PLATFORM FOR GROWTH

ANNUAL REPORT | 2018

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AMANAT

HEALTHCARE & EDUCATION

"THROUGH KNOWLEDGE AND SCIENCE WE WILL OPEN THE HORIZONS OF A GLORIOUS FUTURE"

Sheikh Zayed bin Sultan Al Nahyan

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LETTERS TO SHAREHOLDERS

CHAIRMAN'S LETTER

The 2018 Annual Report for Amanat Holdings PJSC ("Amanat" or "the Company") reflects the progress the Company has made in the active deployment of its paid-up share capital during the year. I am therefore proud to present this report on behalf of the entire Board, showcasing the portfolio of assets that Amanat now has in place and highlighting the Company's ongoing growth plans.

Amanat's portfolio, comprising seven superior assets across the GCC within education and healthcare, is delivering initial results in line with expectations. Moreover, it positions the Company strongly for the future. In line with its focused strategy, Amanat's assets are market-leading brands in their space, benefiting from competitive differentiation and high growth potential.

Amanat's collaborative model combined with its active investment approach makes it well placed to deliver long-term sustainable value through its growing portfolio of attractive assets.

A YEAR OF ACTIVE DEPLOYMENT

2018 has been a year of active deployment by Amanat. The Company entered the year with purpose and vigour, having reaffirmed its commitment to its chosen sectors, education and healthcare. This drive has seen Amanat's team complete AED1.2 billion of acquisitions in four quality assets in 2018, an ambitious programme of deals which has seen the Company scale considerably. This progress in deployments is testament to the energy, efforts and expertise of the entire team.

As at the year end, Amanat had deployed 79% of its AED2.5 billion paid-up share capital to establish a balanced portfolio of investments, comprising seven assets in total. It is also noteworthy that the year saw Amanat expand its portfolio into a new geography, with the acquisition of a healthcare asset in Bahrain which complements and extends its existing healthcare footprint.

Indeed, as part of its strategic evolution, the Board of Directors of Amanat ("Board") and management have together recognized the potential for Amanat to expand its geographic reach beyond the GCC. This is based on the prospects for both the healthcare and education sectors as a whole, together with Amanat's potential to further leverage its expertise and network. As a result, Amanat has started to explore opportunities beyond the GCC markets originally targeted and remains optimistic that there is considerable scope for future growth.

Turning to the existing assets within Amanat's portfolio, the team has actively supported each business in developing their individual propositions. Amanat's investment model is based on collaboration and the Company has worked in partnership with the teams across each of its assets to make a real difference to business performance. Specific initiatives and growth strategies are detailed later in this report, but I am pleased to report on behalf of the Board that this collaborative approach continues to empower Amanat's assets to fulfil their long-term potential, and create a true legacy for themselves.

CHAIRMAN'S LETTER

The portfolio of assets positions the Company strongly for the next stage of its development, as it seeks to build on the platforms it has established in healthcare and education, foster the performance and growth of its assets and realise new opportunities to further grow Amanat.

BUILDING LONG-TERM VALUE

Financial results for the year ended 31 December 2018 show the initial impact of Amanat's enlarged portfolio of assets. Total net revenue grew 21% year on year, underpinned by a significant increase in income from associates together with initial income from our recently acquired associates. Meanwhile, net profit for 2018 was in line with 2017 but 39% higher excluding acquisition-related exceptional expenses, and non-recurring items. Further benefits from these assets are expected to come through in 2019 and beyond.

In line with its track record of returns, Amanat's Board is pleased to be recommending a cash dividend of AED0.015 per share to the general assembly. This demonstrates the Company's ongoing commitment to generating substantial returns for its shareholders.

DELIVERING AMANAT'S VISION

Amanat achieved much in 2018, taking positive steps towards its vision to be the investment partner of choice in healthcare and education. Having been born out of the UAE, it has continued to expand its geographic reach across the GCC in 2018 as well as starting to look beyond the region for new opportunities. The Board is confident that the actions taken during the year will support the Company's future aspirations.

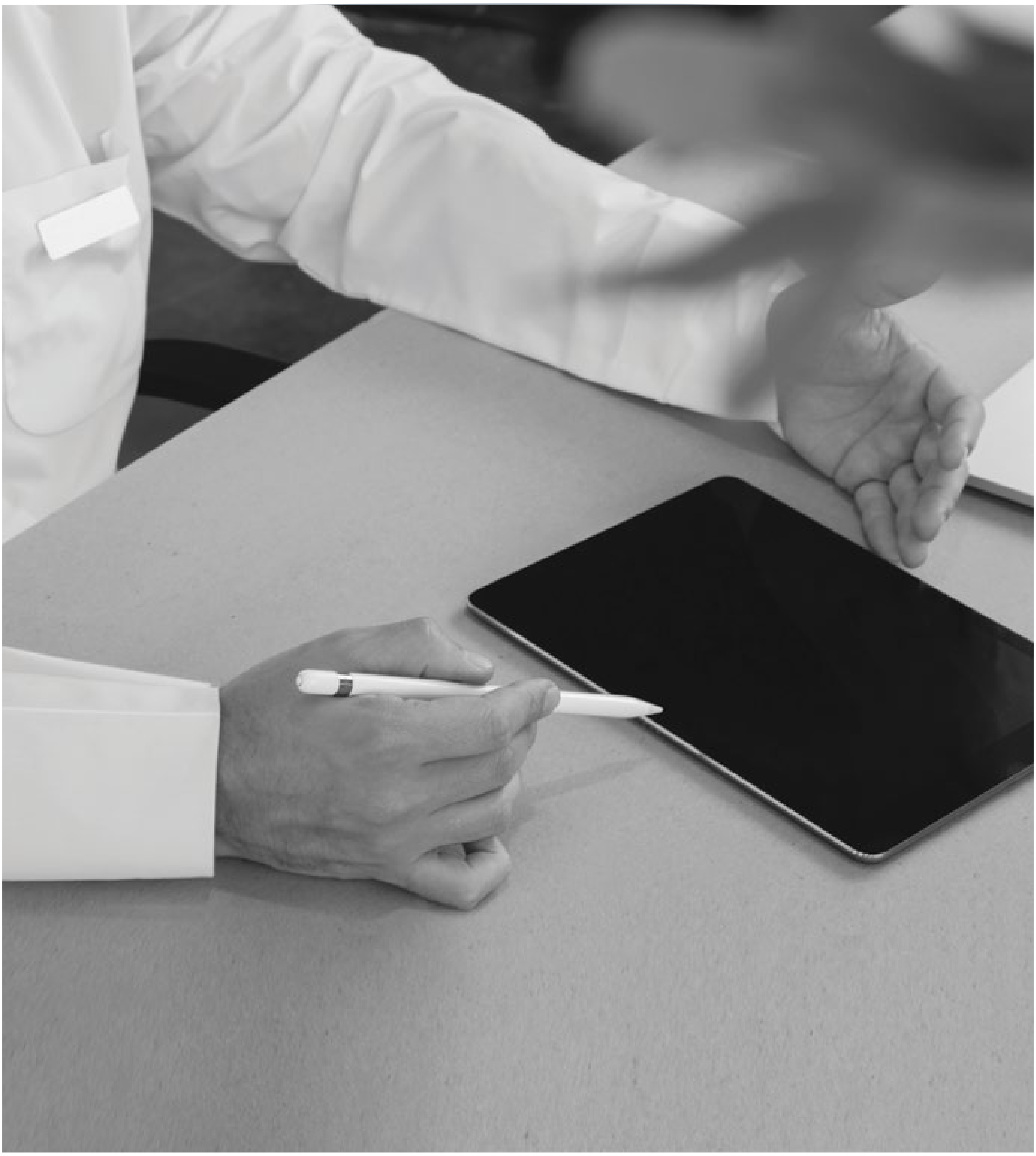
Amanat entered 2019 with the foundations in place to deliver on its ambitious growth plans, utilizing its expertise and scale to drive growth. In the course of the coming year, it intends to build on the progress to date, consolidating the strength of its portfolio even as the team pursues new opportunities for growth.

Looking further ahead, Amanat will remain active in delivering its vision because it sees the potential to create real and lasting value, for shareholders but also for society as a whole. There will always be the need for healthcare and education services but Amanat aspires to set new standards in its chosen markets, elevating levels of excellence above and beyond the norm through a collaborative approach which yields results.

The team will continue to work together with portfolio companies, partners and governments to develop a best-in-class education and healthcare offering. Thus, Amanat will help build a smarter, healthier future.

On behalf of the Board of Directors, I'd like to take this opportunity to thank our shareholders for your unwavering support. To fellow directors and our management team, we thank you for your dedication and effective leadership. To our partners, we deeply value your efforts and look forward to taking our shared goals to the next level.

H.E. Hamad Abdulla Al Shamsi
Chairman of the Board



MANAGING DIRECTOR'S LETTER

I am pleased to say that in 2018, we have achieved what we set out to at the beginning of the year, actively identifying and securing new majority or significant minority stakes in high quality assets with the potential for strong and sustainable growth.

This is reflected in the numbers, with over AED1.2 billion deployed during the year taking total deployment to 79% (AED2.0 billion) of our paid-up AED2.5 billion share capital across four new investments. We have achieved further milestones that position Amanat strongly for the future. In particular, we have now established platforms incorporating strong brands in both education and healthcare which we intend to leverage going forward. We have also entered a new geography with our investment in Royal Hospital for Women & Children ("RHWC") in Bahrain, demonstrating our ambitious plans to expand our presence across the GCC and beyond.

The full benefits of our newly acquired assets do not yet show through in our annual results, partly due to the timings of the transactions during the year and partly as RHWC is pre-operational and gearing up for launch. Income from associates has more than doubled to AED53.1 million, pleasing evidence of our ability to enhance the performance of assets through our collaborative approach with partners. Overall, therefore, net profit stood at AED42.9 million for the year.

BUILDING PLATFORMS FOR GROWTH

Amanat has determinedly pursued its ambitions this year, as can be seen in the growth of our portfolio of leading assets. During the year, we have successfully acquired four new assets, three in the UAE (in the education sector) and one in Bahrain (in the healthcare sector), a new country presence for Amanat. As a result, across the portfolio, we now have in place an education and a healthcare platform with compelling business and market dynamics to support long-term sustainable growth and create significant value for our shareholders.

In education, our acquisitions in 2018 saw Amanat build a comprehensive offering across the full education spectrum, from early childhood all the way through to higher education. In March 2018, we acquired a 35% interest in Abu Dhabi University Holding Company ("ADUHC"), a market leader in the private higher education field in the UAE. This was followed in June 2018 by the 100% acquisition of Middlesex University Dubai ("Middlesex"), one of the region's most dynamic and forward-thinking institutions and the first overseas campus of the internationally renowned Middlesex University in London. These new assets complement our existing holding in Taaleem Holdings PSC ("Taaleem"), one of the leading providers of K-12 education in the UAE. In December 2017 we had increased our stake in Taaleem becoming its largest shareholder which has helped us make a positive contribution to the strategic operations of the business, in line with our collaborative approach.

In addition to these operational assets, we further enhanced our portfolio in June 2018 with the acquisition of the real estate assets of North London Collegiate School Dubai ("NLCS"), a premium international Baccalaureate curriculum K-12 school. The deal was the first social infrastructure transaction for Amanat, strengthening our ability to generate long-term secure cash flows and returns for our shareholders.

In healthcare, we entered a new market in August, acquiring a majority stake in RHWC, Bahrain. When it launches in 2019, the hospital is set to become a medical center of excellence specializing in the needs of women and children. Meanwhile, our existing healthcare assets in Saudi Arabia, International Medical Center CJSC ("IMC"), a 300-bed multi-disciplinary tertiary care hospital, and Sukoon International Holding Company CJSC ("Sukoon"), which provides post-acute extended care, critical care and home care medical services, continued to show resilience. In fact, IMC contributed strongly to our profits while Sukoon's performance is set on the recovery track. Again, this is testament to the strength of our partnership model, where we seek to support business champions to create further value.

THE FUTURE OPPORTUNITY

Looking ahead, we have highly ambitious growth targets for Amanat as we aim to become the global investment partner of choice in healthcare and education.

We are confident that we have both the opportunity and expertise to deliver on our goals. We will continue to support our portfolio companies in achieving their individual successes as well as combined synergies by using the platforms in place to drive profitability and create long-term sustainable value. We will also seek to execute additional new opportunities, proactively pursuing Amanat's potential to scale further.

All this is underpinned by market dynamics in both the healthcare and education industries which remain compelling with positive growth drivers in the GCC and beyond. Amanat is well placed to build on its existing footprint. Education and healthcare are at the heart of any robust economy, and we see substantial opportunities for Amanat in our chosen markets – not only to create substantial value and returns for our shareholders but also to help governments across the region develop these two sectors and build a smarter, healthier society.

Dr. Shamsheer Vayalil
Managing Director


SUMMARY REPORT

SECTION II

THE YEAR IN REVIEW

"IN 2018, WE ACHIEVED MILESTONES THAT POSITION AMANAT STRONGLY, WITH OVER AED1.2 BILLION DEPLOYED DURING THE YEAR, RESULTING IN A TOTAL DEPLOYMENT OF 79% OF OUR PAID-UP CAPITAL"

VISION, MISSION, VALUES

"AMANAT ASPIRES TO SET NEW STANDARDS IN ITS CHOSEN MARKETS OF HEALTHCARE AND EDUCATION, ELEVATING LEVELS OF EXCELLENCE ABOVE AND BEYOND THE NORM THROUGH A COLLABORATIVE APPROACH WHICH YIELDS RESULTS."

VISION

Our vision is to be the global investment partner of choice in healthcare and education, creating long-term sustainable value

MISSION

Our mission is to enhance people's prosperity - physically, intellectually and financially

VALUES

CHALLENGING
Amanat challenges itself every day to achieve higher levels of operational excellence so that the Company can in turn help its partners and society to rise to the demands of tomorrow

COLLABORATIVE
Amanat's collaborative approach brings its people, partners and communities together to create a legacy in each asset and make a difference to what it believes matters the most

EMPOWERING
Amanat invests in healthcare and education to empower its people, partners and a smarter, healthier and more successful society

AMBITIOUS
Amanat is ambitious and driven to enable its people, partners and society to achieve their aspirations

PROUD
Amanat takes great pride in what it does and for the consequential positive impact it has on people and the community

FINANCIAL AND OPERATIONAL HIGHLIGHTS

1.2bn
Capital deployed in 2018

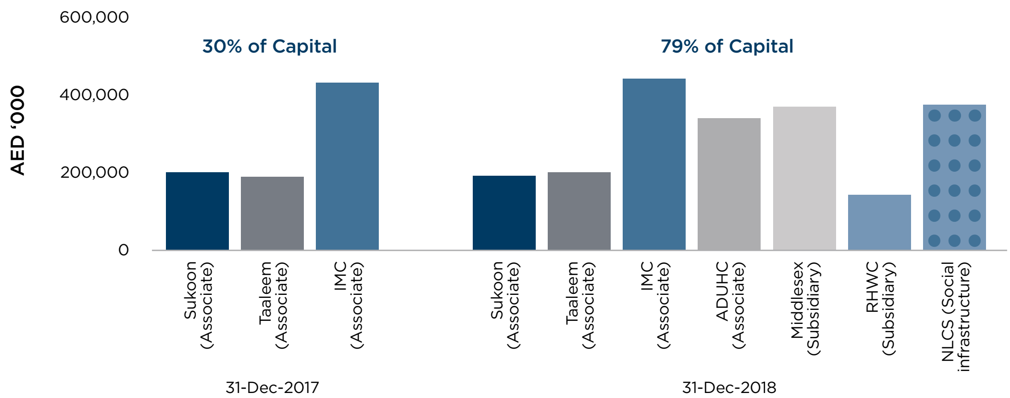
104.4m
2018 Total net revenue (2017: 86.3m)

53.1m
2018 Share of profit from associates (2017: 19.8m)

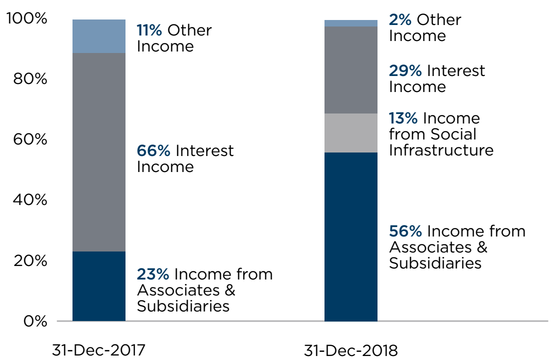
5.3m
2018 Net income from subsidiaries (2017: nil)

42.9m
2018 Net profit (2017: 42.3m)

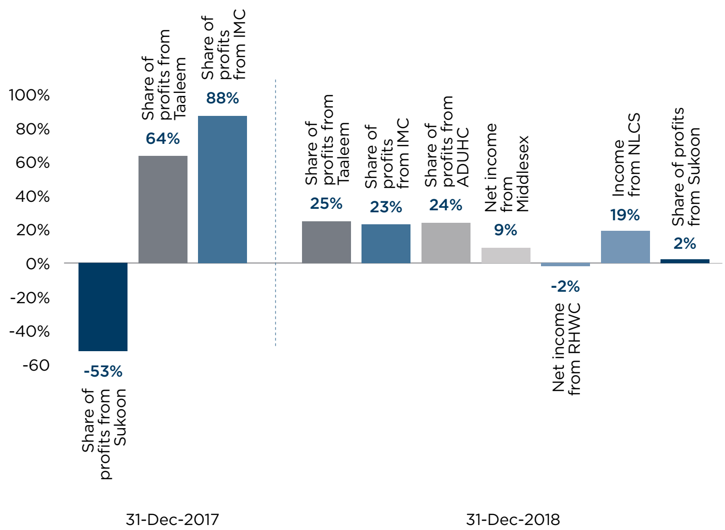
Investments



Revenue Sources



Revenue Contribution from Investments



All figures shown in AED unless otherwise stated.

MARKET OVERVIEW

The attractive fundamentals of the healthcare and education markets in the GCC, and beyond, are well-established. Both are non-cyclical and growing markets, underpinned by long-term market drivers including overall population growth and the shift towards a more affluent middle-class populace. Within this context, 2018 saw continued progress across the region in both the education and healthcare markets.

Robust demand goes hand in hand with encouraging headway in the year by GCC governments in their initiatives for economic diversification, with the two largest economies at the forefront. The UAE continues to act as a global hub for businesses and investment and is now ranked the seventh most competitive country globally, according to the IMD world competitiveness ranking 2018. This year also saw Saudi Arabia secure an upgrade to emerging market status, recognizing the progress made in modernizing its stock market as part of Vision 2030 and opening up the market to significant influxes of foreign investment.

In addition, the year brought a number of developments which are expected to maintain the growth trajectory of both sectors as they come to fruition. In particular, spearheaded by the efforts of governments across the region to strengthen their economies and diversify away from a dependence on oil, there have been favourable legislative initiatives and increased governmental budgets dedicated to healthcare and education that should support positive progress going forward.

Nevertheless, oil prices continue to impact the macroeconomic backdrop in the GCC as average oil prices remained low in 2018. Reducing current deficits therefore remains crucial for most GCC countries and governments are increasingly exploring privatization and Public Private Partnerships (“PPPs”) as effective ways to deliver their vision. Dubai and Kuwait have already put in place the necessary legal framework for PPPs whilst in July 2018 Saudi Arabia published a draft law on PPPs. Saudi Arabia is targeting US$16.6 billion in non-government investments by 2020, with over 100 planned initiatives including in healthcare and education. In September 2018 Abu Dhabi’s government followed suit, announcing a forthcoming PPPs law.

At the level of the individual consumer, the growth of the middle classes across the GCC has been a factor in strengthening demand for private education and healthcare over the past few years. As economic diversification is envisaged to attract more expatriates to the region and prosperity improves across the board thanks to strengthening socio-economic fundamentals, such factors look set to maintain an important role in demand for high-quality healthcare and education.

EDUCATION AND HEALTHCARE ARE AT THE HEART OF ANY ROBUST ECONOMY, AND WE SEE SUBSTANTIAL OPPORTUNITIES FOR AMANAT IN ITS CHOSEN MARKETS – NOT ONLY TO CREATE SUBSTANTIAL VALUE AND RETURNS FOR OUR SHAREHOLDERS BUT ALSO TO HELP GOVERNMENTS ACROSS THE REGION DEVELOP THESE TWO SECTORS AND BUILD A SMARTER, HEALTHIER SOCIETY.

MARKET OVERVIEW

HEALTHCARE

Investing in healthcare in the GCC is an increasingly attractive proposition. Firstly, the sector is benefiting from the region's socio-economic conditions, including the continuing growth in population, which are supporting overall demand for healthcare services. By 2022, the GCC population is forecasted to grow by 6.6 million to 61.6 million inhabitants. What is more, by 2022, nearly 17% of the population is forecasted to be aged 50 years and above according to the United Nations. This is combined with an increasing prevalence of non-communicable diseases. For example, every GCC country except Oman is ranked in the top 25 countries globally for a high prevalence of diabetes by the International Diabetes Federation. As a result, healthcare services are not only experiencing increased demand but are having to become ever more complex, delivering sophisticated and specialist services to address the shifting healthcare ecosystem.

These market forces are evident in the UAE, where rates of chronic and non-communicable diseases are significantly higher than many Western markets. For example, the diabetes prevalence ratio stands at 17.3% (in the population aged 20 to 79 years), two to four times higher than that in Australia or the UK.

Furthermore, an ageing population is predicted to see the share of UAE Nationals aged 60 years and over reach 8% by 2030 and Dubai's recent announcement of a long-term visa for retirees could potentially intensify this trend further.

The UAE and its governments are turning to private providers to strengthen both capacity and quality in light of the growing demand, as well as address the prospective financial burden. Abu Dhabi had previously implemented compulsory health insurance and Dubai completed its programme roll-out by the end of 2017. Such schemes are anticipated to support a shift to private providers, creating a number of opportunities for private healthcare. Indeed, the Dubai Health Authority's 2018 Health Investment Guide identified specific areas requiring investment, including a need for additional specialty outpatient and acute inpatient beds. Dubai's government has therefore taken steps in 2018 which look likely to facilitate the involvement of private providers in healthcare, for example the pending legislation allowing 100% foreign ownership of onshore companies and a proposed new 10-year visa which will be available to professionals in the medical, scientific, research and technical fields. Similarly, Abu Dhabi is also contemplating increased private involvement in its healthcare provision, having indicated that the first round of Public Private Partnership tenders, due by Q1 2019 and valued in total at over AED3 billion, will include healthcare projects.

A further opportunity of note for the UAE lies in the health tourism market, with Dubai and Abu Dhabi particularly well placed to take advantage of this growing market. According to Dubai Health Authority, Dubai is aiming to attract 500,000 medical tourists by 2020, a considerable increase on 2016 numbers (of over 326,000 health tourists).

In the Saudi Arabia, the young population is naturally supporting demand for specialist provision in fields such as women's and children's health. Furthermore, whilst the population is currently a young one, middle-class lifestyles and the consequent changes in diet and physical activity are once again bringing with them an increase in chronic and non-communicable diseases. For example, the Kingdom's diabetes prevalence ratio is high, at 18.5% (according to the International Diabetes Federation). This is placing a burden on healthcare services which is only set to increase. Indeed, by 2035, 44% of the Saudi population is expected to over the age of 40 and 14% over the age of 60, which will further propel the need for healthcare services to meet this demand.

As the Saudi Arabian government seeks to improve standards and build capacity in response to this demand, the healthcare sector is being opened up to private companies and foreign ownership. The Ministry of Health has signaled its plans to increase the private sector share of healthcare spend to 35% by 2020 as it seeks to boost standards and scale.

In total, the Saudi Arabian General Investment Authority ("SAGIA") expects to generate $180 billion of healthcare investment opportunities by 2023.

Elsewhere in the region, the healthcare market is expected to follow a similar growth trajectory as populations grow and age. For example, Kuwait exhibits the highest prevalence of non-communicable diseases in the GCC, which is seen as underpinning an increase in demand in the coming years. Governments are therefore taking measures similar to those seen in KSA and the UAE which are anticipated to accelerate the participation of private providers in the market. For example, Oman and Bahrain have both announced a roll-out of mandatory health insurance, set to be launched in 2019. Since private sector market share in the GCC (excluding KSA and the UAE) ranges between 10% and 25% of hospital beds, such dynamics represent a considerable growth opportunity for private healthcare providers.

In summary, whether addressing national, resident or overseas audiences, the GCC is seeing an unprecedented demand for healthcare services. By 2022, current healthcare expenditure in the region is forecast to hit nearly $105 billion, from approximately $76 billion in 2017. Given the sustained demand factors and the continuing government efforts to create a business-friendly backdrop, the outlook for healthcare investments in the GCC for 2019 and beyond is exciting.

MARKET OVERVIEW

EDUCATION

The education market in the GCC continues to benefit from the positive market fundamentals which have been driving growth over the past few years. In particular, the school age population is expected to grow to 12.1 million across the GCC by 2022 and this is fueling the need for more schools in the region as a whole. Add to this the increasing per capita income and the agenda of many of the region's governments which recognizes the importance of education, even as they seek to reduce the fiscal burden by encouraging private investment in the industry. Thus, it becomes apparent why private institutions are expected to play a key role in meeting demand in the coming years. This is reflected in the fact that the number of students at private schools is forecast to reach 3.2 million by 2022, a compound annual growth rate ("CAGR") of over 4%, compared with a CAGR of only 1.3% for public schools.

Within the GCC, Saudi Arabia and the UAE represent the largest markets for education, accounting for the majority of both K-12 (early years through to secondary) and higher education enrolments. Two thirds of Saudi Arabia's significant population are under the age of 30, meaning that the Kingdom boasts the largest education sector within the GCC. Historically, however, the private sector accounted for only a small proportion of Saudi Arabian schools and institutions. Indeed, it was only in 2012 that the government removed the restriction on Saudi Arabian nationals enrolling in private schools.

Today, government support for private institutions is set to provide a major prospective boost for the private sector in Saudi Arabia. For example, in 2018, the government announced initiatives which will see it transfer the responsibility for developing and managing 60 new school facilities as well as the running of 25 state-run schools to the private sector. Furthermore, the opportunities extend through to higher education, in part powered by the National Transformation Program aim to increase the percentage of students in non-government higher education from 6% to 15% by 2020.

Such initiatives, when combined with the trends in population and prosperity, are expected to support the development of the private education sector in the Kingdom. In fact, a recent Boston Consulting Group report anticipated that the Saudi private K-12 education market would more than double, from $5billion in 2017 to $12billion by 2023.

Meanwhile, the UAE has an established private education sector, with approximately 90% of Dubai and Sharjah students enrolled in private schools, and 65% of Abu Dhabi students. Furthermore, in 2018, Dubai again topped the rankings in terms of level of spend on private education globally. Demand for private education is robust, benefiting from a diverse and affluent expatriate population and an internationally recognized level of quality. This robustness is reflected in figures from Dubai's Knowledge and Human Development Authority ("KHDA"), which show that from the academic year 2012/13 to 2017/18, Dubai's private school enrolments achieved a CAGR of 4.6%.

The UAE government's legislative efforts to strengthen its economy announced in 2018 are expected to support the education sector going forward. For example, the proposed introduction of new visas, both longer-term visas for residents as well as for outstanding students, looks set to support ongoing growth in demand in both K-12 and higher education institutions.

The UAE's higher education sector is well placed to attract students from within the region and further afield. According to latest available UNESCO statistics, the UAE boasts the third highest inbound mobility rate for students in tertiary education globally at 48.55%. This reflects the UAE's positioning as a regional hub for higher education, in particular, the availability of internationally recognized degrees and engaging academic and social experiences, as well as strong employment prospects post-university.

Nevertheless, UAE operators have seen some challenges in 2018. The UAE is seeing a potential oversupply of private institutions, attracted by compelling market dynamics and sustained demand. By 2020, industry analysts are predicting the addition of 175,000 school places in the UAE, a considerable uplift in supply. In addition, the Dubai government's action to address the affordability of education through a freeze on school fees for the academic year 2018/19 may be seen to have impacted margins in the short-term.

That said, such corrective measures are essential as they may remove weaker operators from the market and boost demand from parents attracted by the improving affordability. In either case, such developments emphasize the need for a differentiated offering as well as careful consideration of costs and margins. It is also anticipated that in this market, larger, established school operators with diversified portfolios and strong balance sheets are well positioned to weather these conditions and emerge the winners.

More widely in the region, governments continue to place great emphasis on strengthening their education standards. Whilst public schools account for a large proportion of K-12 enrolments – for example, 78% in Oman and 60% in Kuwait – the private sector is generally achieving higher CAGR as the trends seen in KSA and the UAE impact these markets as well.

Looking ahead, education remains a priority for governments in diversifying their economies away from oil and they are taking action to enhance the industry for the long-term. Against this backdrop, the private sector is expected to become ever more integral to bringing the right expertise, standards and funding to the education system as a whole. As a result, the outlook for the education sector in the region is viewed as highly favourable.

SECTORS OVERVIEW

HEALTHCARE

Amanat started the year with two leading healthcare assets in the Kingdom of Saudi Arabia, IMC and Sukoon. This existing footprint was then expanded during the year with the acquisition of a third healthcare asset, RHWC in Bahrain, in August 2018.

Each of the three assets in the healthcare portfolio brings a distinct offering across specialized healthcare services whether in a hospital or home care setting. This platform of specialist offerings in specific healthcare verticals reflects the Board and management's view of how the healthcare market is evolving to address increasingly sophisticated care requirements.

Furthermore, the transaction completed during 2018 represented an extension to Amanat's geographic reach, with entry into the Bahrain healthcare market. The growth in Amanat's portfolio is therefore encouraging not only because it strengthens its advanced-care platform but also because it demonstrates a delivery on the Company's growth strategy to secure high-caliber assets in the GCC and beyond.

The contribution to Amanat's financial performance in 2018 from its two existing assets continues to reflect their ongoing development. IMC's performance remained strong, generating a AED20.8 million share of profit in 2018. Sukoon moved into profit, with Amanat's share of profit increasing to AED1.2 million, reflecting the company's speedy recovery and its return to a growth path. RHWC is currently at a pre-operational phase and as a result, it has impacted overall income from healthcare assets. However, Amanat remains confident that as RHWC moves through its launch phase and becomes fully operational, it will deliver market-leading returns.

Unique specialisms, collaborative approach

Amanat supports its portfolio companies with a focus on three key areas, corporate strategy, governance and finance. During the year, both IMC and Sukoon made considerable headway in their ongoing development, assisted by Amanat's expert team in delivering some excellent value creation initiatives across each of these areas. This included restructuring their business models, strengthening the management team and exploring opportunities for further growth. For its newest asset, RHWC, Amanat has already adopted a similar hands-on approach, reinforcing the hospital's strategic plan for launch in 2019 and beyond.

IMC operates a 300-bed tertiary care hospital in Saudi Arabia's Western Region. It covers over 30 specialties, including cardiology, oncology, women's healthcare and pediatrics. Following a drive to strengthen its management team in 2017, this year Amanat's healthcare team was actively involved in helping IMC explore opportunities to increase bed capacity, whether through its existing facility or via the launch of new clinics, particularly with a specialized offering.

Other strategic initiatives Amanat has supported include IMC's programme to strengthen volumes by attracting corporate clients, a new target audience for the business.

Sukoon specializes in acute extended care, critical care and home medical care for patients outside a traditional hospital setting. Its differentiated model of cost-effective quality care makes it a leader in the Saudi market. Amanat has played an important role in Sukoon's restructuring to deliver cost and productivity benefits. In addition, building on Sukoon's long-term contracts with governmental and semi-governmental clients, Amanat has assisted Sukoon in its strategy to diversify its client base, securing the top five insurance companies in Saudi Arabia as well as new corporates.

Amanat's latest acquisition, RHWC in Bahrain, was completed in August 2018, bringing a 69.3% stake for AED141.7 million, in line with the Company's strategy to acquire majority (and significant minority) stakes. RHWC fits well with the portfolio's existing footprint, further strengthening Amanat's specialist offering whilst opening up a new geographic market. Once operational, RHWC will provide a comprehensive range of clinical services for women and children, including the first and only Neonatal Intensive Care Unit able to provide Level-III care among Bahrain's private hospitals. These characteristics are ideally aligned with the Company's aim to acquire distinctive and differentiated businesses with the potential for growth. The team is working closely with RHWC management to guide the hospital through a successful launch, on track for mid-2019, and to maximise its potential in the coming years.

THE FUTURE OPPORTUNITY

Amanat sees exciting prospects within its existing portfolio of assets and has plans in place for each business to address these opportunities. In 2019, the team will collaborate further with each company to optimize performance, including achieving synergies of scale across the healthcare platform, as well as ensuring the individual businesses benefit from Amanat's wealth of experience in the healthcare sector to maintain their progress.

Amanat also believes that it is well positioned to secure and realise new opportunities to provide market-leading healthcare services. It already has in place a portfolio which reflects its ambition in this space but the Board and management is confident that the scope for further development is significant and that in realizing this, Amanat will accomplish its ambition to become the investment partner of choice in healthcare.

SECTORS OVERVIEW

EDUCATION

Amanat has been very active in building its education portfolio in 2018, with the acquisition of three high-quality assets. In doing so, it has brought together a number of distinctive, market-leading brands to create a platform across the full education lifecycle, from early years all the way through to higher education. As a result, Amanat is well placed to benefit from the growth potential which it sees in the sector, leveraging its own expertise to support and empower these leading businesses to achieve long-term sustainable growth.

Results show the early benefits of the new acquisitions, combined with those from the existing interest in Taaleem. This has seen income from our new 100% owned assets (Middlesex and the real estate assets of NLCS) contribute AED20.2 million.

Differentiated businesses, common strengths

Taking each of the assets which currently comprise Amanat's education platform in turn, there are a number of common characteristics and advantages across the portfolio which are aligned with the Company's strict investment criteria and strategic requirements.

Of its new education assets, two are significant minority or majority stakes in growing higher education businesses which offer unique offerings with strong future prospects.

These are Abu Dhabi University Holding Company ("ADUHC") where Amanat acquired a 35% interest in March 2018 for AED320.4 million and Middlesex University Dubai ("Middlesex") where Amanat acquired 100% of the company in August 2018 for AED369 million. These holdings complement its stake in Taaleem, one of the largest providers of K-12 education in the UAE, where Amanat owns a 21.7% stake having increased its holding at the end of 2017.

ADUHC has a strong and established presence in the UAE, having originated in Abu Dhabi and now being operational in Dubai, Al Ain and Al Dhafra as well. It is focused on higher education, vocational and corporate training in the UAE and is well placed to profit from the drive to upskill students and the workforce in the UAE, thanks to its reputation in this space. Since Amanat acquired its significant minority stake in March, ADUHC has continued on its growth trajectory, increasing the number of students enrolled from 6,059 in 2017/18 to 6,154 for the current 2018/19 academic year. The Amanat team has been collaborating closely with management to put strong value creation plans in place.

The acquisition of 100% of Middlesex complements Amanat's existing education investments in the UAE, adding an internationally renowned higher education offering to the Company's portfolio. Middlesex attracts students from over 100 nationalities (over 20% of its students are transnationals) thanks to its offering to study in Dubai and graduate with a top-quality UK degree. Having acquired the business shortly ahead of the new academic year, Middlesex has made a positive contribution to full year results, boosted by strong enrollments for 2018/19, up 12.4% on 2017/18.

Furthermore, Amanat is working on a well-defined plan for the future with Middlesex, including the introduction of new academic programmes, continually enhancing the student experience, strengthening the corporate governance structure and implementing dividend payout targets. Amanat is excited about the prospects for Middlesex going forward and its ability to create significant returns from this market-leading business.

The third acquisition in 2018 was the Company's first social infrastructure investment, acquiring the real estate assets of NLCS in June 2018 for AED360 million, with an additional commitment of up to AED45 million towards the school's expansion plans. NLCS is a premium International Baccalaureate school, bringing the outstanding record of academic excellence of the established North London Collegiate School in the UK to Dubai. The acquisition will enhance Amanat's ability to generate long-term secure cash flows and underpin its commitment to shareholder dividends, in line with its stated strategy.

In addition to the newly acquired portfolio companies, Amanat's existing holding in Taaleem gives the Company a strong footprint in the K-12 education vertical. Taaleem operates three nurseries and seven schools in the UAE, and one of the key focuses in 2018 has been on developing an expansion plan, with an immediate focus on the attractive market in Abu Dhabi. Other strategic projects have included establishing a centralized marketing function to accelerate enrolments, developing enterprise resource planning systems to drive scalability, devising an inorganic growth strategy and evaluating optimal capital structures.

THE FUTURE OPPORTUNITY

In an extremely busy year, Amanat has achieved much and furthermore, moving into 2019, it is firmly focused on taking advantage of the platform in place to create significant value in its education portfolio. The Board and management are confident that, underpinned by Amanat's expertise in this space, the assets have the potential to generate strong returns for shareholders. Amanat will actively collaborate with each business and their managements to maximize this potential, including both leveraging the team's in-house expertise to support growth initiatives as well as identifying where Amanat's scale offers opportunities for synergies across the platform.

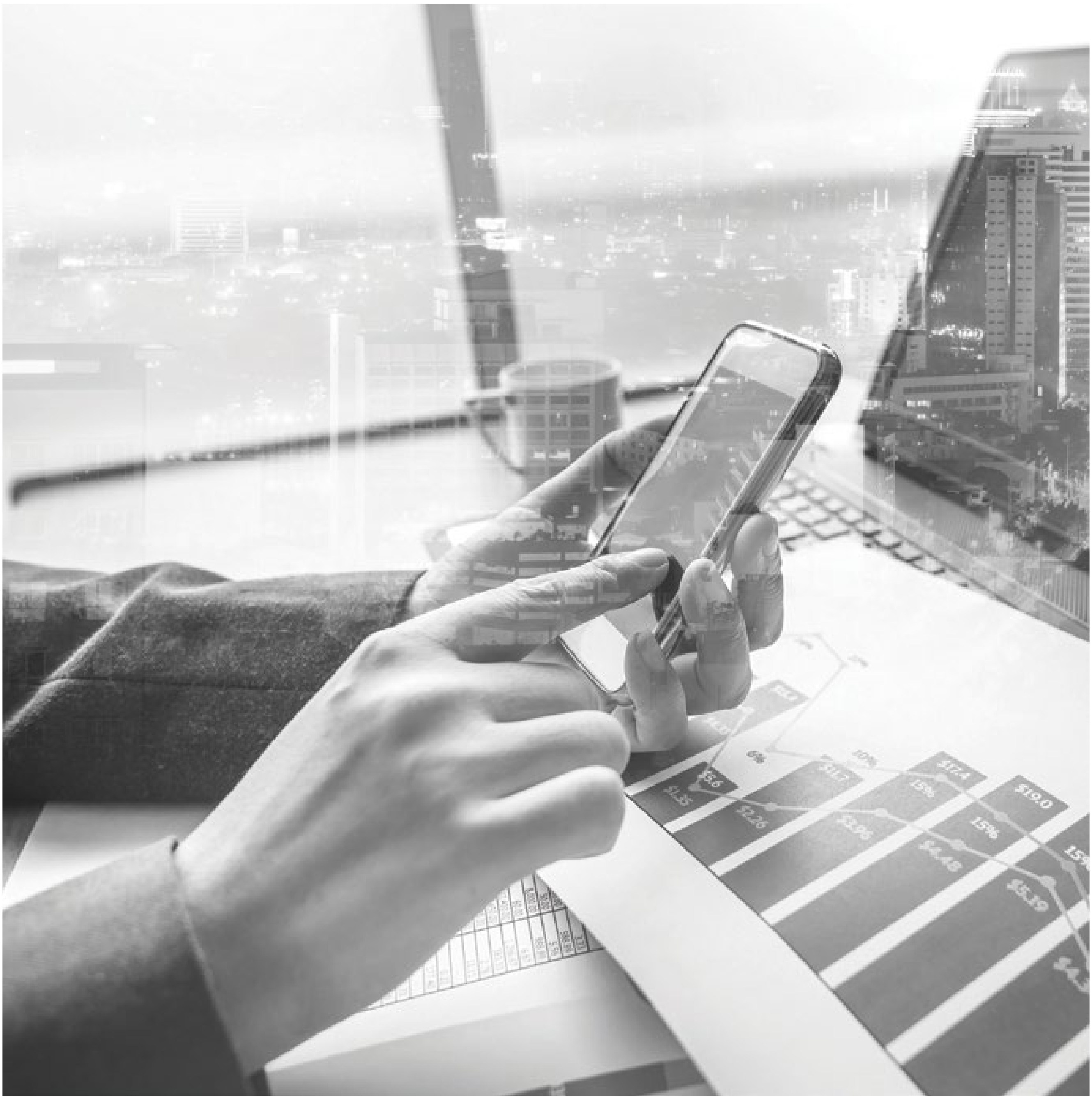
In addition, Amanat will continue to work towards its aim to become the investment partner of choice for education, seeking out further opportunities for growth across the GCC and beyond. The Board and management have ambitious plans as a whole in the coming years and are confident that the Company's education platform is well placed to support this vision.

SECTION III

BUSINESS OVERVIEW

"LOOKING AHEAD, AMANAT WILL REMAIN ACTIVE IN DELIVERING ITS VISION AS IT SEES THE POTENTIAL TO CREATE REAL AND LASTING VALUE, FOR SHAREHOLDERS BUT ALSO FOR THE COMMUNITY AS A WHOLE"

THE AMANAT BUSINESS



With a paid-up share capital of AED2.5 billion, and an authorized share capital of AED5.0 billion, Amanat has a unique position as the only publicly listed investment company specializing in healthcare and education assets in the GCC and beyond.

Founded in 2014 with the vision to be the global investment partner of choice in healthcare and education, Amanat continues to identify and invest in leading assets where it can use its proactive and collaborative approach to create significant value for its shareholders.

To date, it has invested in seven assets, with three healthcare assets accounting for 34% of the portfolio, three education assets accounting for 47% of the portfolio and one social infrastructure asset accounting for the remaining 19%.

AMANAT'S CHOSEN SECTORS

Healthcare and education are the sectors which Amanat believes matter most, enabling the Company to help build a smarter, healthier society.

Both sectors enjoy promising long-term growth drivers such as demographics, where each is seeing a growing population that is increasingly facing lifestyle changes, and socio-economic factors such as the emergence of the middle classes. Both are also undersupplied, non-cyclical industries, which benefit from the support of regional governments seeking to diversify their economies and encourage private sector investment.

Born out of the UAE, Amanat benefits from an in-depth knowledge of the GCC region as well as its chosen sectors. The portfolio is naturally focused on the GCC's two largest economies, the UAE and the KSA, however, Amanat seeks to identify and secure the best opportunities in each sector across the GCC and beyond, ensuring its portfolio has the right balance of market-leading assets.

THE AMANAT BUSINESS

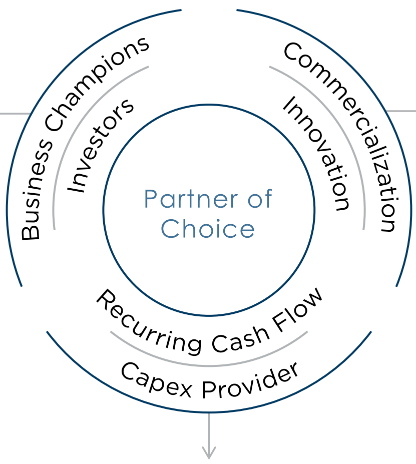
AMANAT'S FOCUSED STRATEGY

Amanat's strategy is focused on building a powerful platform in each of its chosen sectors comprising high quality, distinctive and competitively sustainable companies which offer compelling opportunities for growth.

Across both the healthcare and education platforms, Amanat has identified three verticals with particularly attractive investment dynamics: growth and buyout opportunities, social infrastructure assets and greenfield and PPP opportunities to address gaps in the market. The Company continues to target companies within these verticals in order to deliver sound, disciplined and sustainable returns to its shareholders.

Growth & Buyout

- Differentiated business
- Positive growth prospects
- Experienced management and reputed shareholders
- Suitability to Amanat value-add proposition



Greenfield and PPP

- Leverage existing technical know-how
- Long term view on investments and specialty
- Utilize emerging opportunities
- Addressing a feasible market gap

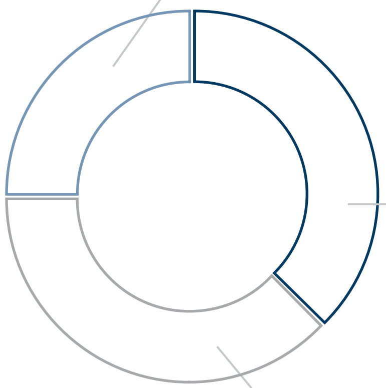
Social Infrastructure

- Long term lease to provide recurring cash flow
- Triple Net Lease
- Attractive location
- Strong and credit worthy operator

AMANAT'S VALUE CREATION

Amanat adopts a collaborative approach with its partners to create value within its portfolio, ensuring competitive differentiation and sustainable growth. This approach sees Amanat working closely with portfolio companies as the team seeks to use its wealth of technical experience and the scale of Amanat's healthcare and education platforms to maximise the portfolio companies' potential.

Amanat's model focuses on three specific disciplines to help assets drive operational performance: corporate strategy, corporate governance and corporate finance. Across all three of these areas, Amanat leverages its technical expertise, sector insights and capabilities to make a real difference to its portfolio companies' performance. In this way, it is building a legacy for its partners, its shareholders and society as a whole.



CORPORATE GOVERNANCE

Implement optimal organization structure

Develop financial and operational indicators for diligent decision-making

Establish processes, policies and infrastructure to facilitate scalability

CORPORATE STRATEGY

Assess organic growth strategy to ensure market position

Formulate inorganic growth strategy that leverages core competency

Realize operational improvement opportunities

CORPORATE FINANCE

Execute acquisitions, JVs, PPPs and strategic equity investments

Support funding requirements through Amanat's other verticals

Structure and execute optimal financing options

TIMELINE

2014

OCTOBER
Amanat IPO subscription period opened. IPO was 10x oversubscribed.

NOVEMBER
Listing of Amanat with a paid up capital of AED2.5bn.

2015

MAY
Amanat acquired 4.14% stake in Al Noor Hospitals Group.

AUGUST
Amanat acquired 35% investment in Sukoon International Holding PJSC.

DECEMBER
Amanat sold stake in Al Noor Hospitals Group.

2016

FEBRUARY

Amanat invested a further AED16.317 million in Sukoon through a capital increase.

APRIL

Amanat acquired 16.34% in an education portfolio through Taaleem Holdings PSC (formerly, Madaares PJSC) for AED 145.8 million.

Amanat shareholders approved 1.5% dividend at company's first Annual General Meeting.

NOVEMBER

Amanat agreed to participate in a loan with an amount up to AED92.5 million to its associate Sukoon with all other major shareholders, Amanat participated in first tranche of AED34.4 million.

DECEMBER

Amanat acquired 13.18% of leading Saudi healthcare provider International Medical Center (IMC).

2017

JANUARY

Amanat completed the acquisition of a 13.18% in International Medical Center for SAR 363.85mn.

APRIL

Amanat shareholders approved 1.5 percent dividends at company's annual general meeting.

MAY

Lockup on the founders shares was lifted.

NOVEMBER

Amanat's general assembly elected the Board of Directors.

Board appointed H.E. Hamad Abdulla Al Shamsi as Chairman of the Board and Dr. Shamsheer Vayalil as Vice Chairman of the Board, Managing Director and Chief Executive Officer.

The Board of Directors formed the Executive Committee, Audit Committee and Nomination and Remuneration.

DECEMBER

Amanat increased its stake in Taaleem Holdings PSC to 21.7%.

2018

MARCH

Amanat concluded the acquisition of 35% in Abu Dhabi University Holding Company for AED329.7mn.

JUNE

Amanat acquired the real estate assets of North London Collegiate School Dubai for AED 375 million.

AUGUST

Amanat acquired 100% stake in Middlesex University Dubai for a consideration of AED369 million.

Amanat acquired a 69.3% stake in the Royal Hospital for Women & Children in Bahrain for AED141.7 million.

INVESTMENT DATE
APRIL 2016

HOLDING
21.67%

TAALEEM HOLDINGS PSC (“TAALEEM”)

Taaleem is one of the largest providers of early childhood, primary and secondary education in the UAE, with 10 institutions of which nine are located in Dubai and one in Abu Dhabi. It enjoys a reputation for premium education across multiple curricula, including British, American and International Baccalaureate, as well as a multi-lingual early childhood programme.

Taaleem’s existing schools continue to see an increase in enrolments despite a crowded market in Dubai. This is thanks to its premium positioning and its integrated model which sees the vast majority of nursery students progressing to one of the group’s primary schools, as well as ongoing initiatives to centralize marketing and sales functions.

Amanat is also working with Taaleem to develop an expansion strategy incorporating both organic and acquisitions. With an initial focus on Abu Dhabi, where we enjoy the full utilization of our currect facility, Taaleem is well placed to build a considerable K-12 presence across the GCC.

INVESTMENT DATE
MARCH 2018

HOLDING
35.00%

ABU DHABI UNIVERSITY HOLDING COMPANY (“ADUHC”)

ADUHC is a market leader in the private higher education field in Abu Dhabi and Al Ain, with recent expansion to Dubai and Al Dhafra Region. The company has 7,500 students enrolled in its higher education institutions across the UAE, and has trained over 170,000 individuals through its training solutions companies.

With a 15-year track record in the market, ADUHC’s mission is to become the leading private further education provider in the UAE, spanning higher education, vocational and corporate training sectors. Benefiting from the UAE’s drive to upskill its population, it is well advanced in its goal but Amanat believes that with the right support, it can accelerate its progress.

In addition to further expanding ADUHC’s programmes and courses, ADUHC has a number of prospective areas for growth. Leveraging Amanat’s experience and scale, ADUHC is exploring partnerships with reputed local and international institutions as well as the potential for complementary acquisitions.

Middlesex University Dubai

INVESTMENT DATE
AUGUST 2018

HOLDING
100.00%

MIDDLESEX UNIVERSITY DUBAI ("MIDDLESEX")

Middlesex, one of the region's most dynamic and forward-thinking institutions, was established in 2005 as the first overseas campus of the internationally renowned Middlesex University in London. Middlesex has a diverse student body of approximately 3,000 students from over 100 nationalities.

Middlesex brings the opportunity for students from across the GCC and beyond to obtain a top-quality UK degree, which uses the same validation and monitoring system as the London campus, while living in the heart of Dubai.

One of Amanat's key actions post-acquisition has been the development of a five-year plan which will see Middlesex concentrate on driving quality and growth from its hub in Dubai. In particular, there is an exciting opportunity to strengthen its geographic presence, whether through establishing new facilities in complementary geographies or feeder institutes in select countries to maximise enrolments.

North London Collegiate School Dubai

INVESTMENT DATE
JUNE 2018

HOLDING
100.00% of real estate assets

NORTH LONDON COLLEGIATE SCHOOL DUBAI ("NLCS DUBAI")

The real estate assets of NLCS Dubai represent Amanat's first acquisition in the social infrastructure sector, leveraging Amanat's education insights and expertise to diversify its portfolio in line with its stated strategy.

NLCS Dubai is a premium International Baccalaureate curriculum K-12 school. NLCS Dubai's purpose-built campus offers a wide range of amenities built and managed in partnership with NLCS London, a leading London-based independent day school founded in 1850. NLCS Dubai is designed to emulate the unprecedented success of North London Collegiate School which has been the #1 school in the UK in terms of academic results in the International Baccalaureate for twelve consecutive years, giving it an enviable position in the local market.

With an initial rental yield of 8.25% and Internal Rate of Return of over 10%, this high-quality asset will deliver long-term and stable cash flows for Amanat.

INVESTMENT DATE
AUGUST 2015

HOLDING
33.25%

SUKOON INTERNATIONAL HOLDING COMPANY CJSC ("SUKOON")

Sukoon provides acute extended care, critical care and home care medical services to patients who are no longer suited for care within a traditional hospital setting. This includes patients who require short stays to undergo rehabilitation and/or long-term nursing care to those in need of 24/7 intensive and cardiac care. Sukoon's flagship facility, located in Jeddah, has physical capacity for 230 beds.

Sukoon's focused business model allows for higher quality of care at cost effective prices. This powerful combination has enabled it to diversify its client base away from its historic dependence on the Saudi Ministry of Health to now boast the five largest insurance companies and other corporates in the Kingdom as clients.

Amanat's collaboration has also seen Sukoon restructure its business to an asset-light model and deliver pleasing cost initiatives. As a result, Sukoon [is now profitable/has returned to profitability and] is well placed to benefit from the favourable market backdrop in its core verticals.

INVESTMENT DATE
DECEMBER 2016

HOLDING
13.18%

INTERNATIONAL MEDICAL CENTER CJSC ("IMC")

IMC operates a 300-bed multi-disciplinary tertiary care hospital that serves Saudi Arabia's Western Region. Its specialty centers within the hospital provide a wide range of comprehensive treatment options in over 30 specialties. These services are delivered by more than 150 US, Canadian and European certified physicians.

State-of-the-art facilities enable IMC to rank among the best healthcare providers in the region. Amanat has sought to strengthen IMC's productivity and internal processes in order that IMC can best leverage its positioning.

Together, IMC and Amanat have also been exploring how best to expand capacity in Jeddah and the wider Western Region as well as evaluating specialized centers, aligned with the need for advanced-care services in the Kingdom.

ROYAL HOSPITAL *for* WOMEN & CHILDREN

INVESTMENT DATE
AUGUST 2018

HOLDING
69.3%

ROYAL HOSPITAL FOR WOMEN AND CHILDREN ("RHWC")

RHWC is a specialised hospital located in the Kingdom of Bahrain that will provide a full range of clinical services to women and children. The hospital will offer the highest standards of care in obstetrics, gynecology, assisted reproductive treatment, pediatrics and preventative care. RHWC will also include the first and only Level–III Neonatal Intensive Care Unit among private hospitals in Bahrain.

Given the pre-operational stage of the hospital, Amanat has to date assisted RHWC in implementing appropriate systems and processes, as well as building a marketing and brand awareness strategy ahead of launch.

RHWC is on track to open in mid-2019. Amanat and the RHWC team have established a clear plan to deliver best-in-class care and growth. Amanat is confident that this plan will see RHWC achieve industry-leading margins and returns for its investors.

SECTION IV

THE LEADERSHIP TEAM

THE BOARD

H.E. HAMAD ABDULLA AL SHAMSI
Chairman of the Board

H.E. Hamad Abdulla Al Shamsi has a wealth of experience that spans more than two decades, overseeing several businesses across multiple disciplines, including financial services and investments. He is currently the CEO of Private Investment Company specialized in investments and large scale real estate development projects.

H.E. served in the Abu Dhabi Investment Authority prior to moving to the Private Department of His Highness the Late Sheikh Zayed Bin Sultan Al Nahyan.

H.E. Al Shamsi is also the Chairman and a Board Member of several leading Government and private Institutions engaged in Commercial, Financial, Aviation, Media and service based activities. He is currently Board Director of Etihad Airways Group, Dubai Islamic Bank, Kuwait Food and several others.

H.E. holds a Bachelor degree in Business Administration from UAE University and an MBA majoring in Finance and Banking from the USA.

DR. SHAMSHEER VAYALIL
Vice Chairman and Managing Director

A doctor, entrepreneur and philanthropist, Dr. Shamsheer also serves as the Founder and Managing Director of VPS Healthcare, one of the leading healthcare groups in the region. Since 2005, he has overseen the expansion of VPS Healthcare over four countries, 22 hospitals and over 125 medical centers, as well as establishing one of the largest pharmaceutical plants in the UAE. He is also a member of the UAE Medical Council and a Member of the Advisory Committee of University of Sharjah's College of Medicine. His career began in 2004 as a Radiologist at the Sheikh Khalifa Medical City, before venturing into opening his own businesses.

In 2015, Dr. Shamsheer was awarded the United Nations Global Humanitarian Award for his active involvement in providing heart surgeries, aid relief and healthcare assistance to Syrian refugees. He has also received the Pravasi Bharatiya Samman Award from the Government of India, the highest recognition awarded to non-resident Indians ("NRIs"), and nominated as one of the Top Indian Leaders in the Arab World by Forbes Middle East 2014. Dr. Shamsheer also holds numerous other awards, celebrating his leadership and philanthropic achievements.

Dr. Shamsheer holds a Masters Degree in Medicine from the University of Sri Ramachandar in India and a Bachelor of Medicine from the University of Kasturba in India, conducting part of his traineeship at Boston University, USA. He also holds an honorary doctorate from the Aligarh Muslim University, making him the youngest Indian in the history of the university to receive such an accolade.

H.E. FAISAL BIN JUMA BELHOUL
Non-Executive Director

In 2005, H.E. Faisal was the founder of Ithmar Capital which is a leading GCC private equity firm which managed and invested over US $1 billion. He was also Chairman of the Board for a number of business groups and associations, including the UAE Private Hospitals Council, the UAE Private School Council, the Pharmaceutical and Healthcare Equipment Business Group of the Dubai Chamber of Commerce and Industry (“DCCI”) and has served previously as a Board Member of a FTSE 250 healthcare company listed on the London Stock Exchange (“LSE”).

H.E. is currently a Board member of the DCCI by decree from the Ruler of Dubai as well as being a member of the Young Presidents Organization (“YPO”). In addition, he has board representation on several regional and international private companies. In 2007, Faisal was recognized as one of the top 100 Executives in the Gulf region. Educated in the USA, he studied Manufacturing Engineering at Boston University.

SHEIKH ABDULLA BIN KHALIFA AL KHALIFA
Non-Executive Director

Sheikh Abdulla Bin Khalifa Al Khalifa is the Chief Executive Officer of Osool Asset Management B.S.C. (“Osool”) with more 20 years’ experience in the Banking and Financial Services Industry. Osool is the investment arm of the Social Insurance Organisation and the Military Pension Fund, which manages around USD11 billion across different asset classes globally.

Sheikh Abdulla is the Chairman of Bahrain Telecommunications Company B.S.C (“Batelco”) and Chairman of SICO Investment Bank. He is also a Board Member of BBK.

Sheikh Abdulla Al Khalifa was awarded a Bachelor of Science in Business Administration from the George Washington University, USA.

THE BOARD

SHEIKH MANSOOR BIN MOHAMED BIN BUTTI AL HAMID
Non-Executive Director

Sheikh Mansoor Bin Mohamed Bin Butti Al Hamid is a UAE national and the Head of Strategic Relations and New Business Development at Mubadala Petroleum, the wholly-owned subsidiary of Mubadala Development Company.

Sheikh Mansoor has a well-established network of senior business relationships across the GCC obtained via his position as a Member of the Board of United Al Saqer Group, one of the most diverse and prominent groups in the region. It operates in a number of key industrial sectors including Abu Dhabi Motors, Dalma Motors LCC, United Al Saqer Heavy Equipment LCC, Alsaqer Property Management DU, which provides real estate integrated services, Awraq Islamic financial brokerage, Royal International Construction and Royal Joinery, which operate in the field of construction and contracting services.

Sheikh Mansoor holds a bachelor's degree in Business Administration from the American University in Dubai (UAE).

H.E. MOHAMED BIN THAALOOB AL DEREI
Non-Executive Director

H.E. Mohamed holds various board memberships, ranging from leading holding companies to sports federations. The Chairman of Al Qudra Holding Company, and Vice Chairman of Manazel Real Estate Company (PSC), he is also the Chairman of the Abu Dhabi Co-operative Society, and was a board member of Ras Al Khaimah Properties and Abu Dhabi National Hotels Company.

H.E. Mohamed Bin Thaaloob also holds the position of President of the UAE Judo & Wrestling Federation, and the Honorary President of the Arab Judo Federation. He is also a member of the Board of Abu Dhabi Sports Club, Al Ain Sports and Cultural Club and currently a member of the Honorary Board of the Club.

H.E. holds a Bachelor of Business Administration and an MBA from the UAE University. He is also a graduate of the prestigious Zayed Military College.

H.E. HAMAD RASHED NEHAIL AL NUAIMI

Non-Executive Director

With a career spanning over 22 years, H.E Hamad is truly dedicated to the growth of the region; he holds several executive positions, serving as a board member on numerous leading investment, real estate and public sector institutions. He is currently the Managing Director of His Highness Sheikh Dhiab Bin Zayed Al Nahyan's Office and His Highness Sheikh Nayhan Bin Zayed Al Nahyan's Office. He is also the Executive Director of Ministry of Presidential Affairs, and serves as the Chairman of Electronic Stock and Brokerage Co. and the Managing Director at Reem Investments.

In addition to that, H.E. Hamad is also the Chairman and Board Member of several leading government and private institutions, including leading investment firms. Some of these notable companies include Zayed Bin Sultan Al Nahyan Charitable and Humanitarian Foundation, Daman Securities & Daman Investments, National Investment Corporations, Arab International Bank, and Al Wahda Sports Cultural Club and various other organizations.

H.E. Hamad holds a Bachelor's degree in Accounting from the United Arab Emirates University.

MANAGEMENT TEAM

TRISTAN de BOYSSON

Chief Executive Officer *(Appointed February 2019)*

In his capacity as the CEO of Amanat, Tristan will oversee the Company's ongoing development and delivery of its business commitments and investments in the healthcare and education sectors.

Tristan brings over 30 years of business experience. Prior to joining Amanat, he spent twenty years at Investcorp, initially as a member of the European Private Equity team based in London and, since 2008, as Managing Director, Co-Head and a founding member of Investcorp Private Equity MENA in Bahrain.

He previously worked at McKinsey & Company's Paris office, as an Associate Principal. At the start of his career, he worked for the French chemical and pharmaceutical group Rhône-Poulenc.

Tristan holds a Master's degree in Economics from École Supérieure des Sciences Économiques et Commerciales (ESSEC – Paris) and an MBA from INSEAD.

DR. MOHAMAD HAMADE

Chief Investment Officer

Dr. Mohamad Hamade has a wealth of experience in the healthcare and education sectors across the Middle East, USA and India. As Chief Investment Officer of Amanat, Dr. Hamade defines and implements the firm's investment strategy. As a member of the boards and executive committees of Amanat's investee companies, Dr. Hamade also drives growth and value creation initiatives across the portfolio.

Prior to Amanat, Dr. Hamade served as Chief Investment Officer of VPS Healthcare. Before joining VPS, Dr. Hamade was a Principal at TVM Capital and Chief Strategy Officer of one of its portfolio companies.

Dr. Hamade holds an M.D. and a BSc in Biology from the American University of Beirut, and an MBA from Cornell University in the USA. He also holds a Research Fellowship Certificate in ENT Surgery from Harvard Medical School.

DAWOD AL GHOUL

Chief Financial Officer

Dawod Al Ghoul has more than 22 years of relevant experience in financial planning, strategy, investments and financial restructuring. At Amanat he is responsible for the financial planning and implementation, investments, financial risk and leads the formulation and execution of the corporate strategy.

Prior to joining Amanat, Dawod was the Group Chief Financial Officer in Arab Bank Group, overseeing US$8 billion of capital allocations to 50 operational entities in 30 countries. He started his professional career in 1995 at Arthur Andersen in Dubai, UAE, before joining Schlumberger in Dubai. Thereafter, he moved to KPMG in Dallas, Texas as an International Tax and Financial Consultant.

Dawod holds an MBA degree from University of Colorado and a Bachelor of Science in Accounting from the University of Jordan. He also is a Certified Public Accountant ("CPA").

SINA KAZIM

Chief Operating Officer

Sina Kazim brings 17 years of extensive experience in project development and management. His role at Amanat encompasses business development driven by the overall strategy of the organization, social infrastructure and administrative management which includes Human Resources, Information Technology, Marketing and Administration.

Prior to joining Amanat, he worked with Meraas Holding as the Chief Business Development Officer where he was responsible for 15 various master plans as well as attracting FDI to Dubai.

Sina previously worked for Dubai World Trade Center as Senior Director, for Dubai Civil Aviation as Project Director and with Emaar Properties as Senior Manager Projects.

KAREEM MURAD

Investor Relations Director

Kareem Murad heads Amanat's Investor Relations function and assists in the execution of the corporate strategy of the Company in the healthcare and education sectors.

Kareem joined Amanat from Ithmar Capital where he had worked since 2012 in the capacity of a Director in investments. He was a key member in the incorporation and the listing of Amanat on the DFM in 2014.

Prior to Ithmar, Kareem served as Senior Vice President in the Research department at SHUAA Capital for six years. He started his professional career in 2000 as the Assistant Head of Treasury and Investment Department in Arab Banking Corporation (Jordan) for four years.

Kareem holds a bachelor's degree in business administration from the American University in Beirut and master's degree in International Finance and Capital Markets (with honors) from the University of Brighton in the United Kingdom.

TAMER MORSI

General Counsel and Company Secretary

Tamer Morsi brings with him 19 years of experience within the MENA region and a rich background in legal and human capital environments, having served with large scale commercial groups and FMCG manufacturers. Prior to joining Amanat, Tamer participated in a variety of business activities including the development of effective legal structures in various jurisdictions, whilst ensuring compliance with relevant regulations and enjoying the positive professional relationships with all relevant governing bodies within the region.

Tamer held several positions with key organizations within the region prior to joining Amanat, where he acts as the chief legal advisor to the CEO and senior leadership team.

Tamer holds a Bachelor of Law from the Cairo University, Egypt.

SECTION V

CORPORATE GOVERNANCE AND COMPLIANCE

"AMANAT HAS BROUGHT TOGETHER A NUMBER OF DISTINCTIVE, MARKET-LEADING BRANDS TO CREATE A PLATFORM ACROSS THE FULL EDUCATION LIFECYCLE, FROM EARLY YEARS ALL THE WAY THROUGH TO HIGHER EDUCATION"

BOARD OF DIRECTORS COMMITTEES

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 to 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 current Board of Directors was elected in November 2017, and includes:

1. H.E. Hamad Abdulla Al Shamsi - Chairman of the Board
2. Dr. Shamsheer Vayalil - Vice Chairman of the Board and Managing Director
3. H.E. Faisal Bin Juma Belhoul - Non-Executive Board Member
4. Sheikh Abdulla Bin Khalifa Al Khalifa – Non-Executive Board Member
5. Sheikh Mansoor Bin Mohamed Bin Butti Al Hamid – Non-Executive Board Member
6. H.E. Mohamed Bin Thaaloob Al Derei - Non-Executive Board Member
7. H.E. Hamad Rashed Nehail Al Nuaimi - Non-Executive 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.

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

- 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. Strategies and Investments Committee

The Strategies and Investments Committee acts as an advisor to the Board and is responsible for reviewing and monitoring the implementation of the Company's strategic initiatives and business plans and provide recommendation to the board. Other responsibilities of Strategies and Investments Committee include:

- Reviewing and recommending investment / divestment opportunities as submitted by the management
- The approval to hire third party advisors to advise or diligence investment opportunities
- Approving the appropriate transaction and capital structure for each investment opportunity
- Approving the incorporation of companies for the purpose of investments and approve costs associated
- Approving co-investment opportunities and their related terms and conditions

Committee members include:

1. H.E. Hamad Abdulla Al Shamsi
2. Dr. Shamsheer Vayalil
3. Sheikh Abdulla Khalifa Al Khalifa
4. H.E. Hamad Rashed Nehail Al Nuaimi

B. 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:

1. Sheikh Mansoor Bin Mohamed Bin Butti Al Hamed
2. H.E. Hamad Rashed Nehail Al Nuaimi
3. Mr. Laith Jerry Taama Ahmed Alfraih

BOARD OF DIRECTORS COMMITTEES

C. 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 one time during the year.

Committee members include:

1. Sheikh Abdulla Khalifa Al Khalifa
2. H.E. Faisal Bin Juma Belhoul
3. A third member will be appointed

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.

SECTION VI

CONSOLIDATED FINANCIALS

CONSOLIDATED FINANCIALS

FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTOR'S REPORT

The Board of Directors of Amanat Holdings PJSC (the "Company") and its subsidiaries (the "Group") is pleased to submit the consolidated statement of financial position of the Group as at 31 December 2018 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 2018.

Principal activities

The principal activities of the Group during the period ended 31 December 2018 were to invest in companies and enterprises in the sectors of education and healthcare and managing, developing and operating such companies and enterprises.

Financial Results

The Group reported a net profit of AED 42.9 million which is broadly in line with last year, excluding non-recurring one-offs and expenses relating to the cost of acquisitions, net profit growth would have stood strong at 39%. Total net revenue of AED 104.4 million was up 21% compared with AED 86.3 million in 2017. These results reflect a significant increase in share of profit from associates as well as the initial benefits from the acquisitions completed during the year.

Amanat deployed AED 1.2 billion over the course of the year in four high-quality assets. In total, deployment reached AED 2 billion, more than double that at the end of 2017. Consequently, results included part-year contribution to net revenue from subsidiaries and lease income from Amanat's first real estate acquisition.

Total net revenue grew to AED 104.4 million, a 21% increase compared to the same period in 2017. Share of profit from associates more than doubled to AED 57.2 million in 2018 from AED 23.0 million in 2017.

Amanat has proactively supported its existing associate companies during 2018 in developing their individual propositions and the increase in the financial contribution from associates is testament to these value creation initiatives. In addition, revenues saw the benefit of a partial contribution from the subsidiaries which it acquired during the year, with net revenue from subsidiaries delivering AED 5.3 million. Particularly pleasing is the strong Q4 contribution from Middlesex University Dubai ("MDX Dubai") which was acquired in August 2018 and has generated AED 16.2 million in Q4 18.

Interest income reduced to AED 30.1 million (FY2017: AED 57.2 million), as Amanat utilized cash balances to fund acquisitions. As at 31 December 2018, cash balances stood at AED 596 million compared with AED 1.72 billion

Amanat up to 31 December 2018 has deployed AED 2 billion on strategic investments in the UAE, Saudi Arabia and Bahrain, representing almost 80 per cent of its total capital.

Total shareholders' equity as at 31 December 2018 amount to AED 2,546.3 million prior to proposed dividend.

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 4.3 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 10 February 2018 the audited 2018 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.

DIRECTORS' REPORT

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.

Outlook

The year 2018 was a year of deployment, the Company has delivered on its promises to invest in leading assets in the region and beyond. The Company also managed to build a platform for education in the UAE covering all levels of education from the KG up to higher education.

Amanat plans to continue building its portfolio of leading healthcare and education assets and in parallel work alongside its partners to deliver on value creation initiatives aimed at solidifying the presence of these partners as market leaders and continue with their plans to expand further.

Amanat commitment towards delivering sound and sustainable returns to its shareholder necessitates that Amanat continue to evaluate all available options to grow further by considering its optimal capital structure and that of its portfolio companies.

We look forward to a challenging yet fruitful journey ahead as we continue to strengthen our operational capabilities and reinforce our position as the partner of choice in two buoyant sectors the healthcare and education in the GCC and beyond.

Directors

HE. Hamad Abdulla Al Shamsi	Chairman
Dr. Shamsheer Vayalil	Vice Chairman and Managing Director
HE. Faisal Bin Juma Belhoul	Board Director
Sheikh Abdulla Khalifa Al Khalifa	Board Director
Sheikh Mansoor Bin Mohamed Bin Buti Al Hamed	Board Director
HE. Mohamed Bin Thaaloob Al Derei	Board Director
HE. Hamad Rashed Al Nuaimi	Board Director

Auditors

KPMG were appointed as external auditors for the Group for the period ended 31 December 2018. The Board of Directors has recommended Ernst & Young as the auditors for 2019 for approval by the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Hamad Abdulla Al Shamsi
Chairman
Dubai, United Arab Emirates
13 February 2019

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 2018, 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 2018, 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 *"Auditors' 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.

Accounting for investment in Associates

Refer to note 4 of the consolidated financial statements

The Group has significant investments in associates.

A number of key judgments are made to account for these investments under equity method 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;
- Determination of fair value of assets and liabilities at the date of investment and the resulting goodwill;
- The assessment of whether there are any internal and/or external triggers that necessitate an impairment review to be carried out on the investment; and
- Where such indicators exist, the determination of the recoverable amount of investment using a suitable valuation technique.

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.

With respect to the provisional fair values ascribed to the identifiable assets and liabilities of Abu Dhabi University Holding LLC ("ADU") at acquisition, we performed 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 draft external valuation reports for ADU. With the involvement of our specialist valuation team we challenged the basis of the key assumptions used in the provisional fair value and provisional purchase price allocation as determined by the valuer to test they were reasonable;
- 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; and
- Based on the outcome of our evaluation we determined the adequacy of the disclosure in the consolidated financial statements.

With respect to impairment triggers, we reviewed management's assessment for each investment, critically evaluated and challenged the assumptions made, checked the accuracy of source data used and independently assessed the internal and external factors which could trigger impairment.

For investments which were tested for impairment, we assessed the methodologies used to generate the discounted cash flow model and the integrity and accuracy of the calculation. This involved using our valuation specialists to assist us in evaluating the assumptions applied and comparing the assumptions used to external data where applicable. The key assumptions include:

- the short term and long term revenue growth rates assumed in the model;
- the discount rates used; and
- the perpetuity growth rate factor.

We tested the sensitivity of the impairment calculations to changes in key assumptions to evaluate the impact on the headroom for the investment's recoverable amount.

Accounting for the acquisition of subsidiaries

Refer to note 5 of the consolidated financial statements

During the year ended 31 December 2018, the Group completed the acquisition of 100% equity interests in Middlesex Associates FZ-LLC and 69.36% in Royal Maternity Hospital Holding W.L.L. (the "Acquisition") and paid a total consideration of AED 561.0 million (including contingent consideration).

Accounting of the Acquisition under IFRS 3 requires a significant amount of management estimation and judgement in relation to determining the date of acquisition, identifying and measuring fair value of the consideration transferred, identification and valuation of the assets and liabilities and in particular identification and valuation of intangible assets and assignment of their useful lives. The provisional goodwill recognised as at 31 December 2018 amounted to AED 492.1 million.

Due to the significance of the transaction to the consolidated financial statements together with the judgements involved in the accounting of the Acquisition, this is considered as a key audit matter.

Our audit response

Our audit procedures included the following:

- Inspecting the agreements related to the Acquisition and evaluating management's accounting treatment related to the acquisitions with reference to the terms set out in those agreements;
- We have assessed the valuation and accounting of the purchase consideration, including the contingent consideration as part of the Acquisition;
- We noted that the Group's management performed a provisional purchase price allocation (PPA) in accordance with IFRS 3 Business Combinations as at the respective acquisition dates. We reviewed this provisional assessment for identification and fair valuation of the assets and liabilities the Group acquired including any fair value adjustments, evaluated and challenged the assumptions used in such calculations. A final PPA exercise will be conducted within 12 months of the respective acquisition dates; and
- We assessed the adequacy of the disclosures related to the Acquisition 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 Auditors' report thereon, which we obtained prior to the date of this Auditors' report, and the Letters to Shareholders, A Year in Review, Business Overview, The Leadership Team and Corporate Governance and Compliance (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.

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.

INDEPENDENT AUDITORS' REPORT

Auditors' 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 Auditors' 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 Auditors' 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 Auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 Auditors' 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;
- as disclosed in note 4 and 5 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2018;
- note 26 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 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, it's Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2018.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates
Date:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2018 AED'000	2017 AED'000
ASSETS			
Non-current assets			
Property and equipment	7	**133,207**	2,456
Goodwill and intangible assets	5	**492,082**	-
Investment in associates	4	**1,171,029**	821,287
Finance lease receivable	6	**328,531**	-
Investment at fair value through other comprehensive income	8	**21,274**	-
Available-for-sale investment		**-**	32,755
Total non-current assets		**2,146,123**	856,498
Current assets			
Deposits and prepayments	9	**11,367**	3,390
Trade and other receivable	27	**12,233**	-
Other assets	10	**20,034**	43,245
Due from related parties	26	**20,700**	17,527
Cash and bank balances	11	**596,137**	1,721,647
Total current assets		**660,471**	1,785,809
Total assets		**2,806,594**	2,642,307
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**2,500,000**	2,500,000
Share issuance reserve	13	**-**	5,718
Fair value reserve		**(15,475)**	(3,994)
Retained earnings		**38,635**	43,176
Legal reserve	28	**23,142**	13,131
Total equity attributable to the owners of the Company		**2,546,302**	2,558,031
Non-controlling interest	5	**30,244**	1,778
Total Equity		**2,576,546**	2,559,809
LIABILITIES			
Non-current liabilities			
Borrowings	15	**37,012**	-
Other payables	16	**65,860**	61,944
End of service benefits	17	**7,685**	1,396
Total non-current liabilities		**110,557**	63,340
Current liabilities			
Trade and other payables	14	**119,491**	19,158
Total liabilities		**230,048**	82,498
Total equity and liabilities		**2,806,594**	2,642,307

The notes on pages 71 to 114 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on on 13 February 2019 and signed on its behalf by:

Shamsheer vp

Chairman Director

The Independent auditors' report is set out on pages 61 - 65.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	2018 AED'000	2017 AED'000
Revenue	18	**49,378**	-
Direct costs	19	**(18,675)**	-
Gross profit		**30,703**	-
Interest income on deposits	20	**30,079**	57,212
Share of profit of equity-accounted investees	4	**57,236**	23,005
Other operating income	21	**15,942**	9,324
Total operating income		**133,960**	89,541
Employee related expenses*	22	**(36,218)**	(25,086)
General and administrative expenses*	23	**(49,173)**	(18,911)
Impairment loss on trade receivables	27	**(1,764)**	-
Finance cost		**(417)**	-
Total operating expenses		**(87,572)**	(43,997)
Net profit for the year		**46,388**	45,544
Profit attributable to:			
Owners of the Company		**42,928**	42,326
Non-controlling interest		**3,460**	3,218
		46,388	45,544
Basic and diluted earnings per share (AED)	24	**0.0171**	0.0169

The notes on pages 71 to 114 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 61 - 65.

* Employee related expenses and General and administrative expenses for the year ended 31 December 2018 include expenses of Middlesex associates and Royal Maternity Hospital which are subsidiaries of the Company acquired during the year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 AED'000	2017 AED'000
Net profit for the year		**46,388**	45,544
Other comprehensive loss for the year			
Items that may be reclassified to profit or loss			
Available-for-sale investment – net change in fair value		**-**	(3,994)
Items that will not be reclassified to profit or loss			
Investment at fair value through other comprehensive income – net change in fair value	8	**(11,481)**	-
Total comprehensive income for the year		**34,907**	41,550
Total comprehensive income attributable to:			
Owners of the Company		**31,447**	38,332
Non-controlling interests		**3,460**	3,218
		34,907	41,550

The notes on pages 71 to 114 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 61 - 65.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital AED'000	Share issuance reserve AED'000	Unrealised loss on available-for-sale investment AED'000	Retained earnings AED'000	Legal reserve AED'000	Total equity attributable to owners of the Company AED '000	Non-Controlling interest AED'000	Total AED'000
As at 1 January 2017	2,500,000	5,718	-	42,583	8,898	2,557,199	115	2,557,314
Profit for the year	-	-	-	42,326	-	42,326	3,218	45,544
Transfer to legal reserves	-	-	-	(4,233)	4,233	-	-	-
Available-for-sale investment – net change in fair value	-	-	(3,994)	-	-	(3,994)	-	(3,994)
Dividend paid	-	-	-	(37,500)	-	(37,500)	(1,555)	(39,055)
As at 31 December 2017	**2,500,000**	**5,718**	**(3,994)**	**43,176**	**13,131**	**2,558,031**	**1,778**	**2,559,809**
As at 1 January 2018	2,500,000	5,718	(3,994)	43,176	13,131	2,558,031	1,778	2,559,809
Profit for the year	-	-	-	42,928	-	42,928	3,460	46,388
Transfer to legal reserves	-	(5,718)	-	(4,293)	10,011	-	-	-
Investments at fair value through other comprehensive income- net change in fair value	-	-	(11,481)	-	-	(11,481)	-	(11,481)
Dividend paid	-	-	-	(43,176)	-	(43,176)	(1,541)	(44,717)
Acquisition of subsidiary	-	-	-	-	-	-	26,547	26,547
As at 31 December 2018	**2,500,000**	**-**	**(15,475)**	**38,635**	**23,142**	**2,546,302**	**30,244**	**2,576,546**

The notes on pages 71 to 114 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 61 - 65.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 AED'000	2017 AED'000
Operating activities		
Profit for the year	**46,388**	45,544
Adjustments:		
Less: Income on deposits	**(30,079)**	(57,212)
Less: Dividend income	**(2,535)**	(2,528)
Less: Share of profits from equity accounted investees	**(57,236)**	(23,005)
Less: Other income	**-**	(6,796)
Less: Finance lease income	**(13,407)**	-
Add: Employee end of service benefits	**1,249**	669
Add: Depreciation	**2,000**	566
	(53,620)	(42,762)
Adjustment for:		
Changes in deposits and prepayments	**(4,532)**	(1,280)
Changes in other assets	**4,854**	(11,356)
Changes in due from related parties	**195**	(59)
Changes in trade and other payables	**5,169**	4,476
Changes in trade and other receivables	**(5,366)**	-
Interest received on call and term deposits with conventional banks	**44,442**	36,393
Income received on sharia compliant term deposits	**3,156**	20,451
Employee end of service benefits paid	**(768)**	(165)
Net cash (used in)/generated from operating activities	**(6,470)**	5,698
Investing activities		
Acquisition of property and equipment	**(2,757)**	(1,192)
Consideration paid for available for sale investment	**-**	(36,749)
Consideration paid for investment in associates	**(320,390)**	(52,734)
Acquisition of subsidiary, net of cash acquired	**(484,393)**	-
Investment in finance lease	**(315,124)**	-
Changes in wakala and term deposits with original maturity of more than 3 months	**1,179,665**	43,085
Proceed from repayment of loan by related party	**-**	34,395
Contingent consideration recovered	**-**	16,318
Dividend received from associate	**34,115**	22,674
Dividend received from investment in FVOCI	**1,564**	1,264
Net cash generated from investing activities	**92,680**	27,061
Financing activities		
Dividend paid to share holders	**(43,176)**	(37,500)
Dividend paid by subsidiary to NCI shareholders	**(1,541)**	(1,555)
Net borrowings	**12,662**	-
Net cash used in financing activities	**(32,055)**	(39,055)
Net increase/(decrease) in cash and cash equivalents	**54,155**	(6,296)
Cash and cash equivalents at the beginning of the year	**12,313**	18,609
Net balance of cash and cash equivalents at the end of the year (note 11)	**66,468**	12,313

The notes on pages 71 to 114 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 61 - 65.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the United Arab Emirates.

The Group 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 ownership interest	Country of incorporation	Principal Activities
Subsidiaries / SPVs			
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.
AHH Alpha Limited	**100%**	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
AHE Alpha Limited	**100%**	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AH Alpha Investments (Holdings) 1 Limited	**100%**	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AH Alpha investments (Holdings) 2 Limited	**100%**	United Arab Emirates	Investment in education and commercial enterprises, development and management.

1. BACKGROUND AND PRINCIPAL ACTIVITIES (Continued)

Name	Legal ownership interest	Country of incorporation	Principal Activities
Subsidiaries / SPVs			
AHE Ethos Limited	**100%**	United Arab Emirates	Investment in companies in the field of healthcare.
AH Alpha Investments (Holdings) 3 Limited	**100%**	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Loai Reda & Hakeem Company for Trading Ltd. ("LT')	**85.20%**	Kingdom of Saudi Arabia	Investment in companies in the field of healthcare.
WMCE Company W.L.L. ("WMCE")	**49.69%**	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Maternity Holding Company Ltd. ("MHC")	**74.13%**	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Royal Maternity Hospital Holding W.L.L. ("RMH")**	**69.36%**	Kingdom of Bahrain	Hospital and healthcare facilities in Kingdom of Bahrain
Middlesex Associates FZ-LLC ("Middlesex University")	**100.00%**	United Arab Emirates	Leading university providing tertiary education in the United Arab Emirates
Associates			
Sukoon International Holding Company	**33.25%**	Kingdom of Saudi Arabia	Long-term and critical healthcare
Taaleem Holdings PrJSC (Previously Madaares PrJSC)	**21.67%**	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
Abu Dhabi University Holding LLC	**35%**	United Arab Emirates	Leading tertiary education provider in U.A.E

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

** Investment in Royal Maternity Hospital Holding W.L.L is through the acquisition of Maternity Holding Company Ltd. and WMCE Company W.L.L.

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 investments at fair value through other comprehensive income that are measured at fair value.

c. Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Group's functional currency.

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated into AED at exchange rates prevailing at the balance sheet 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 recognized in the consolidated statement of profit or loss.

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

- Equity investments at fair value through other comprehensive income (FVOCI);
- 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.

2. BASIS OF PREPARATION (Continued)

d. Key accounting estimates and judgments

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 are as follows:

Business combination

As described in note 5, the Group has acquired two subsidiaries during the period. Acquisition accounting under IFRS 3 - Business Combinations requires the Group to apply significant judgment in measuring the fair value of the consideration transferred, the assets acquired, including any identifiable intangible assets, and the liabilities assumed as part of the acquisition.

The fair value of the identifiable assets and liabilities of both subsidiaries have been measured on a provisional basis and will be adjusted if necessary, within one year of the date of acquisition, for any additional facts and circumstances that are subsequently identified to have existed on the acquisition date.

Classification of lease arrangement

As described in note 6 to the financial statements, the Group has entered into a commercial property lease arrangement as a lessor. Significant judgment is applied by the Group to evaluate the substance of the arrangement and to assess whether substantially all risks and rewards incidental to ownership have passed to the lessee. The factors considered by the Group in making this assessment include:

- The term of the lease and whether it is for the major economic life of the underlying leased asset;
- The returns earned by the Group and whether they are influenced by the performance of the underlying asset;
- Whether the present value of minimum lease payments form a substantial part of the leased asset's initial fair value; and
- The presence of any put or call options and the associated exercise terms which may result in the asset being transferred back to the lessee during the lease term.

The Group accounts for this arrangement as a finance lease as per IAS 17.

The Group is required to recognize expected credit losses on Finance Lease receivables and in this respect has elected to adopt the General Approach under IFRS 9 to account for impairment losses. The Group does not believe that the recognition of 12 month expected credit losses on its Finance Lease receivables would have a material impact on its consolidated financial statements.

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 which are effective for annual periods beginning after 1 January 2018, with earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

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 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.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

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

Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)

The amendment clarifies whether the measurement, in particular relating to impairment, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both.

IFRS 9, Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with IAS 28, Investments in Associates and Joint Ventures. However, it was unclear whether that exclusion applied only to interests in associates and joint ventures to which the equity method was applied.

In this amendment the IASB clarified that the exclusion in IFRS 9 applies only to interests a company accounts for using the equity method. A company applies IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

This amendment is applicable for periods beginning on or after 1 January 2019.

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

Other standards

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual improvements to IFRS Standards 2015-2017 Cycle- various standards;
- Plan Amendment, Curtailment or Settlement (Amendment to IAS 19); and
- Amendments to References to Conceptual Framework in IFRS standards.

2. BASIS OF PREPARATION (Continued)

f. Impairment assessment for impairment in associate

The Group applies significant judgement with respect to:

- Assessment of whether there are internal/and or external impairment triggers for its investment in associates
- Where such triggers are identified, the estimation of the recoverable amount of the investment in associate which is the higher of fair value less cost to sell and value in use.

The methodologies adopted by the Group to assess impairment on in its investment in associates is detailed in note

e) of these consolidated financial statements.

3. 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 periods presented, unless otherwise stated.

a. Adoption of new IFRS

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 2018. These changes did not have a material impact on the Group's financial statements.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by IASB in July 2014 with a date of initial application of 1 January 2018, which resulted in changes in accounting policies.

IFRS 9 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.

As permitted by the transitional provisions of IFRS 9, the Group has elected not to restate comparative figures.

Classification – Financial Assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Adoption of new IFRS (Continued)

IFRS 9 Financial Instruments (continued)

Classification – Financial Assets (continued)

Available for sale assets

At 31 December 2017, the Group had equity investments classified as available-for-sale with a fair value of AED 32,755 thousand that were held for long-term strategic purposes. Under IFRS 9, the Group has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

Amortised cost assets

Based on Group's assessment, the new classification requirements have not had a material impact on its accounting for deposits, other assets and due from related parties. These financial assets are classified under the amortized cost category of IFRS 9 since they meet the following criteria:

1. Business model

The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes how the performance of the portfolio is evaluated, the associated risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

2. Cash flow characteristics

The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest/profit on the principal amount outstanding.

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic financing arrangement. Contractual cash flows are consistent with a basic financing arrangement if they represent cash flows that are solely payments of principal and interest/profit on the principal amount outstanding.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest / 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit rate margin.

In assessing whether the contractual cash flows are solely payments of principal and interest/profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 9 Financial Instruments (continued)

Impairment – Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to finance lease receivables and financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances are measured on either of the following basis;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables without a significant financing component.

Based on the Group's assessment, the new impairment requirements do not have a material impact on the carrying value of its financial assets at amortized cost as at 1 January 2018.

The Group accounts for its investment in associates using the equity method of accounting under which the Group recognises its share in the net assets of its associates. For this purpose, the associates' accounting policies are aligned with that of the Group. The Group has assessed that the adoption of IFRS 9 by its associates does not have a material impact on their opening retained earnings and consequently does not materially impact the carrying values of the Group's investments in these companies as at 1 January 2018.

Classification – Financial Liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The Group has not designated any financial liabilities at FVTPL and the Group has no current intention to do so. The Group has assessed that there is no material impact upon applying IFRS 9's requirements regarding the classification of financial liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. 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. The Group has assessed that the new requirements under this standard have not had a material impact on its consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of consolidation

Acquisition of subsidiaries

The Group accounts for business combinations using the acquisition method 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 recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

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.

Non-controlling interest

NCI are measured initially 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.

Loss of control

When the Group losses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra group balances and transactions, any unrealized income and expenses arising on intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity- accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. 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.

c. Financial instruments

i) Recognition and initial measurement

Trade receivables, other assets and due from related parties are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortized cost or FVOCI – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest/profit on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial instruments (Continued)

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial instruments (Continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018 (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: policy applicable from 1 January 2018

Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets –Policy applicable before 1 January 2018

The Group classified its financial assets into one of the following categories:

- loans and receivables; and

- available for sale;

Financial assets – Subsequent measurement and gains and losses: policy applicable before 1 January 2018

Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial instruments (Continued)

ii) Classification and subsequent measurement

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Group continues to measure all its financial liabilities at amortised cost and will not be impacted by the adoption of IFRS 9.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Impairment

i) Non derivative financial assets

Policy applicable from 1 January 2018

Financial instruments

The Group recognizes loss allowances for ECLs on financial assets at amortized cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Impairment (Continued)

i) Non derivative financial assets (Continued)

Credit impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a receivable by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Impairment (Continued)

i) Non derivative financial assets (Continued)

Policy applicable before 1 January 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group considered a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost	The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Impairment (Continued)

ii) Non financial instrument

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Fair value measurement (Continued)

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.

Fair value hierarchy

The Group measures the fair value using the following fair value hierarchy that reflects the significance of inputs 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.

f. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. 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.

h. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. 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 and laws of other respective countries. 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.

j. 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.

k. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Revenue recognition

Revenue recognition – Policy applicable from 1 January 2018

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

- Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.
- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Recognize revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

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

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

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

Revenue is recognized in the statement of profit or loss to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and the revenue and costs, if applicable, can be measured reliably.

Revenue from tuition fee is recognized over the period in which the students are studying and is reduced by scholarships awarded to the students during the year.

Revenue recognition – Policy applicable before 1 January 2018

The Group recognized revenue based on the following criteria:

- It was probable that any future economic benefit associated with the item of revenue will flow to the entity and,
- The amount of revenue could be measured with reliability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Application of IAS 17

i) The Group as a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all the risks and rewards of ownership incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

At commencement of a finance lease term, the Group records a finance lease receivable in the statement of financial position at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

ii) The Group as a lessee – Operating leases

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.

n. 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 ASSOCIATES

	2018 AED'000	2017 AED'000
Sukoon International Holding Company ("Sukoon")	**192,111**	199,900
Taaleem Holdings PrJSC ("Taaleem")	**188,479**	188,391
International Medical Center ("IMC")	**443,429**	432,996
Abu Dhabi University Holdings LLC ("ADU")	**347,010**	-
	1,171,029	821,287

The Group's share of profit from equity-accounted investees is as follows:

	2018 AED'000	2017 AED'000
Sukoon International Holding Company ("Sukoon")	**1,203**	(10,392)
Taaleem Holdings PrJSC ("Taaleem")	**17,966**	12,725
International Medical Center ("IMC")	**20,826**	20,672
Abu Dhabi University Holding LLC ("ADU")	**17,241**	-
	57,236	23,005

4. INVESTMENT IN ASSOCIATES (Continued)

a) Sukoon International Holding Company

Investment in associates includes an equity investment of 33.25% (2017: 33.25%) 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 as of 31 December 2018.

	2018 AED'000	2017 AED'000
Investment at 1 January	**199,900**	219,814
Group's share of net profits/(loss) for the year	**1,578**	(9,892)
Reduction in investment through reduction of funds held in Escrow account	**-**	(9,522)
Dividend received for the year	**(8,992)**	-
Amortisation of Purchase Price Allocation ("PPA") assets	**(375)**	(500)
Investment in Sukoon	**192,111**	199,900

	2018 AED'000	2017 AED'000
Percentage of interest	**33.25%**	33.25%
Assets	**477,489**	503,804
Liabilities	**(48,965)**	(52,976)
Net assets	**428,524**	450,828
Group's share in net assets at 33.25% (2017: 33.25%)	**142,486**	149,900
Goodwill, intangible and other fair value adjustments	**61,692**	61,692
Elimination of profit on sale of IMC shares	**(19,851)**	(19,851)
Costs of acquisition capitalized	**5,064**	5,064
Amortisation of PPA assets	**(1,576)**	(1,201)
Other adjustments	**4,296**	4,296
Investment in Sukoon	**192,111**	199,900

	2018 AED'000	2017 AED'000
Revenue	**135,266**	149,408
Profit / (loss)	**4,747**	(29,750)
Group's share of profit / (loss) at 33.25%	**1,578**	(9,892)

4. INVESTMENT IN ASSOCIATES (Continued)

b) Taaleem Holdings PrJSC

Investment in an associate includes an equity investment of 21.67% (2017: 21.67%) in Taaleem Holdings PrJSC ("Taaleem"). This investment is accounted for in accordance with the equity accounting methodology as per IAS 28 – Investment in associates and joint ventures.

The following summarises the financial information of Taaleem and reconciles the summarised financial information to the carrying amount of the Group's interest in Taaleem as of 31 December 2018.

	2018 AED'000	2017 AED'000
At 1 January	**188,391**	139,754
Group's share of net profits for the year	**19,464**	14,225
Acquisition of additional stake	**-**	51,200
Cost of acquisition capitalized	**-**	963
Amortisation of PPA assets	**(1,500)**	(1,500)
Dividend received for the year	**(17,876)**	(16,251)
Investment in Taaleem	**188,479**	188,391

	2018 AED'000	2017 AED'000
Percentage of interest	**21.67%**	21.67%
Assets (excluding existing goodwill in Taaleem)	**1,129,361**	1,157,334
Liabilities	**(471,105)**	(506,413)
Net assets	**658,256**	650,921
Group's share in net assets at 21.67% (2017: 21.67%)	**142,642**	141,054
Goodwill and intangibles at acquisition	**45,071**	45,071
Cost of acquisition capitalized	**4,670**	4,670
Amortisation of PPA assets	**(3,904)**	(2,404)
Investment in Taaleem	**188,479**	188,391

	2018 AED'000	2017 AED'000
Revenue	**482,931**	475,040
Profit	**89,829**	85,272
Group's share of profit at 21.67%	**19,464**	14,225

4. INVESTMENT IN ASSOCIATES (Continued)

c) International Medical Center

LT, a subsidiary of the Company, holds 15.47% shareholding in International Medical Center ("IMC"). Based on this shareholding, along with LT's representation on both the Board of Directors and Executive Committee of IMC, the Group believes it has significant influence over the operating and financial policies of IMC, and accordingly classifies it as an 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 as of 31 December 2018.

	2018 AED'000	2017 AED'000
Investment at 1 January	**432,996**	422,176
Costs of acquisition capitalized	**-**	571
Group's share of net profits for the year	**22,613**	22,459
Dividend received for the year	**(10,393)**	(10,423)
Amortisation of PPA assets	**(1,787)**	(1,787)
Investment in IMC	**443,429**	432,996

	2018 AED'000	2017 AED'000
Consolidated ownership	**15.47%**	15.47%
Assets	**1,217,533**	1,107,590
Liabilities	**(343,221)**	(312,269)
Net assets	**874,312**	795,321
Group's share in net assets at 15.47%	**135,256**	123,036
Goodwill, intangible and other fair value adjustments	**308,464**	308,464
Costs of acquisition capitalized	**3,283**	3,283
Amortisation of PPA assets	**(3,574)**	(1,787)
Investment in International Medical Center	**443,429**	432,996

	2018 AED'000	2017 AED'000
Revene	**1,165,716**	1,165,872
Profit	**146,173**	145,178
Group's share of profit at 15.47%	**22,613**	22,459

4. INVESTMENT IN ASSOCIATES (Continued)

d) Abu Dhabi University Holding LLC

On 6 March 2018 the Group acquired 35% shareholding in Abu Dhabi University Holding LLC ("ADU"). The Group has a representation of two directors on the Board of ADU out of a total of seven directors. The investment is accounted for in accordance with the equity accounting methodology as per IAS 28 – Investments in associates and joint ventures.

The following summarizes the financial information of ADU and reconciles the summarized financial information to the carrying amount of the Group's interest in ADU for the year ended 31 December 2018.

	2018 AED'000
At 1 January	-
Purchase consideration	320,390
Costs of acquisition capitalized	9,380
Group's share of profit for the period	19,272
Amortization of PPA assets	(2,032)
Investment in ADU	**347,010**

	2018 AED'000
Percentage of interest	35%
Assets	1,046,742
Liabilities	(456,595)
Net assets	590,147
Group's share in net assets at 35%	206,551
Goodwill and intangibles at acquisition	133,111
Costs of acquisition capitalized	9,380
Amortization of PPA assets	(2,032)
Investment in ADU	**347,010**

	2018 AED'000
Revenue for the period from 6 March 2018 to 31 December 2018	502,350
Profit the period from 6 March 2018 to 31 December 2018	55,064
Group's share of profit at 35%	**19,272**

5. ACQUISITION ACCOUNTING

a) Goodwill and intangible assets

The table below reconciles the goodwill recognised on the Group's subsidiaries to the consolidated statement of financial position:

	Goodwill 2018 AED'000
Balance as at 1 January 2018	**-**
Acquisition of subsidiary:	
Middlesex University	**410,070**
Royal Maternity Hospital	**82,012**
Balance as at 31 December 2018	**492,082**

b) Acquisition of subsidiaries

Middlesex Associates FZ-LLC

On 2 August 2018, the Group acquired 100% of the shares and voting interests in Middlesex Associates FZ-LLC ("Middlesex University").

For the 5 month period ended 31 December 2018, Middlesex University contributed total income of AED 49.377 million and net operating profit of AED 6.785 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated operating income would have been AED 226 million and consolidated profit for the year would have been AED 74 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

i) Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

	2018 AED'000
Cash	**370,902**
Contingent consideration	**48,000**
Total	**418,902**

5. ACQUISITION ACCOUNTING (Continued)

b) Acquisition of subsidiaries (Continued)

Middlesex Associates FZ-LLC (Continued)

ii) Contingent consideration

The Group has entered into a contractual agreement with the previous selling shareholders to pay a fixed consideration for each additional student that enrolls with Middlesex University for the period ending 30 September 2019, subject to a maximum cap of AED 73 million. This amount is to be settled by the Group in November 2019.

The Group has estimated the fair value of the contingent consideration payable after considering the Middlesex University's business plans, historic student enrollment rates and external market and economic factors.

iii) Acquisition related costs

The Group incurred acquisition related costs of AED 1.1 Million on legal fees and due diligence costs. These costs have been included in general and administrative expenses.

iv) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	2018 AED'000
Property and equipment	**6,160**
Trade and other receivables, net	**6,867**
Deposits and prepayments	**3,247**
Cash and bank balances	**25,270**
Other current assets	**4,257**
Trade and other payables	**(31,485)**
End of service benefits	**(5,484)**
Total identifiable net assets acquired	**8,832**

v) Fair value measurement

The fair value of the assets and liabilities of Middlesex University have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. In the meanwhile, the Directors of the Company have assessed on a preliminary basis that the fair value of all the assets and liabilities of Middlesex University correspond to their respective book values.

5. ACQUISITION ACCOUNTING (Continued)

b) Acquisition of subsidiaries (Continued)

Middlesex Associates FZ-LLC (Continued)

vi) Goodwill and intangible assets

Goodwill arising from the acquisition has been recognized as follows:

	2018 AED'000
Consideration transferred	**418,902**
Fair value of identifiable net assets	**(8,832)**
Goodwill and intangible assets	**410,070**

Royal Maternity Hospital Holding W.L.L

On 16 August 2018, the Group acquired 69.36% of the shares and voting interests in Royal Maternity Hospital Holding W.L.L ("RMH").

For the four month period ended 31 December 2018, RMH contributed NIL revenue and net operating losses of AED 2.136 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated operating income would have been AED 112 million and consolidated profit for the year would have been AED 41 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

i) Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

	2018 AED'000
Cash	**142,107**

i) Acquisition related costs

The Group incurred acquisition related costs of AED 5.3 million on legal fees and due diligence costs. These costs have been included in general and administrative expenses.

5. ACQUISITION ACCOUNTING (Continued)

b) Acquisition of subsidiaries (Continued)

Royal Maternity Hospital Holding W.L.L (Continued)

iii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	2018 AED'000
Property and equipment	**123,834**
Deposits and prepayments	**198**
Cash and bank balances	**3,346**
Other assets	**5,594**
Trade and other payables	**(12,086)**
Other payables	**(9,571)**
End of service benefits	**(323)**
Borrowings	**(24,350)**
Total identifiable net assets acquired	**86,642**

iv) Fair value measurement

The fair value of the assets and liabilities of RMH have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. In the meanwhile, the Directors of the Company have assessed on preliminary basis that the fair value of all the assets and liabilities of RMH correspond to their respective book values.

v) Goodwill and intangible assets

Goodwill arising from the acquisition has been recognized as follows:

	2018 AED'000
Consideration transferred	**142,107**
NCI based on their proportionate interest in the recognized net assets at acquisition (30.64%)	**26,547**
Fair value of identifiable net assets	**(86,642)**
Goodwill and intangible assets	**82,012**

5. ACQUISITION ACCOUNTING (Continued)

b) Acquisition of subsidiaries (Continued)

Royal Maternity Hospital Holding W.L.L (Continued)

vi) Non-controlling interest

The following table summarizes the information relating to Non-controlling interest:

	2018 AED'000
Non-current assets	**123,834**
Current assets	**9,138**
Non-current liabilities	**(24,673)**
Current liabilities	**(21,657)**
Net assets	**86,642**
Net assets attributable to NCI	**26,547**

	2018 AED'000
Revenue	**-**
Loss	**(2,136)**
Other comprehensive income	**-**
Total comprehensive income / (loss) attributed to NCI	**(654)**

c) Non - controlling interest

The following table summarises the information about movements in non-controlling interest for the period:

	Non-controlling interest 2018 AED'000
Balance as at 1 January 2018	**1,778**
Acquisition of subsidiary	
Middlesex University	**-**
Royal Maternity Hospital	**26,547**
Profit / (loss) for the period	
Royal Maternity Hospital	**(655)**
Loai Reda & Hakeem Company	**4,115**
Dividend paid	
Loai Reda & Hakeem Company	**(1,541)**
Balance as at 31 December 2018	**30,244**

6. FINANCE LEASE RECEIVABLE

During the year 2018, the Group entered into a sale purchase agreement to acquire a school building complex from a third party for a total consideration of AED 360 million. Subsequently, the Group (acting as the lessor), entered into another agreement with the same third party to lease the school building for a period of 25 years, renewable for a period of 5 years based on mutual consent of both parties. The Group accounts for this transaction as a finance lease as per IAS 17. Transactions costs amounting to AED 15 million are capitalized as part of the net investment in the lease. The net investment in lease represents the present value of minimum lease payments discounted at the implicit lease rate and is recorded net of any advance lease installments received by the Group.

The lease agreement contains put and call options for the lessor and lessee, respectively, giving the lessor the option to sell and the lessee the option to buy the underlying property at a pre-determined exercise price within a contractually agreed time frame.

The following tables provide an analysis of finance lease receivables for this lease arrangement:

	2018 AED'000
Purchase cost	**360,000**
Add: Cost of acquisition	**14,969**
	374,969
Less: Advance lease installments	**(59,845)**
Add: Finance lease income	**13,407**
	328,531

The following table provides an analysis of finance lease receivables for this lease arrangement:

	2018 AED'000
Gross investment in finance lease receivable	
Less than one year	**-**
Between one and five years	**125,172**
More than five years	**707,855**
	833,027
Unearned finance income	**(504,496)**
Net investment in finance lease receivable	**328,531**
Net investment in finance lease receivable	
Less than one year	**-**
Between one and five years	**96,112**
More than five years	**232,419**
	328,531

7. PROPERTY AND EQUIPMENT

Included in property and equipment is a balance amounting to AED 122.2 Million which relates to capital work in progress for the construction of a medical centre by the Group's subsidiary, RMH. The capital work in progress is mainly represented by buildings under construction, medical equipment, furniture and fixtures.

8. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	2018 AED'000
At 1 January	**-**
Investment recognized on adoption of IFRS 9	**32,755**
Net change in fair value	**(11,481)**
At 31 December	**21,274**

FVOCI investments consists of an investment made by the Group in Emirates NBD REIT Limited. The investment is fair valued with respect to the closing quoted price listed on NASDAQ exchange. As mentioned in note 3, the investment in Emirates REIT Limited which was designated as Available for sale at 31 December 2017 has been classified as FVOCI on 1 January 2018 on adoption of IFRS 9.

Net asset value

The investment represents a 3.54% stake at a total consideration of AED 36.8 million. Emirates NBD REIT Limited has reported net asset value of the Fund as on 30 September 2018 of USD 1.12 per share (31 December 2017: USD 1.18) which equates to AED 37 million (31 December 2017: AED 39.0 million).

9. DEPOSITS AND PREPAYMENTS

	2018 AED'000	2017 AED'000
Deposits	**1,814**	1,161
Prepayments	**9,553**	2,229
	11,367	3,390

10. OTHER ASSETS

	2018 AED'000	2017 AED'000
Accrued profit on shariah compliant term deposit	**11,492**	1,520
Accrued interest on call and term deposits with conventional banks	**911**	28,403
Transaction related costs	**-**	11,660
Receivable from North London Collegiate School	**2,992**	-
Other receivables	**4,639**	1,662
	20,034	43,245

11. CASH AND BANK BALANCES

	2018 AED'000	2017 AED'000
Call deposits	**3**	3
Current account	**66,396**	12,291
Cash on hand	**69**	19
Cash and cash equivalents	**66,468**	12,313
Shariah compliant term deposits	**493,733**	65,000
Term deposits with conventional banks	**35,936**	1,644,334
	596,137	1,721,647

During the year ended 31 December 2018 the Company earned profit/interest at an average rate of 3% per annum on its Wakala, Term and call deposits combined together (31 December 2017: 3.18 %). The Company had decided to make the shares of the Company compliant with DFM Sharia standard for Issuing, Acquiring, and Trading shares. Therefore the Company has initiated the process to move the Term Deposits with conventional banks to Sharia Compliant Banks.

12. SHARE CAPITAL

Authorised share capital

As at 31 December 2018, the authorised share capital of the Company was AED 5 billion (2017: AED 5 billion).

Issued share capital

As at 31 December 2018 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.

13. SHARE ISSUANCE RESERVE

	2018 AED'000	2017 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)
Less: Transfer to legal reserve*	**(5,718)**	-
	-	5,718

*During the year, Securities and Commodities Authority ("SCA") has instructed the Group to transfer the balance in the share issuance reserve to legal reserve.

14. TRADE AND OTHER PAYABLES

	2018 AED'000	2017 AED'000
Directors' remuneration payable	**2,100**	2,000
Sundry payables	**17,665**	11,218
Staff related provisions	**6,598**	3,041
Accrued expenses	**19,106**	2,899
Deferred income	**26,022**	-
Contingent consideration payable (refer note 5)	**48,000**	-
	119,491	19,158

15. BORROWINGS

	2018 AED'000	2017 AED'000
Non revolving Ijarah term facility (i)	**24,350**	-
Non revolving Ijarah working capital facility (ii)	**12,662**	-
	37,012	-

(i) In 2017, the Group's subsidiary RMH availed a BHD 2.5 million Ijarah term facility from an Islamic Bank to finance construction of a medical center in the Kingdom of Bahrain. The facility's profit is settled on a quarterly basis during the grace period, which is granted for a maximum period of 24 months. Upon the completion of the grace period, the principal and profit repayments are scheduled on a quarterly basis. Ijarah term facility bears a profit rate of 2.4% per annum on a reducing balance basis.

(ii) During the year, RMH also availed an additional financing Ijarah facility to finance hospital expenses and working capital required during the construction period. As at 31 December 2018, the outstanding balance amounts to BHD 1.3 million with a profit rate of BHIBOR plus 2.725%. Profit installments are repayable on a quarterly basis during the 24 month grace period. Subsequently, principal and profit repayments will commence on quarterly basis.

The maximum tenor of both facilities is 84 months, including the grace period.

16. OTHER PAYABLES

	2018 AED'000	2017 AED'000
Unamortised rent incentive – non-current portion	**3,916**	-
Due to NCI Shareholders of LT*	**61,944**	61,944
	65,860	61,944

*This balance represents the amount payable by LT to the NCI shareholders in relation to their ownership of IMC shares. The amount payable does not bear any interest charge and does not have any specified maturity.

17. END OF SERVICE BENIFITS

	2018 AED'000	2017 AED'000
Balance as at 01 January	**1,396**	892
Acquired through business combination	**5,808**	-
Charge for the period	**1,249**	668
Payments made during the period	**(768)**	(164)
Balance as at 31 December	**7,685**	1,396

18. REVENUE

	2018 AED'000	2017 AED'000
Fee earned from academic services	**60,200**	-
Less: Scholarships awarded	**(20,232)**	-
Net revenue	**39,968**	-
Student accommodation fees	**5,200**	-
Other operating revenue	**4,210**	-
	49,378	-

19. DIRECT COSTS

	2018 AED'000	2017 AED'000
Academic employee salaries and allowances	**11,193**	-
Royalty and profit sharing arrangements for academic services	**3,223**	-
Student related expenses	**3,350**	-
License, insurance and subscriptions for academic services	**559**	-
Agency and contract expenses	**173**	-
Other direct academic related expenses	**177**	-
	18,675	-

20. INTEREST INCOME ON DEPOSITS

	2018 AED'000	2017 AED'000
Income on sharia compliant term deposits	**13,232**	10,464
Interest on call and term deposits with conventional banks	**16,847**	43,994
Interest income from loan to Sukoon	**-**	2,754
	30,079	57,212

21. OTHER OPERATING INCOME

	2018 AED'000	2017 AED'000
Finance lease income (refer note 6)	**13,407**	-
Dividend income	**2,535**	2,528
Recovery of funds in Escrow account held as contingent consideration	**-**	6,796
	15,942	9,324

22. EMPLOYEE RELATED EXPENSES

	2018 AED'000	2017 AED'000
Salaries, wages and other benefits – *Company*	**20,998**	20,714
Salaries, wages and other benefits – *Subsidiaries*	**6,026**	-
Provision for end of service benefits – *Company*	**1,031**	669
Provision for end of service benefits – *Subsidiaries*	**219**	-
Other staff costs – *Company*	**7,218**	3,703
Other staff costs – *Subsidiaries*	**726**	-
	36,218	25,086

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2018 AED'000	2017 AED'000
General and administrative expenses – *Company*	**16,786**	10,984
General and administrative expenses – *Subsidiaries*	**8,452**	-
Transaction related costs – *Company*	**10,645**	4,175
Rent expense – *Company*	**4,840**	3,752
Rent expense – *Subsidiaries*	**8,450**	-
	49,173	18,911

24. BASIC AND DILUTED EARNINGS PER SHARE

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

	2018	2017
Profit for the year attributable to owners of the Company (AED'000)	**42,928**	42,326
Number of ordinary shares ('000)	**2,500,000**	2,500,000
Basic and diluted earnings per share (AED)	**0.0171**	0.0169

25. COMMITMENTS

Operating lease commitments – Group as lesse

At 31 December 2018, the future minimum lease payments for non-cancellable operating leases payable by the Group were as follows:

	2018 AED'000	2017 AED'000
Due in less than one year	**17,080**	4,545
Due between one and five years	**16,122**	7,217
Total minimum lease payments	**33,202**	11,762

Finance lease commitments – Group as lessor

As mentioned in note 6, the Group entered into a finance lease as a lessor. Under the terms of the contract, subject to fulfilment of certain criteria, the Group may be required to fund an additional amount of up to AED 45 million for the expansion and improvement of the underlying asset within a contractually agreed time frame.

The group has no other contingencies and commitments as at 31 December 2018 (2017: nil contingencies and commitments).

26. 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 mutually between the Company and related party. The following is the list of significant transactions and balances with related parties.

Transactions with a related parties	2018 AED'000	2017 AED'000
Expenses incurred on behalf of Sukoon	**673**	1,058
Expenses paid on behalf of Taaleem	**218**	218
Interest income earned from loan to Sukoon	**-**	2,754
Short term loan extended to key managerial persons	**455**	-
Dividend received from Taleem	**17,876**	16,251
Dividend received from Sukoon	**8,992**	-
Dividend received from IMC	**10,416**	10,423

26. RELATED PARTY TRANSACTIONS (Continued)

Balances outstanding with related parties

Due from related parties	2018 AED'000	2017 AED'000
Due from key managerial person	**455**	-
Due from Sukoon	**798**	1,058
Due from Taaleem	**18,094**	16,469
Due from IMC	**1,353**	-
	20,700	17,527

	2018 AED'000	2017 AED'000
Due to related parties		
Due to NCI Shareholders of LT *	**61,944**	61,944

* This balance represents the amount payable by LT to the NCI shareholders in relation to their ownership of IMC shares. The amount payable does not bear any interest charge and does not have any specified maturity.

Key managerial persons' remunerations

Director and key managerial persons' compensation comprised the following:

	2018 AED'000	2017 AED'000
Short-term benefits	**10,369**	8,744
Post-employment benefits	**639**	225

27. 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.

27. 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, wakala deposits with financial institutions, finance lease receivables, trade and other receivable, deposits, other assets and due from related parties.

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:

	2018 AED'000	2017 AED'000
Deposits	**1,814**	1,161
Trade and other receivables	**12,233**	-
Finance lease receivable	**328,531**	-
Other assets (excluding transaction related costs)	**20,034**	31,585
Due from related parties	**20,700**	17,527
Cash at bank	**596,068**	1,721,628
	979,380	1,771,901

Cash and bank

Exposure to credit risk is monitored on an ongoing basis. Cash is held with the banks and financial institutions which are rated A+ to BBB- based on Standard and Poor's credit ratings. The entire credit exposure of the Group is in the Middle East (99.95% in UAE and 0.05 % in Kingdom of Saudi Arabia), based on the country of operation of counter parties.

Trade and other receivables

Trade and other receivables relates to amounts receivable by the Group's subsidiary Middlesex Associates for providing academic services. Total outstanding gross and net exposure as at 31 December 2018 is presented below:

	2018 AED'000
Trade and other receivables – gross	**16,305**
Less: impairment allowance (refer movement below)	**(4,072)**
	12,233

27. FINANCIAL RISK MANAGEMENT (Continued)

a. Credit risk (Continued)

Movement in provision during the year

	2018 AED'000
Opening balance	-
Acquired from business combination	2,308
Charge for the year	1,764
Closing balance	**4,072**

Aging analysis of gross outstanding receivables is presented below:

	2018 AED'000	2017 AED'000
1 to 30 days	4,423	-
31 to 60 days	5,379	-
61 to 90 days	1,027	-
91 to 120 days	566	-
Over 120 days	4,910	-
	16,305	-

The Group's trade receivables are all concentrated in the UAE.

Finance lease receivables

As described in note 6, the Group entered into a finance lease arrangement as a lessor. The Group's maximum exposure to credit risk on its finance lease receivable is best represented by its carrying value at the reporting date. Prior to entering into this contract, the Group performed necessary diligence on the credit worthiness of the counter party (lessee) and the quality and performance of the underlying asset. The Group constantly monitors the credit risk on its finance lease receivable.

The agreement grants protective rights to the Group in an event of default allowing it to terminate the contract and physically reposes the property. Such protective rights limits the amount of credit risk on the exposure since it is covered by the fair value of the underlying property.

Due from related parties and other receivables

The Group considers its balance due from related parties and other receivables to be fully recoverable. These balances are neither past due nor impaired.

27. FINANCIAL RISK MANAGEMENT (Continued)

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 except for payable to NCI of LT, borrowings and contingent consideration is less than 6 months and management believes that the contractual cash flows of these financial liabilities are not materially different from their carrying amounts.

The payable to NCI of LT has no specified maturity date and bears no interest charge. Details of the grace period and maturities of the borrowings availed by the Group are disclosed in note 15 of these consolidated financial statements.

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, interest bearing products and equity investments, 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, equity prices and credit spreads.

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's foreign currency exposure arises principally from transactions denominated in Saudi Arabian Riyal ("SAR'') and Bahraini Dinar ("BHD"). Since the SAR, BHD and AED are both pegged to the United State Dollar ("USD"), the Group has no significant exposure to currency risk.

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 and borrowings. 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.

The interest rate profile of the Group's financial assets and liabilities are shown in the table below:

	2018 AED'000	2017 AED'000
Fixed rate instruments		
Wakala and term deposits with Banks	529,669	1,709,334
Borrowings - non revolving Ijarah term facility	(24,350)	-
	505,139	1,709,334
Variable rate instruments		
Borrowings – non revolving Ijarah working capital facility	12,662	-

27. FINANCIAL RISK MANAGEMENT (Continued)

c. Market risks (Continued)

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss account by amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rate remain constant.

	2018 AED'000
100 basis points increase	**(127)**
100 basis points decrease	**127**

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. The Group is exposed to equity price risk, which arises from fair value through other comprehensive income securities.

The Group's equity investment in Emirates NBD REIT is listed on the Nasdaq Dubai. A 5% increase in equity indices of the security at the reporting date would have increased other comprehensive income and equity attributable to the owners of the Company by AED 1.06 million and an equal change in the opposite direction would have decreased other comprehensive income and equity by the same amount.

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.

27. FINANCIAL RISK MANAGEMENT (Continued)

d. Operational risk (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 Measurement

All financial assets and liabilities are stated at amortised cost except for available for sale investments and investments at fair value through other comprehensive income, which are measured at fair value. The fair values of the financial assets and liabilities at amortized cost are not materially different from their carrying values at the reporting date. The investment at fair value through other comprehensive income 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.

28. 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. During the year, an amount of AED 10,011 thousand (2017: AED 4,233 thousand) has been transferred to Legal reserve. The legal reserve is not available for distribution. During the year, Emirate's Securities and Commodity Authority ("SCA") has instructed the Group to transfer the balance in the share issuance reserve to legal reserve.

29. 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 investment in one subsidiary and one associate in Saudi Arabia in the field of healthcare, investments in two associates and one subsidiary in the field of Education in UAE and one investment in a subsidiary in the field of healthcare in the Kingdom of Bahrain as at 31 December 2018. The detailed information is disclosed in Notes 1, 4 and 5 of these consolidated financial statements.

30. DIVIDENDS

A cash dividend of AED 0.017 per ordinary share was approved by the shareholders at the AGM on 14 May 2018 as proposed by Board of Directors in respect of 2017. This was paid in May 2018.

The Board of Directors have proposed a cash dividend of AED 0.015 per share for the financial year ended 31 December 2018.

31. SUBSEQUENT EVENTS

There were no material events after the reporting date which could require adjustments or disclosures in these consolidated financial statements.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform to the current year's presentation.

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