*	-	-	-	5,058	(5,058)	-	-	-
Transfer to legal reserves		-	-	-	(3,840)	-	3,840	-	-
Available-for-sale investment – net change in fair value	*6*	-	-	(148)		-	-	-	(148)
Available-for-sale investment – reclassified to profit or loss	*6*	-	-	(1,268)	-	-	-	-	(1,268)
Dividend paid	*23*	-	-	-	(37,500)	-	-	-	(37,500)
As at 31 December 2016		**2,500,000**	**5,718**	**-**	**42,583**	**-**	**8,898**	**115**	**2,557,314**

Amanat Holdings PJSC

Consolidated statement of cash flows
For the year ended 31 December 2016

	Note	**For the year ended 31 December 2016 AED'000**	For the period from 17 November 2014 to 31 December 2015 AED'000
Operating activities			
Profit for the period		**38,451**	50,583
Adjustments:			
Less: Interest income	13	**(62,227)**	(32,264)
Less: Dividend income	6	**(146)**	(1,090)
Less: Share of profits from associates	5	**(20,181)**	(8,918)
Less: Gain on sale of available-for-sale investment		**(1,268)**	(56,201)
Add: Despreciation		**448**	93
		(44,923)	(47,797)
Adjustment for:			
Changes in deposits and prepayments	7	**18**	(2,128)
Changes in other assets	8	**652**	(1,354)
Changes in due from related parties	18	**(13,533)**	(222)
Changes in trade and other payables	12	**7,691**	7,883
Interest received		**39,983**	25,240
Net cash used in operating activities		**(10,112)**	(18,378)
Investing activities			
Acquisition of property and equipment		**(1,193)**	(1,178)
Net change in available-for-sale investment	6	**(3,643)**	(249,998)
Proceeds from sale of available-for-sale investment		**13,514**	297,597
Consideration paid for investment in associate	5	**(493,374)**	(197,266)
Changes in wakala and term deposits with original maturity of more than 3 months	9	**(37,419)**	(1,715,000)
Loan to a related party	18	**(34,395)**	-
Dividend Income		**146**	1,090
Net cash used in investing activities		**(556,364)**	(1,864,755)
Financing activities			
Issue of share capital	10	**-**	2,500,000
Proceeds received for shares issuance and IPO expenses	11	**-**	50,000
Shares issuance and IPO expenses paid	11	**-**	(44,282)
Dividends paid		**(37,500)**	-
Net cash generated from financing activities		**(37,500)**	2,505,718
Net (decrease)/increase in cash and cash equivalents		**(603,976)**	622,585
Cash and cash equivalents at the beginning of the year/ period		**622,585**	-
Net balance of cash and cash equivalents at the end of the year/ period		**18,609**	622,585

The notes on pages 15 to 40 are an integral part of these consolidated financial statements.
The Independent auditors' report is set out on pages 3 - 8.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016

1. BACKGROUND AND PRINCIPAL ACTIVITIES

Amanat Holdings PJSC ("the Company") was incorporated on 17 November 2014 and is registered as a Public Joint Stock Company. Following the Initial Public Offering ("IPO") which commenced on 20 October 2014 and closed on 4 November 2014, the Company listed on the Dubai Financial Market. These consolidated financial statements include the financial performance and position of the Company and its subsidiaries (collectively the "Group").

The principal activities of the Group are to invest in companies and enterprises in the fields of education and healthcare and managing, developing and operating such companies and enterprises. The Group may participate or have an interest in any manner in other companies, entities or institutions outside United Arab Emirates.

The Group has six Limited Liability Companies and four offshore Jebel Ali Free Zone Authority companies (the "Group companies"). The Group also has investments in subsidiaries and associates. The extent of the Company's ownership in these subsidiaries and its associates with their principal activities are as follows:

Name	Legal effective ownership interest	Country of incorporation	Principal Activities
Subsidiaries			
Amanat Investments L.L.C	100%	United Arab Emirates	Investment in commercial enterprises and management.
Amanat Education Investments L.L.C.	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Amanat Healthcare Investments L.L.C.	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
Amanat H.H. Alpha Investments L.L.C.	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
Amanat H.E. Alpha Investments L.L.C.	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Talent Investments L.L.C	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
A.H.H. Investments Limited	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
A.H.E. Investments Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management
AHE Alpha Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AHH Alpha Limited	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
Loai Reda & Hakeem Company for Trading Ltd.	85.20%	Kingdom of Saudi Arabia	Investment in companies in the field of healthcare

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

1. BACKGROUND AND PRINCIPAL ACTIVITIES *(Continued)*

Name	Legal effective ownership interest	Country of incorporation	Principal Activities
Associates			
Sukoon International Holding Company	33.25%	Kingdom of Saudi Arabia	Long-term and critical healthcare
Madaares PrJSC	16.34%	United Arab Emirates	Leading education provider in U.A.E
International Medical Center	13.18%	Kingdom of Saudi Arabia	Hospital and healthcare facilities in KSA

* Investment in International Medical Center is through the acquisition of Loai Reda & Hakeem Company for Trading Ltd.

2. BASIS OF PREPARATION

a. Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standard Board (IASB) and applicable requirements of the laws of the U.A.E.

b. Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for available-forsale investments that are measured at fair values and the liability for defined benefit obligations which is recognised at the present value of the defined benefit obligation.

c. Functional and reporting currency
The consolidated financial statements are presented in Arab Emirates Dirham (AED), which is the company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d. Use of judgments and estimates
The preparation of Consolidated Financial Statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected, if the revision affects both current and future periods.

Information about Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in Note 3 (a) and 5.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

2. BASIS OF PREPARATION *(Continued)*

e. New and amended standards in issue but not yet effective

A number of new standards and amendments to standards applicable to the Group are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

New or amended Standards	Summary of the requirements	Effective date
Disclosure Initiative (Amendments to IAS 7)	The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.	The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.	IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.
IFRS 16 Leases	IFRS 16 introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.	IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted
IFRS 16	Replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

2. BASIS OF PREPARATION *(Continued)*

e. New and amended standards in issue but not yet effective *(continued)*

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the period presented, unless otherwise stated.

The Group has adopted certain new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016. These changes did not have a material impact on the Group's financial statements

a. Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date i.e., when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of equity instruments.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiary

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

a. Basis of consolidation *(continued)*

(iii) Non-controlling interests ("NCI")
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NC I and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investment in associates
An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of the associate, until the date on which significant influence ceases.

b. Foreign currency translation

Transactions denominated in foreign currencies are translated into AED at exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into AED at exchange rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into AED at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. All gains and losses from settlement and translation of foreign currency transactions are generally recognised in the statement of profit or loss.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b. Foreign currency translation *(continued)*

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income ("OCI"):

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss); a financial liability designated as a hedge of the net investment in a foreign operation
- to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

c. Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c. Financial instruments *(continued)*

(ii) Non-derivative financial assets - Measurement

Financial assets at fair value through profit and loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities - Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-fortrading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial instruments (continued)

(iv) Impairment

Impairment of financial assets

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised except for available for sale equity instruments, which is recognised in other comprehensive income.

For financial assets measured at amortised cost, the reversal is recognised in statement of profit or loss. In assessing collective impairment, the Group uses historical information as the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be great or lesser suggested by the historical trends.

Impairment of equity accounted investees

Any impairment is measured by comparing the recoverable amount of investment by its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c. Financial instruments *(continued)*

(v) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence. the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at a closing-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to reflect the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability is measured at fair value that has a bid price and a ask price, then the Group measure assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and the counterparty, where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

The fair value of derivatives that are not exchange traded is estimated at the present value of the amount that the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparty.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c. Financial instruments *(continued)*

(v) Fair value measurement *(continued)*

Fair value hierarchy

The Group measures the fair value using the following fair value hierarchy that reflects the significance of input used in making these measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

d. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits and balances due from banks, items in the course of collection from or in transmission to other banks and highly liquid assets and wakala agreements with original maturities of less than three months from the date of acquisition, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated statement of profit or loss in the period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives using the straight-line method as follows:

	Useful Life
• Furniture & Fixtures	5 years
• Office equipment	5 years
• Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end and adjusted if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

f. Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is reasonably certain that reimbursement will be received and the amount of the receivable can be measured reliably. Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g. Employee benefits

Short term employee benefits

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

Pension Obligations

UAE national employees are covered under the Pensions and Social Law in the UAE such that contributions from the Company and the employees are made to the General Pension and Social Security Authority on a monthly basis. This plan is considered as a defined contribution pension plan as the Company's obligation is limited to monthly contributions.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit
or loss when they are due.

End of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

h. Interest income

Interest income is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

i. Dividend income

Dividend income is recognised when the right to receive dividend is established. Usually, this is the ex-dividend date for quoted equity securities and for unquoted equity securities, this is usually the date on which shareholders approve the payment of dividends.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j. Operating lease

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

k. Share Capital

Ordinary shares of the Group are classified as equity. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

4. INVESTMENT IN SUBSIDIARY

On 26 December 2016, the Group acquired 85.2% shares of Loai Reda & Hakeem Company for Trading Ltd. ("LT"), for a total consideration of AED 0.45 million with a purpose to acquire shares in International Medical Centre. LT had net assets of AED 0.53 million at the date of acquisition and the acquisition resulted in recognition of non-controlling interest of AED 0.08 million.

5. INVESTMENT IN ASSOCIATES

	31 December 2016	31 December 2015
	AED'000	AED'000
Sukoon International Holding Company ("Sukoon")	**219,814**	206,184
Madaares PrJSC ("Madaares)	**139,754**	-
International Medical Center ("IMC") (refer note 4)	**422,176**	-
	781,744	206,184

a. Sukoon International Holding Company

Investment in associates includes an equity investment of 33.25% (2015: 35%) in Sukoon International Holding Company ("Sukoon"). This investment is accounted for in accordance with the equity accounting methodology as per IAS 28 – Investments in associates and joint ventures.

The following summarises the financial information of Sukoon and reconciles the summarised financial information to the carrying amount of the Group's interest in Sukoon for the year ended 31 December 2016.

	31 December 2016	31 December 2015
	AED'000	AED'000
Investment in associate at 1 January	**206,184**	197,266
Group's share of net profits for the year/ period	**14,331**	8,918
Amortisation of Purchase Price Allocation ("PPA") assets*	**(701)**	-
	219,814	206,184

* This represents amortisation for the period from 10 August 2015 (date of acquisition) to 31 December 2016.

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

5. INVESTMENT IN ASSOCIATES *(Continued)*

a. Sukoon International Holding Company *(Continued)*

The Group's interest in Sukoon at 31 December 2015 was 35%. An acquisition by Sukoon through a stock for stock consideration via capital increase has reduced the Group's holding in Sukoon to 33.25%.

	31 December 2016	31 December 2015
	AED'000	AED'000
Percentage of interest	**33.25%**	35%
Assets	**745,798**	565,607
Liabilities	**(265,220)**	(196,064)
Net assets	**480,578**	369,543
Group's share in net assets at 33.25% (2015: 35%)	**159,792**	129,340

	31 December 2016	31 December 2015
	AED'000	AED'000
Goodwill, intangible and other fair value adjustments	**71,214**	71,214
Elimination of profit on sale of IMC shares	**(19,851)**	-
Costs of acquisition capitalised	**5,064**	5,064
Amortisation of PPA assets *	**(701)**	-
Other adjustments	**4,296**	566
Investment in Sukoon	**219,814**	206,184

* This represents amortisation for the period from 10 August 2015 (date of acquisition) to 31 December 2016.

	For the year ended 31 December 2016	For the period from 10 August 2015 to 31 December 2015
	AED'000	AED'000
Revenue	**225,308**	107,820
Profit	**102,851**	25,479
Group's share of profit *	**14,331**	8,918

* Group's share of profits excludes gain recognized by Sukoon on sale of IMC shares to the Company.

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

5. INVESTMENT IN ASSOCIATES *(Continued)*

b. Madaares PrJSC

Interest income is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

	31 December 2016
	AED'000
Initial cost of investment (transferred from available-for-sale on 14 June 2016)	145,822
Group's share of net profits for the period from 14 June 2016 to 31 December 2016	7,087
Amortisation of PPA assets *	(904)
Dividend received for the period	(12,251)
Investment in Madaares	139,754

* This represents amortisation for the period from 14 June 2016 (date of acquisition) to 31 December 2016.

	31 December 2016
	AED'000
Percentage of interest	16.34%
Assets (excluding existing goodwill in Madaares)	1,133,751
Liabilities	(493,051)
Net assets	640,700
Group's share in net assets at 16.34% (2015: nil)	104,690
Goodwill and intangibles at acquisition	32,261
Cost of acquisition capitalised	3,707
Amortisation of PPA assets *	(904)
Investment in Madaares	139,754

* This represents amortisation for the period from 14 June 2016 (date of acquisition) to 31 December 2016.

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

5. INVESTMENT IN ASSOCIATES *(Continued)*

b. Madaares PrJSC *(Continued)*

	For the year ended 31 December 2016
	AED'000
Revenue for the period from 14 June 2016 to 31 December 2016	238,956
Profit for the period from 14 June 2016 to 31 December 2016	43,375
Group's share of profit	6,183

C. International Medical Center

At the date of acquisition of LT, it had an investment of AED 123.88 million in International Medical Center ("IMC") representing a 4.57% shareholding in IMC. This investment was classified as AFS in the books of LT.Subsequent to the acquisition of LT, the Group provided a loan of AED 357.15 million to LT which was used to acquire additional shares in IMC which increased LT's total shareholding in IMC to 15.47%. Given the 15.47% holding and LT's representation on both the Board of Directors and Executive Committee, the Group believes that it has significant influence over the operating and financial policies of IMC and, accordingly, classified it its associated undertaking. The Group's effective ownership in IMC is 13.18%.

The following summarises the financial information of IMC and reconciles the summarised financial information to the carrying amount of the Group's interest in IMC for the period from 26 December 2016 till 31 December 2016.

	31 December 2016
	AED'000
Initital cost of investment in IMC	419,096
Costs capitalized	2,712
Share of profit from 26 December 2016 to 31 December 2016	368
Investment in IMC	422,176

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

5. INVESTMENT IN ASSOCIATES *(Continued)*

c. International Medical Center *(Continued)*

	31 December 2016
	AED'000
Effective ownership	13.18%
Assets	1,029,238
Liabilities	(243,959)
Net assets	785,279

	31 December 2016
	AED'000
Revenue for the period from 26 December 2016 to 31 December 2016	15,022
Profit for the period from 26 December 2016 to 31 December 2016	2,381
Group's share of profit	368

The process of evaluating the fair value of the identifiable net assets acquired as part of the acquisition in IMC is currently ongoing. In the meantime the Directors of the Company have assessed on a preliminary basis that the fair value of all the net assets of the acquired entity correspond to their book value.

6. AVAILABLE-FOR-SALE INVESTMENT

	31 December 2016	31 December 2015
	AED'000	AED'000
Opening balance		
Acquired during the year	10,018	-
Net change in fair value	149,466	249,998
Disposal during the period	(148)	57,617
Transfer to investment in associate (note 5b)	(13,514)	(297,597)
Available-for-sale investment	(145,822)	-
	-	10,018

Available-for-sale investments included the investment made by the Group in Madaares PrJSC, incorporated in Dubai, where the Group acquired a 16.34% equity stake for consideration of AED 145.8 million. This investment was reclassified from available-for-sale investments to investment in associates with effect from 14 June 2016.

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For the year ended 31 December 2016 (Continued)

7. DEPOSITS AND PREPAYMENTS

	31 December 2016	31 December 2015
	AED'000	AED'000
Deposits	1,003	1,019
Prepayments	1,107	1,109
	2,110	2,128

8. OTHER ASSETS

	31 December 2016	31 December 2015
	AED'000	AED'000
Accrued interest	29,268	7,024
Transaction related costs	233	1,257
Other receivables	469	97
	29,970	8,378

9. CASH AND BANK BALANCES

	31 December 2016	31 December 2015
	AED'000	AED'000
Call deposits	3	17,408
Current account	18,556	605,152
Cash on hand	50	25
Cash and cash equivalents for cash flow statement	18,609	622,585
Wakala deposits	610,000	885,000
Term deposits	1,142,419	830,000
	1,771,028	2,337,585

During the year ended 31 December 2016 the Company earned profit interest at an average rate of 2.86% per annum on its Wakala, Term and call deposits combined together (Period ended 31 December 2015: 1.33 %).

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

10. SHARE CAPITAL

Authorised share capital
As at 31 December 2015 the authorised share capital of the Company was AED 2.5 billion. However, during the Annual General Meeting which was held on 18 April 2016, the authorised share capital of the Company was increased to AED 5 billion.

Issued share capital
As at 31 December 2016 the company had 2,500,000,000 ordinary shares in issuance of AED 1 each. Holders of these ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

11. SHARE ISSUANCE RESERVE

	31 December 2016	31 December 2015
	AED'000	AED'000
Amounts raised in initial public offering for related costs (AED 0.02 per share)	**50,000**	50,000
Less: Share issuance and IPO expenses incurred	**(44,282)**	(44,282)
	5,718	5,718

12. TRADE AND OTHER PAYABLES

	31 December 2016	31 December 2015
	AED'000	AED'000
Directors' remuneration payable (note 15)	**2,975**	4,400
Sundry payables	**2,387**	1,995
Staff related provisions	**4,691**	1,147
Accrued expenses	**5,521**	341
Payable to NCI Shareholders of LT (note 18)	**61,944**	-
	77,518	7,883

13. INTEREST INCOME

	31 December 2016	31 December 2015
	AED'000	AED'000
Profit on Wakala deposits	**23,645**	25,077
Interest on call and term deposits	**38,295**	7,187
Interest income from loan to Sukoon (Note 18)	**287**	-
	62,227	32,264

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

14. EMPLOYEE RELATED EXPENSES

	For the year ended 31 December 2016	For the period ended 17 November 2014 to 31 December 2015
	AED'000	AED'000
Salaries, wages and other benefits	**21,909**	16,430
Provision for gratuity	**630**	354
Other staff costs	**3,221**	1,874
	25,760	18,658

15. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December 2016	For the period ended 17 November 2014 to 31 December 2015
	AED'000	AED'000
General and administrative expenses	**16,852**	14,799
Transaction related costs	**7,552**	1,918
Reversal of accrual for Directors' remuneration *	**(4,400)**	-
	20,004	16,717

* At the Company's Annual General Meeting held on 18 April 2016, the Board of Directors decided not to seek any remuneration for the period ended 31 December 2015. Hence the provision for their remuneration has been reversed in the consolidated statement of profit or loss during the year ended 31 December 2016.

16. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit for the year and the number of ordinary shares outstanding during the year.

	For the year ended 31 December 2016	For the period ended 17 November 2014 to 31 December 2015
	AED'000	AED'000
General and administrative expenses	**38,398**	50,583
Transaction related costs	**2,500,000**	2,500,000
Reversal of accrual for Directors' remuneration *	**0.0154**	0.0202

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

17. OPERATING LEASES

At 31 December 2016, the future minimum lease payments for operating leases payable were as follows:

	31 December 2016	31 December 2015
	AED'000	AED'000
Due in less than one year	2,338	4,061
Due between one and five years	-	2,422
Total minimum lease payments	2,338	6,483

18. RELATED PARTY TRANSACTIONS

The Group, in its normal course of business, enters into transaction with business enterprises that fall within the definition of a 'related party' as contained in International Accounting Standard 24 (Revised). The terms and conditions of these transactions are agreed between the Company and related party. The following is the list of significant transactions and balances with related parties.

	For the year ended 31 December 2016	For the period ended 17 November 2014 to 31 December 2015
	AED'000	AED'000
Expenses incurred on behalf of Sukoon International Holding Company	592	222
Interest Income from loan to Sukoon	287	-

Balances outstanding with related parties

	31 December 2016	31 December 2015
	AED'000	AED'000
Due in less than one year	1,504	222
Due between one and five years	12,251	-
Total minimum lease payments	13,755	222

* This balance includes AED 12.25 million of dividends receivable from Madaares.

Due to a related party

Due to NCI Shareholders of LT *	61,944	-

* This balance represents the amount payable by the Company to the NCI shareholders of LT in relation to their ownership of IMC shares.

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

18. RELATED PARTY TRANSACTIONS *(Continued)*

During the year, the Group has provided a term loan of AED 34.39 million to Sukoon to finance its operations and working capital requirements. The loan earns an interest of 10% per annum and matures in 2 years. The amount is repayable at the maturity. As per the loan agreement, the Group at any time, or prior to, the maturity date, may call on the shareholder loan and require Sukoon to convert the loan outstanding at that point of time, together with the commission accrued thereon, into new shares in Sukoon. As agreed between both parties, the market value of shares is equivalent to the outstanding loan amount. The above conversion is subject to the approval of Board of Directors and Extra Ordinary General Assembly of Sukoon.

Key managerial persons' remunerations

Director and key managerial persons' compensation comprised the following:

	For the year ended 31 December 2016	For the period ended 17 November 2014 to 31 December 2015
	AED'000	AED'000
Short-term benefits	10,779	9,121
Post-employment benefits	221	145

19. Financial Risk Management

The Group has exposure to the following primary risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note presents information relating to the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

19. Financial Risk Management *(Continued)*

a. Credit risk

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and cause the Group to incur a financial loss. It arises principally from the Group's balances with banks and financial institutions, wakalah deposits with financial institutions, investments, other assets and in debt securities.

The Group manages its credit risk exposure through diversification of its investments and deposits to avoid concentration of risk with institutions or group of institutions in specific location or business.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2016	31 December 2015
	AED'000	AED'000
Deposits	**1,003**	1,019
Other assets	**29,934**	7,121
Due from related parties	**13,791**	222
Loan to a related party	**34,395**	-
Cash at banks	**1,770,978**	2,337,560
	1,850,101	2,345,922

Exposure to credit risk is monitored on an ongoing basis. Cash is placed with good credit rating banks. The entire credit exposure of the Group is in the Middle East (98.13% in UAE and 1.87 % in Saudi Arabia), based on the country of operation of counter parties. None of the above mentioned receivables were past due or impaired at the reporting date.

b. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The contracted maturity of all the financial liabilities is less than 6 months and management believes that contractual cash flows of the financial liabilities are not materially different from their carrying amounts.

c. Market risks

The Group is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables.Market risk arises from foreign currency products and interest bearing products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as currency rates, interest rates and credit spreads

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

19. Financial Risk Management *(Continued)*

c. Market risks *(Continued)*

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will change because of changes in foreign exchange rates. The Group has foreign exchange exposure on transactions that are denominated in SAR. As at 31 December 2016, the Group had assets of AED 576 million denominated in SAR.

A change of 10% in foreign exchange rates of SAR at the reporting date would not have significant impact as SAR and AED are both pegged against USD.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises principally from its deposits held with banks. Since the Group's deposits earn interest at fixed rates, any changes in interest / profit rate will not have an impact on the consolidated profit or loss of the Group.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Equity price risk arises from the change in fair value of equity instruments.

d. Operational risk

Operational risk is the risk of a direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage, to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Group has established a framework of policies and procedures to identify, assess, control, manage and report risks. The Group's senior management identify and manage operational risk to reduce the likelihood of any operational losses. Compliance with policies and procedures is supported by periodic reviews undertaken by the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of Directors of the Group.

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Notes to the consolidated financial statements
For the year ended 31 December 2016 (Continued)

19. Financial Risk Management *(Continued)*

Capital management

The Group's capital management policy is governed by the Board of Directors of the Company. The Company's objectives of managing capital are to ensure the Company's ability to continue as a going concern and increase the net worth of the Company and shareholders' interests so as to maintain the confidence of its investors, creditors and the market and to sustain future development of the business.

Fair value

All financial assets and liabilities are stated at amortised cost or historical cost except for available for sale investments, which are measured at fair value. The fair values of the financial assets and liabilities are not materially different from their carrying values at the reporting date. The Available for sale investments qualify for

Level 1,

Cash and bank balances qualify for Level 2 and all other assets and liabilities are classified as Level 3 within the fair value hierarchy.

20. STATUTORY RESERVE

During the current year, the shareholders approved in the Annual General Meeting held on 18 April 2016 to discontinue transfers to the statutory reserve and transfer the reserve to retained earnings.

21. LEGAL RESERVE

As required by Article 239 of the U.A.E. Federal Law No. (2) of 2015, 10% of the profit for the year is transferred to the Legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid up share capital. Accordingly an amount of AED 3,840 thousand (31 December 2015: AED 5,058 thousand) has been transferred to Legal reserve during the year. The Legal reserve is not available for distribution.

22. OPERATING SEGMENTS

The principal activities of the Group are to invest in companies and enterprises in the fields of education and healthcare and managing, developing and operating such companies and enterprises. The Group has made investment in one subsidiary and one associate in Saudi Arabia in the field of healthcare and other investment is made is in the field of Education in UAE as at 31 December 2016. The detailed information is disclosed in Note 4 and 5 of these consolidated financial statements.

23. DIVIDENDS

On 18 April 2016, a cash dividend of AED 0.015 per ordinary share was approved by the shareholders at the AGM, as proposed by Board of Directors in respect of 2015, and subsequently paid.

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For the year ended 31 December 2016 (Continued)

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform with the presentation and accounting policies adopted in these consolidated financial statements.

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