


أمانات
AMANAT
HEALTHCARE & EDUCATION




ANNUAL REPORT

2019

Determination, strategy and vision for the future are our real resources in the quest for excellence and success.

Sheikh Mohammed Bin Rashid Al Maktoum

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INTRODUCTION

ABOUT AMANAT

Amanat Holdings is a UAE-based investment company established and listed on the Dubai Financial Market in November 2014, with a paid-up capital of AED 2.5 billion. Since then, Amanat has grown to become the region's largest integrated healthcare and education investment company. It currently has investments in the UAE, Saudi Arabia, and Bahrain, with plans to grow across the region and beyond.

Amanat has elected to concentrate its investment efforts in the sectors of healthcare and education due to their transformative capacity on societies. By carefully curating its investment portfolio, Amanat aspires to set new standards across both sectors, meeting a consistently increasing demand for quality services across the region, while positively impacting the communities in which it operates.

AED 111.7 MN

Amanat's consolidated income in FY2019

AED 72.2 MN

Total income from investments in FY2019

AED 2.0 MN

Capital deployed

AED 60.0 MN

Amanat's net profit in FY2019

AED 1.3 BN

Total healthcare revenues in FY2019

AED 1.2 BN

Total education revenues in FY2019

A Unique and Diversified Portfolio

Amanat's investment strategy is driven by a philosophy of generating long-term sustainable value through investing in the regional healthcare and education sectors and targeting companies which can be leveraged as platforms for further acquisitions. Amanat seeks to create value through economies of scale and building larger and more attractive companies for monetization.

Amanat has a unique and diversified portfolio spanning seven companies across the healthcare and education sectors. Amanat has three investments in the healthcare sector including general hospitals, tertiary, and specialized care facilities, encompassing a total of 438 operational beds. Amanat's healthcare investments include Sukoon and the International Medical Center (IMC) in Saudi Arabia and the Royal Hospital for Women and Children (RHWC) in Bahrain. It also has four investments in the education sector across the UAE, covering the K-12, early learning, graduate, post-graduate, and vocational training. Its education investments include Taaleem, serving 9,000 K-12 and early learning students across 10 institutions; Abu Dhabi University Holding Company (ADUHC) and Middlesex University Dubai (MDX), serving a combined total of 10,700 graduate and post-graduate students; as well as the real estate assets of North London Collegiate School Dubai (NLCS).

3
Investments in healthcare

4
Investments in education

438
Operational beds across 3 specialized hospitals

19.7K
Students across 1 pre-school, 8 schools and 5 universities

CHAIRMAN'S MESSAGE

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

"Amanat will continue to meet regional demand for quality healthcare and education, improve quality of life and services for beneficiaries, and generate shareholder value and returns through solid, sustainable investments

I am pleased to present on behalf of our Board, Amanat Holdings' annual report for 2019 and our Company's performance over the course of the year. In 2019, Amanat's performance was strongly supported by the 2018 acquisitions that saw us deploy AED 1.2 billion. In doing so, we grew our portfolio to seven strong assets across healthcare and education. While we continuously seek opportunities to grow our footprint, operational improvements and strategic integration across our portfolio companies were at the center of our efforts in 2019. As such, we began streamlining operations across our assets, introduced value-add strategies and robust governance frameworks, and deployed sustainable practices that should serve long-term success.

This progress is also a factor of strong supporting fundamentals across our markets, where legislative drivers and economic indicators in the healthcare and education sectors are now more favorable than ever. Amanat's markets are entering promising growth phases, with the UAE government now in support of various initiatives and public-private partnerships that foster smart expansion across the healthcare and education sectors. Our strategy of building platforms that offer high quality and diversified services allows us to capture growing fundamental demand.

On the education front, our portfolio grew in 2019 and now comprises four assets, whose strategies are aligned with the UAE's 2021 vision to build a "First-Rate Education System" as defined by the UAE government. To that end, we have implemented key developments that range from new educational programs to increasing operational efficiencies, expansion plans, services and targeted marketing efforts.

In healthcare, we are excited to have brought RHWC into the fold and are currently seeing it ramp up operations. Our two KSA healthcare assets continue to capture strong demand for quality healthcare services as they expand in size and offerings. Despite negative results at two of our healthcare portfolio companies, namely at RHWC during its ramp-up phase and at Sukoon, which is going through a restructuring phase, we believe that favorable trends in the sector, such as the introduction of mandatory health insurance, changing demographics and increasing regional demand, will drive the platform's growth in the coming stage.

Looking ahead, Amanat will build on its strong portfolio of healthcare and education assets in the region with the aim of growing them into distinct investment platforms through a combination of scale, synergy and expertise. We are confident that we have the capital structure, investment acumen and talent to allow us to deliver on our strategy and continue creating long-term value. In parallel, we remain committed to sound environmental, social and governance practices which are the foundation of a sustainable business capable of long-term value creation for its stakeholders.

We look forward to working with our portfolio companies to deliver growth while focusing on further deployment and debt raising to execute on a solid pipeline of opportunities. In parallel, Amanat's management will continue to work on cost optimization and operational efficiency at the group level to help maintain its lean structure and maximize shareholder returns.

In closing, I would like to reiterate Amanat's dedication to cultivating an integrated and diverse portfolio that will enable it to continue to meet regional demand for quality healthcare and education, improve quality of life and services for beneficiaries, and generate shareholder value and returns through solid, sustainable investments. I would also like to express our appreciation to our shareholders, Board of Directors, management, and employees for their contribution to Amanat's success, and look forward to the journey ahead towards long-term, sustainable value creation.

H.E. Hamad Abdulla Al Shamsi
Chairman

VICE CHAIRMAN'S REVIEW

Dr. Shamsheer Vayalil | Vice Chairman & Managing Director

"2019 has been another solid year for Amanat and the upcoming stage holds a wealth of promise as we operate to enrich synergies across existing and potential holdings

Amanat's performance in 2019 reflects the merits of an investment strategy geared towards building multi-asset integrated platforms. Throughout the year, we continued to build our platforms and have worked intensely with our portfolio companies to help advance their service offerings and operational performance. I am pleased to report that our Education Platform recorded a 55% year-on-year increase in income from investments, helping to offset transient setbacks at some of our healthcare assets. Amanat also made significant headway on increasing operational efficiency, which enabled us to deliver a 40% year-on-year increase in our net profit, further accelerating our Company's solid growth trajectory.

Amanat stands uniquely positioned as a market consolidator and as an investment vehicle that can tap into two of the region's most resilient sectors. In this increasingly competitive environment, our assets hold the advantages of having both strong ratings and solid track records. Our education offering, for example, spans the full value chain, starting from primary schools through to graduate education and vocational training.

The same is true of healthcare where we are building a well-diversified platform that caters to an undersupplied market with rising demand for specialty clinics. Our investment strategy is geared towards capturing these trends through expansion into high-value sub-specialties that drive organic growth, drawing in centers of excellence, research centers and academic affiliations that attract leading healthcare professionals from around the world. Investments in our healthcare platform allow for specialization with clinical excellence to capture the full patient cycle and drive growth, allowing for economies of scale and better capacity utilization.

Our investment strategy is built on the premise of creating sustainable value without mandated timeframes, enabling us to hold and assess our assets based on their potential to deliver the returns we demand, while constantly weighing against other opportunities available to us. We will continue to target majority or significant minority stakes that give us leeway on strategic agendas in order to drive growth and generate targeted returns.

Overall, 2019 has been another solid year for Amanat. The upcoming stage holds a wealth of promise as we operate to enrich synergies across existing and potential holdings. We see substantial opportunity to drive new healthcare specializations in KSA, particularly in light of the upward trend in lifestyle diseases. There is also significant room for us to venture into other specializations that show regional promise, including women's health, obstetrics and pediatrics. Our ultimate goal is to strongly establish a pan-regional, integrated healthcare platform that provides best-in-class services to beneficiaries. Furthermore, and because we place particular emphasis on the importance of sound educational investments, we are continuously exploring opportunities for collaboration and growth.

I would like to thank our employees, shareholders and wider stakeholder network for their continuing support and valuable contribution throughout the year which has helped us to deliver strong results and will support us on our strategic goals in the future.

Dr. Shamsheer Vayalil
Vice Chairman & Managing Director

2019 HIGHLIGHTS

Amanat's efforts in 2019 were focused on integrating portfolio companies and driving their growth strategies, while simultaneously extracting operational efficiencies at the holding level and deliver enhance profitability.

Portfolio Integration and Growth

Healthcare Assets

RHWC commenced operations ahead of schedule in March 2019 and launched the vast majority of its services across the year.

Amanat's investment team led the bolt-on acquisition of First Clinic in Jeddah for IMC.

Completed a redesign of Sukoon's flagship IECC facility to increase capacity and operational efficiency, and commenced refurbishments in 2019.

Education Assets

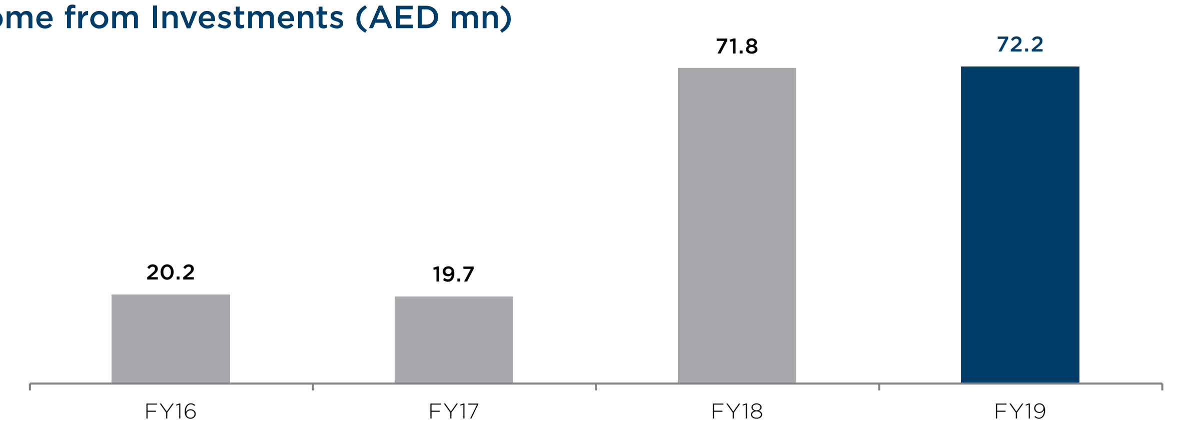
MDX signs lease agreement for a building in Knowledge Park to accommodate an additional capacity of c.1000 students by September 2020.

ADHUC launched the College of Health Sciences and continued to introduce relevant new courses and programs.

Taaleem completed an expansion strategy which includes the launch of Al Raha 2 School in Abu Dhabi, and commenced development in 2019.

Amanat invests an additional AED 32.3 mn in the NLCS expansion to increase its student capacity.

Income from Investments (AED mn)



Lean Cost Structure & Profitability

Increased operational efficiency at the Amanat Holding level and maintaining a tight rein on cost

11% Decline staff costs

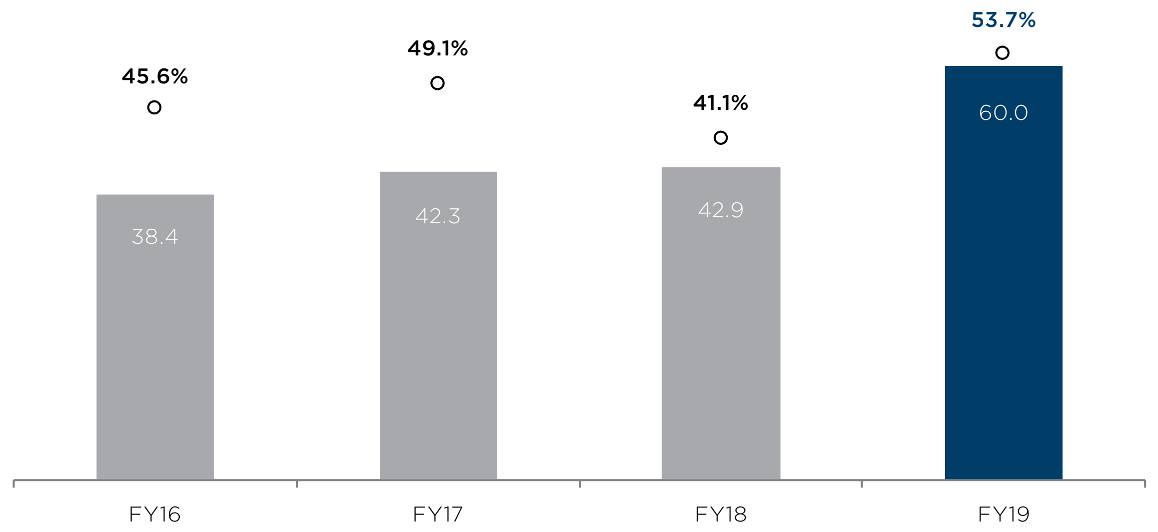
9% Decline in G&A expenses

45% Decline in project expenses

Strong earnings growth

Net profit for the year stood at AED 60.0 million in FY-2019, up 39.8% y-o y reflecting the company's 7.0% increase in total income and 16.0% decline in operating expenses

Amanat Net Profit (AED mn / margin)



Consistent Dividend Stream

AED **55** MN

(Subject to shareholder approval)

Board of Directors proposed a cash dividend of 2.2 fils per share, amounting to a total payout of AED 55 million, subject to shareholder approval.

STRATEGIC REPORT

CHIEF EXECUTIVE'S REPORT

Tristan de Boysson | Chief Executive Officer

With four new assets added to our portfolio in the prior year, we kicked off 2019 with a diversified set of education and healthcare companies that were ideally positioned to serve our markets' strong demand. Throughout the year, we focused our efforts on further integrating and aligning our portfolio companies, both strategically and operationally, to position them to create value through synergies, scale and expertise.

To that end, our investment team has worked intensely with our portfolio companies' management to help advance their service offering and operational performance. We made significant headway during the year, including at MDX, Taaleem, ADUHC and the real estate of NLCS, that saw our education platform deliver a solid 55% increase in income from investments to AED 85 million in 2019. This strong growth was driven by higher contributions from MDX and ADUHC, where student enrollments and program offerings continued to increase. Additionally, we have seen an increase of nearly twofold in contribution from NLCS, reflecting the full-year impact of returns from this high-yield real estate investment.

At our healthcare platform, income from investments was weighed down by the ramp-up of operations at RHWC, as well as the ongoing restructuring and turnaround at Sukoon. We launched operations at RHWC ahead of schedule in March 2019. Almost 90 percent of the specialized hospital's service offering is now available. These ramp-up periods typically last 18 to 24 months and we expect RHWC to breakeven and start contributing to our bottom-line by late 2020.

At Sukoon, we have initiated a full refurbishment of the long-term healthcare provider's facility, which has temporarily reduced its capacity. That, in addition to a regulatory reduction

> *"Our expanding top-line and leaner cost structure enabled Amanat to deliver strong earnings growth in 2019, with our net profit rising 40%*

of prices of some of its services following a re-categorization by the Saudi Arabian Ministry of Health, saw Sukoon turn a loss from investment of AED 8 million this year. Nonetheless, the turnaround strategy we are currently executing will see Sukoon improve its operational efficiency and diversify its client base, which together with the refurbished facility, will result in improved performance going forward.

The temporary and anticipated pull-back by RHWC and Sukoon offset the improved performance of our education platform, leading to a stable total income from investments across both platforms of AED 72 million in 2019. Meanwhile, Amanat's total income for the year, which includes income from investments, other operating income and interest income, was up 7% year-on-year to AED 112 million.

Alongside portfolio optimization and our push towards increased integration and synergy extraction at the platforms level, we are also committed to driving increased operation efficiency at the Amanat holding level. Our efforts during the year saw us rein in operational expenses, with staff costs declining 11% while our general and administrative costs were down 9% during the year. Project expenses also declined 45% to AED 6 million from a high level recorded in 2018 with the deployment of AED 1.2 billion. Overall, Amanat's total operating expenses declined 16% year-on-year to AED 52 million in 2019.

Our expanding top-line and leaner cost structure enabled Amanat to deliver strong earnings growth in 2019, with our net profit rising 40% year-on-year to AED 60 million and our net profit margin expanding by 13 percentage points to a solid 54%.

Outlook

We are operating in a region with strong demand for quality and specialized healthcare and education services, backed by favorable long-term fundamentals.

In healthcare, rapidly growing and aging populations, increasing prevalence of chronic and lifestyle diseases, along with supporting regulatory frameworks, provide for a compelling outlook for the sector in the region. Put into context, GCC healthcare demand is expected to grow at a CAGR of 7% to reach USD 105 billion by 2022.

Meanwhile, the private education market in the GCC benefits from a growing young population as well as increased demand for high quality private schooling. With GCC Nationals now permitted to attend private schools and government initiatives aimed at boosting private sector growth, the private education market is poised to double from USD 13 billion in 2018 to USD 26 billion by 2023. And while there are concerns of potential over supply, this creates an opportunity for Amanat to act as a market consolidator.

We will continue to work closely with our portfolio companies to deliver sustainable growth and returns in line with our strategic priorities for each asset, with potential for further integration and synergy extraction to deliver quality investments and develop these assets into leading platforms in the region.

Tristan de Boysson
Chief Executive Officer

OUR BUSINESS MODEL
BUILDING PLATFORMS

Amanat's investment strategy aims to capture market opportunities within education and healthcare in the GCC and Egypt. The Company adopts a platform-building approach whereby it acquires businesses with successful track records in their markets and ones that are fit for further acquisitions to create larger-scale platforms that allow for synergy extraction. Amanat approaches investments and existing portfolio companies with a strategy that has the potential to maximize cost efficiency and sustainable growth across its operations, in order to extract maximum value from its investments in the traditionally non-cyclical and resilient healthcare and education sectors.

Creating New Growth Platforms

Sustainable Growth	Cost Efficiency
Drive market consolidation	Extract cost efficiencies by leveraging platform
Create strategic players of scale	Integrate client networks to benefit from cross-sales
Provide long-term capital to capture healthcare and education growth dynamics	Reduce working capital and improve cash management
Grow into high-value sub-specialties to create competitive advantage (healthcare-specific)	Merge IT systems to incorporate growing demand for digital transformation
Diversify portfolio to reduce risk from market volatility and cyclicality	Leverage brand equity of platforms to attract talent

Moves Towards Integration

Amanat creates value by driving integration and streamlining operations among its platforms, with different approaches mapped as needed within each sector. By acquiring and developing market-leading institutions like those constituting its 2019 portfolio, the Company facilitates flexible growth across large markets like the GCC and embeds its vision of creating businesses that are well-positioned for success across its entire footprint.

Sustainable Growth

Developing platforms that deliver sustainable growth generates more benefits to stakeholders and helps Amanat provide long-term capital that feeds into the growth cycle. As such, the Company is investing in businesses that possess the potential to tangibly expand through market consolidation, whether by expanding the offerings of its current assets or acquiring new ones under different specialties. This helps Amanat gain a larger market share and progresses its vision of creating strategic, scalable and diverse players.

Amanat's education assets are well-positioned for market consolidation, with the Company already maintaining a strong foothold in the UAE's K-12, undergraduate, graduate and vocational markets. This carves paths for larger future acquisitions and the ability to deepen its reach into different demand pockets. Meanwhile, in the healthcare sector possible expansion into high-value sub-specialties will also drive market consolidation and provides the Company with a competitive advantage. Capitalizing on the possibilities present within both sectors, the Company will work to create strategic players of scale and diversify its portfolios in a manner that captures demand across a wide spectrum as well as reduce risks related to market volatility and cyclicality.

Cost Efficiencies

Employing cost-efficient solutions is part and parcel of Amanat's strategy to develop its platforms.

Cost optimization across Amanat's platforms helps reduce working capital needs, improves cash management, integrates client networks to encourage cross-sales and promotes digitization through merging of IT systems. In turn, Amanat then leverages its well-rounded platforms to attract top education and healthcare talent from all around the world. This should harvest results that drive innovation, organic growth, and generally feed into a resilient, diverse and sustainable business model.

The Company's education assets allow for the extraction of some cost synergies through merger of administrative functions, such as the human resources and finance departments, without affecting each institution's unique offering and operational approach. Integration is also possible for education's IT systems, as the Company looks to adopt technical solutions that help advance both unified and standalone functions across assets.

Amanat's healthcare portfolio provides even deeper integration channels on the operational and procurement levels. As the Company expands its healthcare offerings through additional sub-specialties, it can efficiently integrate client networks and cross-sell its services. Additionally, the healthcare sector's heavy dependence on consumables and equipment allows for cost optimization on large-scale purchases through increased bargaining power. Finally, a growing brand equity and deeply integrated ecosystem will not only attract talent but also facilitates the mobilization of human and material resources between Amanat's portfolio companies in a manner that maximizes efficiency without jeopardizing quality.

Evaluation Criteria

Amanat devises its expansion strategy by following a set of evaluation criteria to assess the strength of target businesses and maximize synergy among current and future assets. The criteria include three primary pillars that are essential to the Company's operational success. These comprise adherence to its selected core markets, strength of the target business' fundamentals, and its value-creation profile.

Core Markets

The Company operates across the healthcare and education sectors because of their indispensable social value and non-cyclical nature. It currently focuses its operations in the GCC and is looking to expand further across the region, in countries such as Egypt, where there is considerable opportunity to cover gaps, drive consolidation, create players of scale, and gain a competitive edge.

Business Fundamentals

Target companies must exhibit high quality and sustainable strategic and commercial positions, solid financials, and measurable return potential. They must also present strong credentials for existing or potential management that are aligned to ensure that the companies will receive guidance and management that is coherent with Amanat's post-acquisition strategy.

Value-Creation Profile

Amanat's value-creation profile comprises the growth potential of a company, evaluated through both organic and inorganic growth avenues. Amanat targets majority stakes or a significant minority with board representation and adequate voting rights with regards to management and strategic direction. Amanat must also be able to have a key role in developing best-in-class governance frameworks to ensure sustainability and long-term value creation to its stakeholders in line with the Company's vision.

AMANAT VALUE-ADD

In Amanat's strive to build platforms that promote integration and efficiency, it adopts a framework that adds value across the three verticals of corporate strategy, corporate finance and corporate governance.

Corporate Strategy

Amanat works with its platforms' management in mapping out organic and inorganic growth strategies, as well as improving operational efficiency and developing cross-asset integration where possible. A key example during 2019 included the ongoing expansion of Abu Dhabi University Holding Company's (ADUHC) agent network to attract international students and the introduction of new programs and courses to its existing and new institutions to further diversify the university's offering.

Corporate Finance

Corporate finance dictates the formulation of efficient financial strategies that include capital structure optimization and the support of funding requirements. It also covers leadership in executing opportunistic add-on and bolt-on acquisitions, junior ventures and public-private partnerships. Prime examples of how corporate finance came into play in 2019 include IMC's (International Medical Center) bolt-on acquisition of First Clinic in KSA, a medical complex located in North Jeddah which provided the hospital with increased capacity, stronger operational synergy and solid financial prospects.

Corporate Governance

Corporate governance plays a significant role in the implementation of sound decision-making frameworks and establishing best-in-class processes and policies to ensure long-term, sustainable value creation. Varied corporate governance efforts implemented across Amanat's portfolio in 2019 include the introduction of new ERP and data-keeping systems, and establishing governance structures, boards of directors and relevant committees where needed.

MARKET OVERVIEW

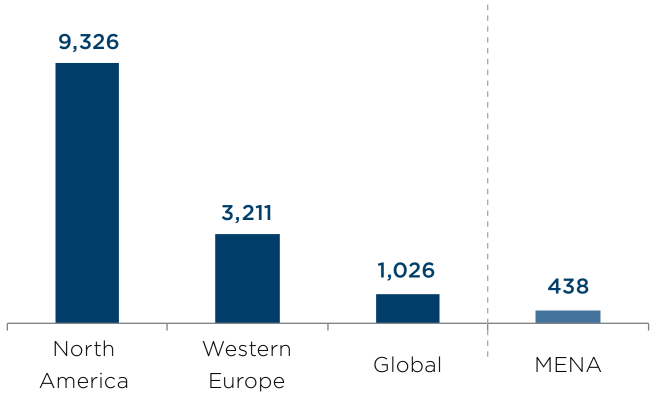
2019 proved to be a challenging year for GCC countries as they confronted difficulties on a variety of fronts including lackluster GDP growth across most of the region's economies, rising geopolitical tensions between Gulf economies and Iran, and lower-than-expected oil prices as weak global economic growth overshadowed the impact of production cuts agreed by OPEC at the start of the year. Despite the wider macroeconomic challenges, the solid fundamentals of the GCC's healthcare and education sectors continued to drive growth throughout 2019, with both sectors continuing to represent attractive investment opportunities for local and international investors.

Healthcare

Over the last decade, the healthcare industry has emerged as one of the more prominent sectors seeking economic diversification in the GCC. Governments across the region are looking at private sector involvement as an alternative to sustain healthcare funding in light of dipping oil prices. Some of the most important initiatives and regulatory changes include the rising promotion of public-private partnerships (PPP), the roll out of mandatory insurance coverage, and the growing encouragement for private players to set up facilities in the region. In parallel, the sector is also undergoing a structural shift driven by changing demographics. On the one hand, a growing younger and more health-conscious population is seeking preventive care rather than curative care. On the other hand, the growing aging population is driving up the prevalence rates of lifestyle diseases. At the top of this list is diabetes. In 2017, some 19 percent of the Gulf's population aged 20 to 79 years was suffering from the disease, compared to a MENA average of 11 percent and a global average of just 8 percent.[1] On the back of both trends, the region's healthcare sector is forecasted to grow at 7% CAGR by 2023, making it an increasingly attractive investment opportunity for private healthcare companies and investors to penetrate.[2]

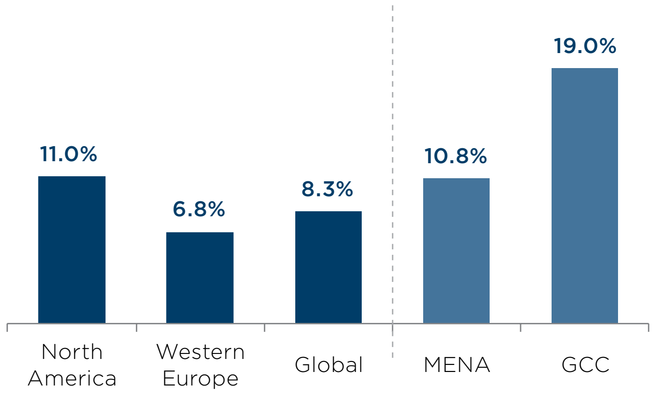
Healthcare Expenditure

Healthcare Expenditure Per Capita[(1)] | 2016 (Current USD)



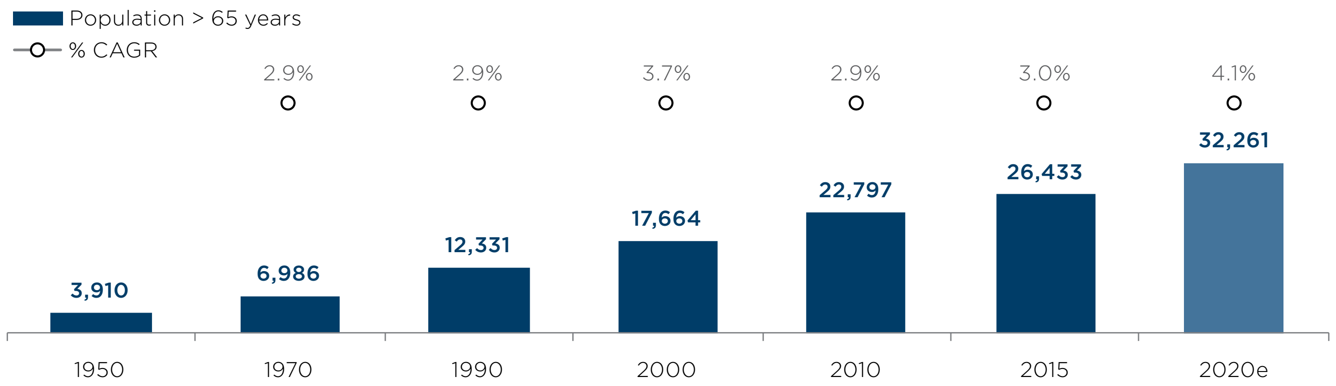
Prevalence of Lifestyle Diseases

Diabetes Prevalence (% of population age 20-79 years) | 2017[(2)]



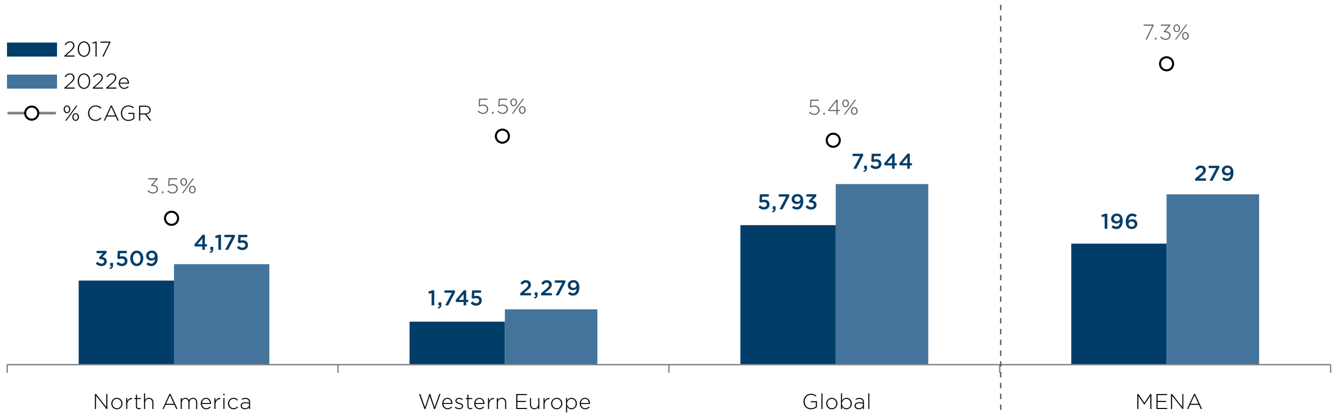
Shifting Demographics

MENA Aging Population | 000s (65+ years)[(3)]



Sizable and Growing Market

Total Worldwide Healthcare Expenditure[(3)] | USD bn (%)



[(1)] *International Diabetes Federation* [(2)] *Arab Health, Informa Markets* [(3)] *UN World Population Prospects 2019*

[(1)] *World Bank* [(2)] *International Diabetes Federation* [(3)] *Deloitte Global Healthcare Outlook 2019*

KSA

In line with its 2030 vision, the Saudi Arabian government has, between 2015 and 2020, committed USD 71 billion to the healthcare sector. The local healthcare industry is expected to grow at a compound annual growth rate of 12 percent by next year.[1] At the same time, there has been a large rise in the over-sixty population and a country-wide adoption of mandatory health insurance. In light of rising healthcare costs and a growing government spending bill, the Saudi government has been exploring ways to increase private sector participation in the market. To this end, the government has recently introduced a public-private partnership model to help ease the funding pressures while simultaneously improving the quality of the care delivered to patients.

The new PPP initiative was complemented by changing ownership regulations which now see the healthcare sector open to private companies and foreign ownership. With the Saudi Ministry of Health targeting an increase of private sector participation to 35 percent by 2020, new opportunities have been opened for international healthcare providers and investors to penetrate the Saudi healthcare market and capitalize on the sector's large untapped potential.[2]

UAE

The UAE healthcare sector appears to be following a similar path to that seen at the regional level. In the four years to 2017, the number of hospitals in the Emirates grew from 107 to 137, with the number of private hospital beds growing at a 10 to 12 percent CAGR over the same period.[3,4]

Similar to the expenditure pattern across the wider GCC region, the UAE's healthcare industry is characterized by a predominance of government-related expenditure. In 2018, of the country's total healthcare expenditure of USD 15 billion, the UAE government accounted for 66 percent.[5] In light of rising costs, the Emirati government has been seeking alternative ways of funding its healthcare bill. Going forward, the private sector is expected to witness stronger growth with healthcare spend from 2018 to 2022 set to increase at a CAGR of c.10 percent compared to a government contribution of c.4 percent.[6] Growing private sector involvement will be supported by the recently introduced PPP framework in the UAE healthcare sector, an increase in the aging population, and the associated growth in demand for treatments and hospital beds. Another major driver behind the recent rise in demand for healthcare services in the UAE will be the newly introduced 100 percent mandatory insurance system and the strong government-led drive for hospital privatization in both Dubai and Abu Dhabi. In late 2019, the UAE Cabinet announced the relaxation of foreign ownership restrictions for 122 business activities, including hospitals, and dental and medical clinics. The move comes as the government continues to push forward its plans to encourage foreign investment into healthcare in the UAE mainland market.

A second front presenting important opportunities for growth in the UAE's healthcare sector is that of medical tourism. Medical tourism is known to be growing across global markets, with estimated annual revenues of USD 50 to 65 billion and annual yearly growth of 15 to 20 percent.[1] The fast rise of medical tourism is driven by escalating healthcare costs in western countries and the lack of insurance coverage for certain procedures. This has meant that patients have become increasingly willing to travel to other countries to seek medical, dental, and surgical care that is not available, or that they cannot afford at home. In light of this, both Abu Dhabi and Dubai have been gearing up to take part in the global race to attract medical tourists. In late 2018, The Department of Culture and Tourism – Abu Dhabi (DCT) signed a memorandum of understanding (MoU) with the Medical Tourism Association (MTA), a non-profit organization that aids healthcare providers and governments in creating successful medical tourism programs. Under the agreement, Abu Dhabi will be promoted as a medical tourism destination in markets such as Russia, China and the wider GCC region with the aim to become the region's leading medical tourism destination. In parallel, Dubai has also been working to promote itself as a medical tourism destination with the most popular areas of treatment for medical tourists being orthopedics, dermatology and ophthalmology.

Other Markets

Elsewhere in the region, the healthcare industry is expected to follow a similar expansion path. As populations continue to grow and average wealth continues to rise, so does the incidence of non-communicable diseases (NCD) driven by significant changes in the population's general lifestyle. For example, in Kuwait non-communicable diseases account for the majority of deaths, with 73 percent of all deaths in 2017 attributed to NCDs.[2] In light of the growing demand for healthcare services and the subsequent pressure on public budgets, governments across the Gulf have been actively looking for ways to increase private participation in the market. Oman is likely to introduce a new mandatory health insurance law by mid-2020, while in Bahrain new regulations were introduced in late 2018 that called for compulsory health insurance coverage provision to all citizens, residents and visitors to the country starting in January 2019. These and other similar initiatives are making it increasingly attractive for investors and private providers to enter local healthcare markets and private participation is set to rise significantly in the coming years.

The Egyptian healthcare industry today presents one of the most compelling investment cases in the MENA region. The country's demographic profile is characterized by increasing health awareness and a growing older population with some of the highest lifestyle diseases prevalence rates in the world. This is expected to drive demand for healthcare services in the coming years. In parallel, the Egyptian government has introduced several new legislative initiatives that are expected to not only improve the accessibility and quality of care in the sector, but also drive further growth across the currently underpenetrated industry. The most important initiative was the launch of the government's EGP 600 billion Universal Healthcare Act, which is expected to boost the national healthcare sector for years to come. In FY2019-2020, the Egyptian government is set to spend EGP 2.1 billion on deploying services under the Universal Healthcare Act.[3]

(1) Global Health Exhibition, Informa Markets (2) Global Health Exhibition, Informa Markets (3) KPMG
(4) Arab Health, The Official Magazine (5) KPMG (6) KPMG

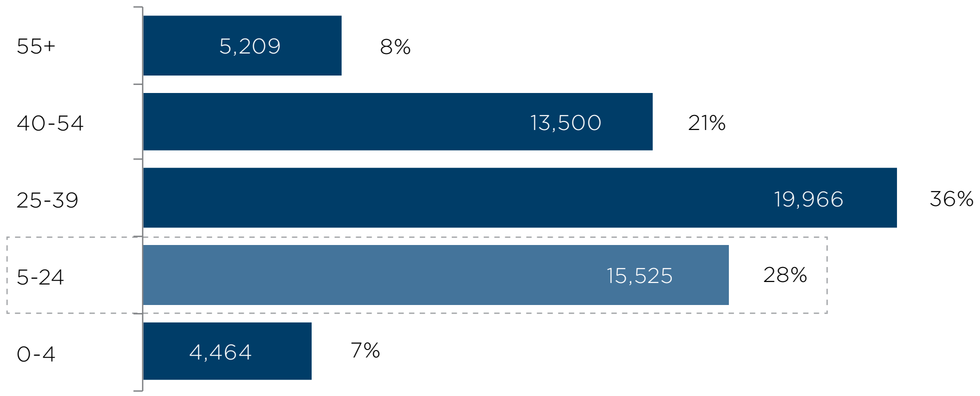
(1) Arab Health, The Official Magazine (2) World Health Organization (3) Arabic Reuters

Education

In recent years, the GCC's K-12 education sector has become a magnet for international investors and school operators. The strong interest in the education industry is underpinned by multiple favourable investment fundamentals and opportunities. The region has a young and growing population. Over the past ten years, the Gulf's population has gone from c.45 million in 2010 to a forecasted c.59 million in 2020 and is projected to reach 65 million people by 2030, a third of whom will be aged 25 or under.[1,2] Next year, the region's student-age population - those between the ages of four and twenty-five - is expected to rise to 16 million, representing 28 percent of the region's population.[3] Alongside the rising population, average wealth has also witnessed impressive growth across the region, with a more affluent middle-class increasingly willing to spend on high quality private education. In parallel, GCC governments are actively encouraging private sector participation in the provision of education as they look for ways to relieve budgetary pressures created by low oil prices. Alongside the region's specific upside potential, investment in education has become increasingly attractive on a global scale as investors are drawn by the sustainable growth in demand on the back of rising global population, the non-cyclicality of the sector, and the long-term revenue visibility due to the fixed duration of students' education paths. Amongst GCC economies, the UAE and Saudi Arabia represent the two markets with the most compelling investment cases and future growth potential.

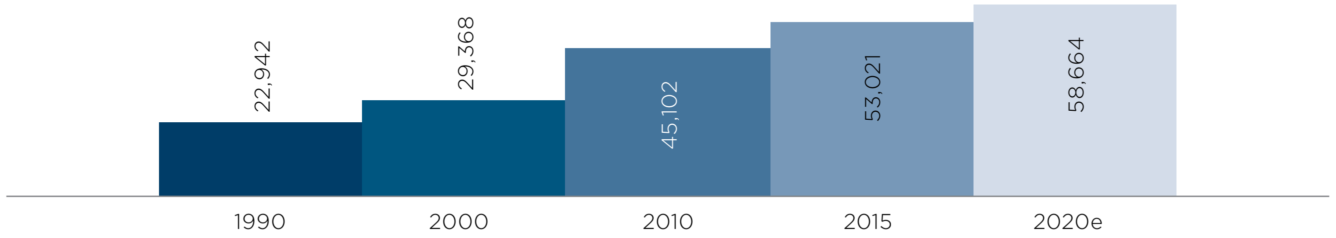
High Student-Age Population

2020 Expected Age Distribution GCC | 000s[4]



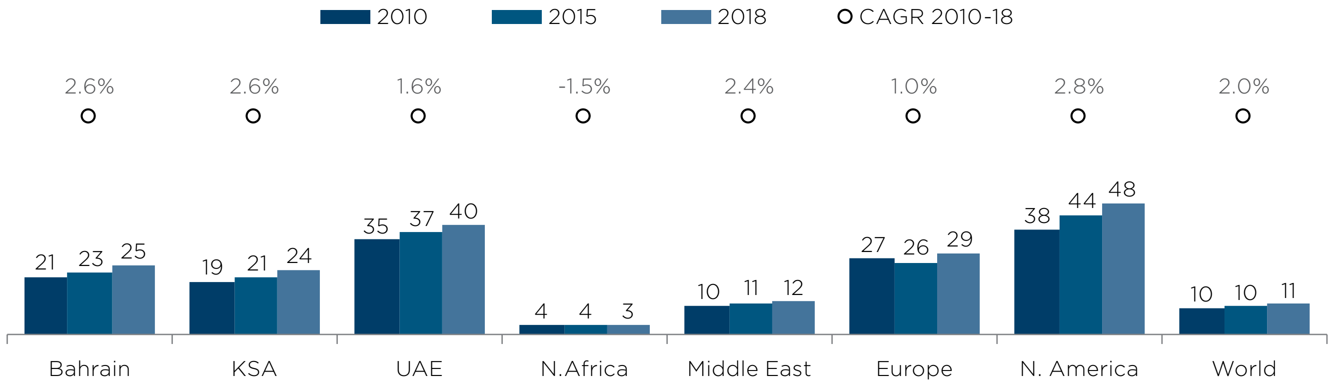
Growing Population Across the GCC

Population | 000s[4]



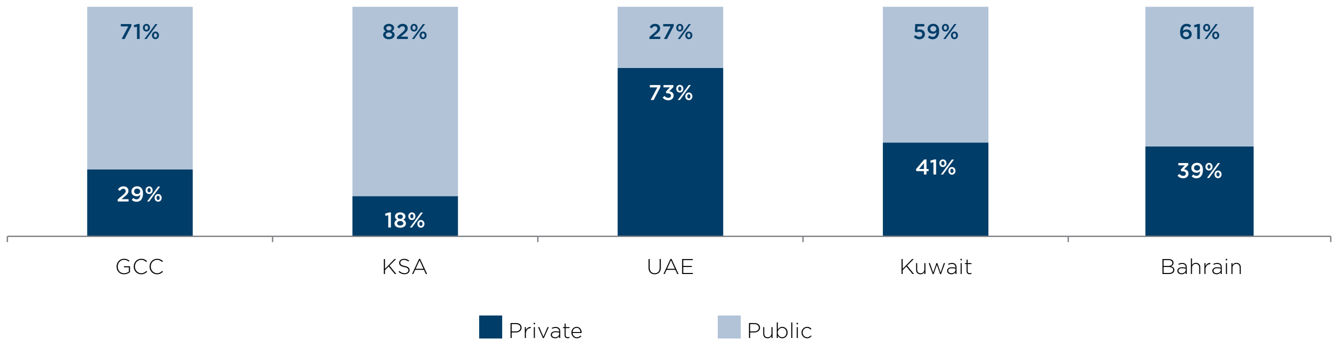
Increasing Wealth Across the GCC

GDP per Capita | USD 000s[5]



Increasing Wealth Across the GCC

Public Vs. Private Distribution | USD 000s[6]



[1] Arabic Reuters [2] UN World Population Prospects 2019 [3] Strategy&, part of the PwC network [4] UN World Population Prospects 2019
(4) Source: BCG Report (5) Source: UN World Population Prospects 2019 (6) Source: IMF Data Mapper

UAE
The UAE's K-12 sector is the region's most mature market with around 73 percent of students currently enrolled in private institutions.[1] Despite this, the Emirati education market is expected to expand from USD 4 billion in 2017 to USD 7 billion in 2023 supported by a growing population, a further shift by consumers in favor of private education, and an expected 4 percent annual rise in tuition rates across both Abu Dhabi and Dubai-based schools.[2] The country currently hosts some of the top international schools in the world, offering a variety of curricula to satisfy the growing demand for international education programs from both the rising expatriate and local populations. Further demand growth is expected as the government presses on with its efforts to introduce new, longer-term visas for residents as well as for outstanding students. The fast development of the country's higher education sector, which sees the UAE able to offer students internationally-recognized degrees, engaging academic and social experiences, and strong employment prospects post-university, is also set to continue attracting a rising number of students from within and outside the GCC region.

School operators in the UAE have had to face multiple challenges in recent years as rising competition, the threat of over-supply, and a tuition fees freeze for the 2018/19 school year have weighed down private institutions' margins and growth plans. Nonetheless, these corrective measures are expected to weigh more heavily on weaker, less established operators, while larger and more reputable school operators with diversified portfolios and strong balance sheets are better placed to come out on top and further strengthen their positions over the coming years.

[1, 2, 3, 4 & 5] *Boston Consulting Group report*

KSA
The Saudi Arabian education sector is set to witness the largest expansion in the region, and is expected to more than double in size from the USD 5 billion recorded in 2016 to an estimated USD 12 billion in 2023.[3] In line with the government's 2030 vision, the number of students enrolled in private schools is forecasted to rise from 18 percent in 2017 to 30 percent in 2023.[4] This rise in private school enrolments is supported by changing regulation, with Saudi nationals now able to enroll in private international schools. In parallel, the country's expatriate population continues to grow, with foreign families significantly more likely to enroll their children in private schools. In addition, the country is now allowing 100 percent foreign ownership of companies in the education sector. This has opened the door for international investors and school operators to enter the Saudi education market and capitalize on the growth opportunities the country presents.

Other Markets
Other GCC economies including Oman and Kuwait are also expected to witness growth as rising populations and shift towards private education are expected to overshadow the restrictions posed by the current regulatory frameworks and the relative under-development of the private sector education markets in these countries.

All in all, the Gulf's education sector is poised for significant growth in the coming years. The relative under-penetration of the private education sector and new government initiatives aimed at boosting private sector education are expected to drive strong expansion. The sector is set to go from a total value of USD 13 billion in 2018 to USD 26 billion by 2023.[5]

Looking at the wider MENA region, the Egyptian education sector continues to represent an important investment opportunity for school operators and investors alike. The country has recently witnessed the introduction of a new public education system, the launch of public-private partnership programs, a new regulatory environment, and rising interest from foreign education providers and private equity players. These factors, combined with the country's strong demographic profile, have further strengthened the Egyptian education market's growth potential, giving Egypt's education sector a great investment case.

FINANCIAL & OPERATIONAL PERFORMANCE

Amanat delivered strong results in FY2019, driven by a growing portfolio and increased operational efficiency

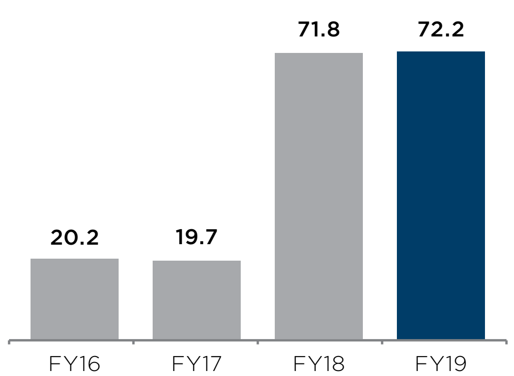
Summary Financial Results

AED mn	FY2018	FY2019	Change
Income from Investments[1]	71.8	72.2	0.6%
Healthcare	16.4	-13.5	-182.3%
Education[2]	55.4	85.7	54.8%
Other Income	32.6	39.5	21.2%
Total Income[3]	**104.4**	**111.7**	**7.0%**
Total Expenses	61.5	51.7	-16%
Net Profit	**42.9**	**60.0**	**39.8%**
Net Profit Margin	***41.1%***	***53.7%***	***1,260 pts***

Amanat recorded total income of AED 111.7 million in FY2019, up 7% year-on-year and a net profit of AED 60 million up 39.8% year-on-year.

Income from investments was broadly flat in FY2019 at AED 72.2 million compared with AED 71.8 million in FY2018. Strong growth at Middlesex University Dubai (MDX), Abu Dhabi University Holding Company (ADUHC) as well as higher finance lease income from North London Collegiate School in Dubai (NLCS) helped offset weaker performance from Sukoon and the initial expected losses at the Royal Hospital for Women and Children (RHWC) during its ramp-up phase.

Income from Investments (AED mn)



[1] Includes share of results from associates, net profit from subsidiaries excluding NCI and Finance Lease income.

[2] Assets under Amanat's education platform have a fiscal year ending on the 31st of August and thus Amanat's consolidated results for the year ended 31 December 2019 reflect eight-month results from the education platform's fiscal year ended 31 August 2019, plus four months of operation from their current fiscal year ending on 31 August 2020.

[3] Includes share of results from associates, net profit from subsidiaries excluding NCI, finance income, interest and other operating income.

Acquired during the second half of 2018, the fully-owned MDX contributed AED 23.6 million to Amanat's income from investments for FY2019, up almost threefold compared to the AED 6.8 million contributed to Amanat in FY2018. Improved financial performance came as MDX continued to witness higher enrollments following the introduction of new programs and supported by the recent lease agreement to expand the university's capacity in September 2020 by c.1000 students. This builds on MDX's ongoing efforts to increase the number of transnational students in the region.

Amanat's higher education provider ADUHC contributed AED 20.9 million to income from investments in FY2019, up 21.3% year-on-year and representing a full financial year of income compared to nine months in FY2018.

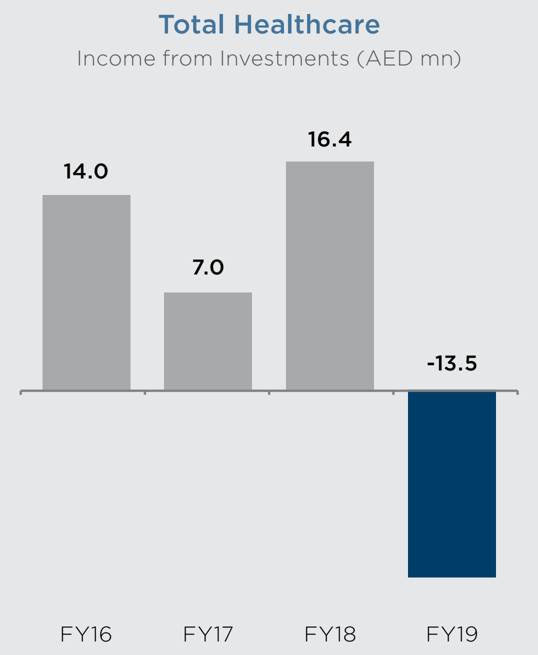
Amanat's K-12 and early education platform, Taaleem, contributed income from investments of AED 14.5 million in FY2019, down 19.3% year-on-year due to the hiring of additional teachers in anticipation of growth in the number of students, followed by a 4% year-on-year decline in student enrollments in the academic year starting September 2019 during the transition period of the new management. Taaleem's profitability was also affected by an impairment on deposits related to the real estate of a school.

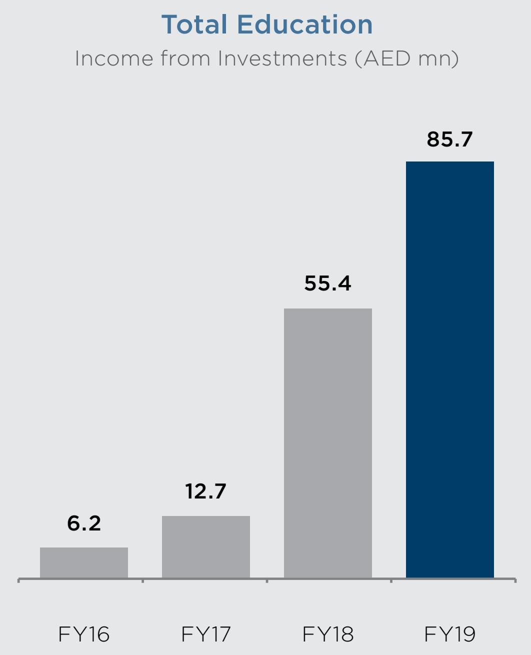
Meanwhile, finance lease income generated by NLCS recorded AED 26.7 million in FY2019, up 99.3% year-on-year after contributing a full year of returns versus six months in FY2018. This helped drive the education platform's total income from investments to AED 85.7 million in FY2019, up 54.8% year-on-year.

Improved performance at the Education Platform helped offset the expected negative contribution to investment income from RHWC, which successfully commenced operations in March 2019 and is currently in its ramp-up phase. RHWC has successfully launched 90% of the hospital's medical services, completed the recruitment of the clinical team and signed with key insurance companies, all of which should support the growth of higher patient footfall going forward.

Sukoon recorded a loss from investment of AED 7.3 million in FY2019. The year-on-year decline of the long-term care provider was driven by the initiation of a full refurbishment of the facility which reduced existing capacity. Additionally, a re-categorization of patient treatments by the Ministry of Health in August 2019 led to a requirement to reduce prices.

Finally, the Jeddah-based International Medical Center ("IMC") recorded investment income of AED 14.2 million in FY2019, down 14.9% year-on-year. IMC's net profit in FY2019 was up 0.4% after excluding a one-off item in FY2018 related to changes to the accounting treatment of pensions which resulted in the increase of net profit.



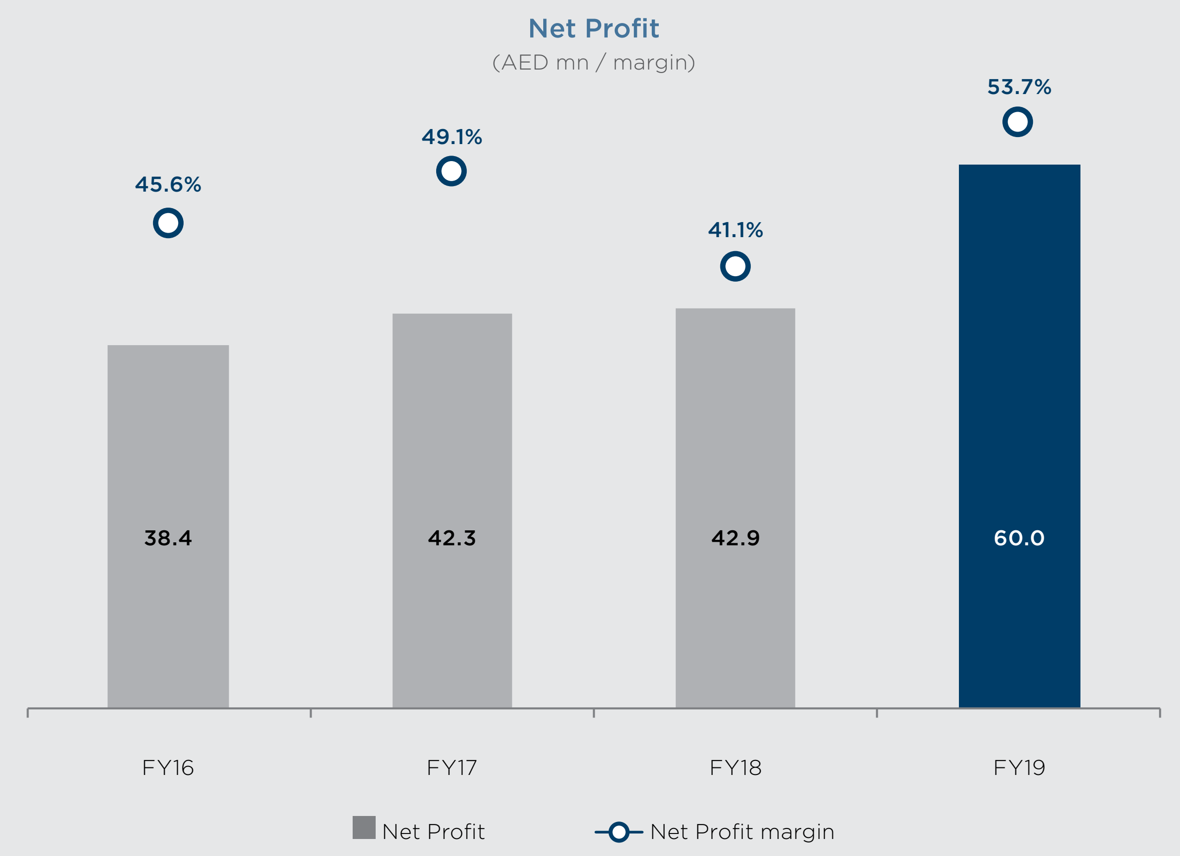


Interest and other income in FY2019 reached AED 39.5 million compared with AED 32.6 million in FY2018. Other investment activities recorded AED 23.6 million in FY2019, up from AED 2.5 million in FY2018 on account of fees received from MDX as well as the reversal of a contingent consideration on Amanat's balance sheet of AED 20.2 million related to the earn out paid to Abraaj for the investment in MDX and income from a REIT investment. Interest income recorded AED 15.9 million in FY2019, a 47.1% year-on-year decline on account of lower cash balances following the deployment of AED 1.2 billion in investments (ADU, NLCS, MDX and RHWC) during 2018 as well as lower interest rates in 2019.

Amanat's total income, which includes share of results from associates, net profit from subsidiaries excluding non-controlling interest, finance income, interest and other operating income, recorded AED 111.7 million in FY2019, up 7% compared to the AED 104.4 million booked in FY2018. Total expenses recorded AED 51.7 million in FY2019, down by 16% year-on-year versus the AED 61.5 million recorded in FY2018. Lower expenses came as Amanat recorded a 10.6% decline in staff costs to AED 29.2 million, and an 8.5% decline in G&A expenses to AED 16.7 million following cost reduction initiatives taken by management at the holding level. Project expenses also declined 45.3% to AED 5.8 million from the high level recorded in 2018 with the deployment of AED 1.2 billion. Total expenses as a percentage of total income declined to 46.3% in FY2019 compared to 58.9% in FY2018.

Net profit for the year stood at AED 60 million in FY2019, up 39.8% year-on-year reflecting the company's 7% increase in total income and 16% decline in operating expenses. Accordingly, net profit margin expanded by 12.6 percentage points to 53.7% in FY2019. It is worth noting that bottom-line profitability excluding RHWC's ramp-up losses would have been AED 80.5 million, up 81.2% compared to the previous year.

Total cash and bank balances stood at AED 522.7 million as at 31 December 2019, down from AED 543.9 million at year-end 2018 at the holding level ready to be deployed on new investment opportunities.

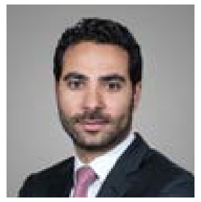


EXECUTIVE MANAGEMENT

Mr. Tristan de Boysson

Chief Executive Officer

Mr. de Boysson brings over 30 years of experience to Amanat. He leverages an extensive background in deal sourcing and execution, fund raising, strategy, portfolio management and exits, as he sets strategy and direction for Amanat's upcoming growth phase and oversees delivery of commitments across operations. Prior to joining Amanat, Mr. de Boysson spent twenty years at Investcorp, initially as a member of the London-based European Private Equity team. In 2008, he became a founding member, Managing Director and Co-Head of the Bahrain-based Investcorp Private Equity MENA, where he launched the company's first Middle East-focused fund. Through his roles, he led private equity transactions across Europe, the Middle East and Turkey in the industrial, retail and healthcare sectors. Mr. de Boysson launched his career at the French chemical and pharmaceutical group Rhône-Poulenc. He later joined McKinsey & Company Paris as Associate Principal, where he provided advisory on strategy, valuation and organizational and operational improvements. He holds a Master of Economics from École Supérieure des Sciences Économiques et Commerciales (ESSEC – Paris) and an MBA from INSEAD.



Dr. Mohamad Hamade

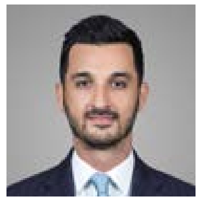
Chief Investment Officer

Dr. Hamade has a wealth of experience in the healthcare and education sectors across the Middle East, USA and India. As Chief Investment Officer at Amanat, Dr. Hamade defines and implements the firm's investment strategy. To date, he has driven growth across Amanat's portfolio to include seven assets (three in healthcare and four in education), representing a total investment of over AED 2 billion. As a member of the boards and executive committees of Amanat's investee companies, Dr. Hamade drives value creation initiatives across the portfolio. Prior to Amanat, Dr. Hamade served as Chief Investment Officer at VPS Healthcare, a group comprising over 20 hospitals and 100 medical centers across UAE, Oman and India. Before joining VPS, he was a Principal at TVM Capital and Chief Strategy Officer of one of its portfolio companies. Dr. Hamade was selected as a Global Future Council at the World Economic Forum 2019-2020. He 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.

Mr. Tamer Morsi

General Counsel & Company Secretary

Mr. Morsi brings 22 years of experience to his role in Amanat. He acquired a rich background in legal and human capital environments through positions he held with large-scale commercial groups and FMCG manufacturers in the MENA region. Prior to joining Amanat, Mr. Morsi occupied several positions with key organizations within the region, acting as the chief legal advisor to the CEO and senior leadership team. Throughout his career, he partook in a wide range of developmental business endeavors, and created effective legal structures across varied jurisdictions while ensuring compliance with relevant laws and regulations. He has also regularly managed to cultivate positive professional relationships with all relevant governing bodies within the region. Mr. Morsi holds a Bachelor of Law from the University of Cairo, Egypt.

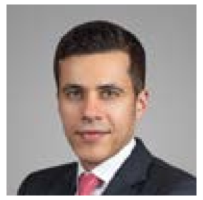


Mr. Amer Jeambey

Investment Director

Mr. Jeambey joined Amanat from Ithmar Capital Partners where he served as Director of Investments focusing on special situations and investing across public and private equity. Prior to that, he assumed the role of Vice President at CPC Africa, a pan-African infrastructure investment company, where he was responsible for business development and investment execution in West Africa.

Mr Jeambey joined CPC Africa from the global strategy consulting firm Booz & Company where he specialized in advising investment companies on strategy formulation, operating model design and portfolio optimization. He started his career working in investment banking for Audi Capital in Riyadh, advising regional groups on mergers and acquisitions transactions. Mr. Jeambey holds a MBA from Columbia Business School in the city of New York, MA in Financial Economics and BA in Economics, both from the American University of Beirut.



Mr. Irteza (Arty) Ahmed

Investment Director

Mr. Ahmed is responsible for identifying and evaluating investment opportunities and providing strategic advice to portfolio companies. He he is also a board and audit committee member of several of Amanat's portfolio companies. Prior to joining Amanat, he was an Executive Director at Goldman Sachs in London where he advised leading healthcare companies. His experience at Goldman Sachs spanned various sub-sectors including pharmaceuticals, biotech, medical devices, digital health and healthcare services.

Mr. Ahmed advised on numerous landmark transactions including transformational mergers and acquisitions, initial public offerings, equity and debt financing, and leveraged buyouts. He holds an MBA from the Tuck School of Business at Dartmouth and a BSc. in Biological Sciences and Management from Imperial College London, UK.

Ms. Sara Shadid

Head of Investor Relations

Ms. Shadid brings over 13 years of sell-side experience in equity capital markets to Amanat, acquired through the roles she occupied within leading investments banks across the MENA region. She is responsible for developing and implementing Amanat's IR strategy, as well as managing communication between the Company's corporate management and its investors. Prior to joining Amanat, Ms. Shadid was the Head of Investor Relations and Corporate Communications at Arabtec Holding PJSC for over two years, working closely with management to implement the group's strategic roadmap. She also served as Lead Sales and Corporate Access for Renaissance Capital Dubai from the company's inception. Ms. Shadid has a BA with Honors in Political and International Studies & Media and Cultural Studies from Middlesex University in London. She is also a certified board secretary with extensive experience in governance frameworks and sustainability, and is a member of the Middle East Investor Relations Association.

Mr. Anas Al Masri

Head of Finance

Mr. Al Masri works closely with Amanat's C-levels. He is responsible for managing the Company's financial activities, directions, planning, execution of strategic decisions and complex financial statements. Mr. Al Masri brings more than 16 years of professional experience in finance such as financial reporting, treasury and cash management, consolidation, financial analysis and budgeting.

Prior to joining Amanat Holdings, Mr. Al Masri served as a Regional Finance Director at one of the most reputable international cooperates, Drake & Skull International, with a focus on developing and managing a high functioning finance department in six different countries.

Mr. Al Masri holds a Bachelor of Accounting. He is a certified Financial Controller and is well trained and highly knowledgeable in IFRS.

OUR PLATFORMS

CHIEF INVESTMENT OFFICER'S REPORT

Dr. Mohamad Hamade | Chief Investment Officer

Amanat stands today with a portfolio of unique assets capable of capturing the regional opportunities in the healthcare and education sectors. Our four education providers in the UAE – Taaleem, MDX, ADUHC and NLCS – and three healthcare investments in KSA and Bahrain – Sukoon, IMC and RHWC – ideally position the Company with a diversified and integrated offering that can best serve demand across the education and healthcare value chains.

We have built this unique portfolio through carefully defined investment criteria that target quality assets in our core markets with sustainable growth prospects. This has culminated in AED 2 billion in investments from deploying 80% of Amanat's paid-up capital. As such, our focus during 2019 was to follow through with our post-acquisition strategies that aim to add value across the three verticals of corporate strategy, corporate finance, and corporate governance. I am pleased to report that across our portfolio we have been able to deliver on all fronts, strongly demonstrating the value-add our Company brings as the partner of choice in education and healthcare.

Healthcare

Significant strides were made in healthcare platform in 2019, fueled by the progress of our three medical service providers. At Sukoon, we completed a redesign of the company's flagship IECC facility aimed at increasing the company's capacity and operational efficiency. Construction works are currently underway and are fully funded by Sukoon with no additional capital requirements from Amanat. While the hospital incurred losses during the year, we have put in place a turnaround strategy to identify new revenue streams, diversify Sukoon's client-base, and reduce costs.

Meanwhile at IMC, we completed a bolt-on acquisition of First Clinic, a medical complex located in North Jeddah. The complex adds capacity across primary care, radiology and day

> *"Amanat is well positioned to capitalize on attractive opportunities as they arise in light of the current macroeconomic environment given its unique liquidity position*

surgery and serves as a feeder to the main hospital. The success of this transaction demonstrates that even through a minority ownership, Amanat is able to lead and execute strategic transactions through its portfolio companies.

RHWC commenced operations in March 2019 and launched the vast majority of services throughout the year. The hospital has instated strong governance frameworks and completed funding requirements, enabling continued growth and best-in-class quality and safety standards. In this coming stage, RHWC is expected to build on its referral networks, evaluate and integrate new specialties, and continue exploring growth opportunities.

Education

Parallel to our steps forward across our healthcare platform, our assets in the education sector continue to demonstrate the vast potential for progress in the region, with key accomplishments in 2019. At MDX, innovative new programs are being regularly introduced, with nine inaugurated in September 2019. Along with a steadfast commitment to offering a superior student experience, MDX welcomed a marked increase in student enrolments. The university also finalized a lease agreement for new teaching spaces in the Dubai Knowledge Park, expected to increase campus capacity by approximately 20%. MDX continues to optimize its strategy and operations to offer a well-rounded learning environment while supporting growth in student numbers.

At ADUHC, we celebrated the launch of the new College of Health Sciences and the introduction of new courses and programs that are aligned to the evolving needs of the job market. The university also passed another notable milestone when it secured funding for a new campus in Al Ain, expected to launch in September 2020. Our team continues to work with management to drive growth through formulation of business development strategies, such as the expansion of the university's agent network targeting international students, and the continued introduction of relevant new courses and programs. Additionally, we continue to work with the company to make strides in streamlining operations through cost-optimization initiatives including expansion of the co-educational offering and enhancing class-size efficiency. Looking forward, we expect the university to continue pursuing an efficient organic growth strategy, all while screening for suitable acquisition targets in new geographies.

Finally, Amanat increased its representation on Taaleem's Board and committees in 2019. Through increased influence, our team was instrumental in developing Taaleem's revised expansion strategy in collaboration with the company's leadership, including its new Chief Executive Officer. The strategy included commencing the development of Al Raha International School 2 ("RIS 2") in Abu Dhabi, with a scheduled launch of the school's early years by September 2020, with the full launch in September 2021. RIS 2 is an expansion of Al Raha International School, which has an 'Outstanding' rating, and is currently operating at full capacity with a healthy waiting list. Taaleem continues to focus on delivering exceptional quality education, which along with an updated marketing and admissions strategy, is positioning the company for future enrolments growth. The company has also begun executing identified cost efficiency measures across its operations that are aimed at improving future profitability. Moving forward, Taaleem will continue implementing its expansion strategy by assessing potential add-on acquisitions, to be funded through the company's robust balance sheet, with the objective of driving medium and long-term value creation.

Going forward, we will continue to streamline efficiencies across our portfolio companies and optimize their capital structures and operational capabilities.

In parallel, Amanat continues to assess new investment opportunities in its core sectors across the region, supported by a cash rich and unlevered balance sheet. During the year, we carefully considered multiple transactions that align with our strategic mandate to build platforms across healthcare and education. As such, we evaluated direct and bolt-on acquisitions which would grant Amanat and its portfolio companies significant active influence over targets. Moving forward, and given its unique liquidity position, Amanat is well positioned to capitalize on attractive opportunities as they arise in light of the current macroeconomic environment.

Dr. Mohamad Hamade
Chief Investment Officer

PORTFOLIO COMPANIES

Diversified, Integrated Investments

Selectively growing its portfolio across the GCC has allowed Amanat to invest its well-cultivated knowledge of the region in sectors that promise long-term growth and increase shareholder value. In its current strive towards operational synergy, the Company is going after methods and strategies that capitalize on the integration and coordination of its assets into complementary entities per sector, in creation of unified platforms with comprehensive delivery across its healthcare and education portfolios. The Company's 3Cs approach, built on the pillars of corporate strategy, corporate finance, and corporate governance, further reinforces its role as a strategic builder of futuristic foundations in the two sectors that matter most in the GCC. Amanat's current pipeline holds plans across its investments in the healthcare and education sectors.

Healthcare Investments

Amanat's healthcare investments encompass a variety of facilities that offer wide-ranging healthcare services. From general, multi-disciplinary hospitals to tertiary and specialized care facilities, the Company aims to cover as many specializations and services as possible. It is also looking to capture strategic organic and inorganic growth opportunities and potential smart investments to address the GCC's lag in the sector when benchmarked against international healthcare standards. Amanat's healthcare action plan comes at a time of need in the region, particularly after research denoted an expected demographic shift in the MENA and GCC regions by 2020, coupled with the continuing pervasiveness of lifestyle diseases. Healthcare is expected to grow in the coming stage to a pan-regional integrated platform on the back of specializations such as bariatrics, dentistry, women's health, obstetrics, pediatrics, and further expansion in in-vitro fertilization (IVF).

Sukoon International Holding Company (Sukoon)

An international holding company whose flagship JCI-accredited facility provides tertiary care services.

Specialization
Acute and post-acute care

International Medical Center (IMC)

A high-end, integrative tertiary care hospital that provides treatments in over 30 specialties.

Specialization
Multi-disciplinary

Royal Hospital for Women and Children (RHWC)

A world-class hospital for women and children that provides end-to-end holistic care.

Specialization
Women's and children's healthcare

Education Investments

Amanat's belief in the importance of education and the potential that investment in the sector holds, facilitated its decision to acquire and finance multiple institutions that cover all educational stages, from early learning to post-graduate studies and vocational training. Private sector education shows large room for growth and currently has major support through various initiatives deployed by the Emirati government that aim to boost its presence and expansion opportunities. Growth in the school age population is also expected to reflect positively on the Company's educational investments in coming years. In this next stage, Amanat will continue to assess ways to expand its investments in the education sector through partnerships with international university operators looking to expand in the UAE, K-12 operators interested in KSA, and operators ready to establish educational facilities across all educational stages in the markets like Egypt.

Taaleem Holding PSJC (Taaleem)

One of the largest providers of K-12 education in the UAE and the host of 9 premium education institutions.

Specialization
K-12 and early learning

Middlesex University Dubai (MDX)

The first overseas campus of Middlesex University in London and a provider of top-quality UK degrees.

Specialization
Undergraduate and post-graduate studies

Abu Dhabi University Holding Company (ADUHC)

A private education institution with a 15-year track record in higher education and vocational and corporate training.

Specialization
Undergraduate and post-graduate studies

Real Estate Assets of North London Collegiate School Dubai

North London Collegiate School Dubai (NLCS)

A premium K-12 school, built and managed in partnership with NLCS London, a leader in academic results in the UK.

Specialization
K-12 (real estate acquisition)

HEALTHCARE INVESTMENTS

Sukoon International Holding Company (Sukoon) KSA

33.25%
Amanat's Stake

Sukoon provides high quality tertiary care through its International Extended Care Center (IECC), a flagship JCI-accredited facility in Jeddah, KSA. In providing acute extended care, critical care and home care medical services, Sukoon caters to a segment of patients that will increase with the projected increase of lifetime diseases in the Kingdom. The IECC is currently capable of hosting up to 130 patients but is built with a physical capacity for 230 beds, showcasing flexible room for expansion.

Specialization
Acute and post-acute care

Date(s) of Acquisition
August 2015 and February 2016

Investment Thesis

Sukoon's leading position in acute extended care in KSA, meshed with its strong, scalable business model, provide extensive opportunities for expansion within and beyond its current local market. Furthermore, its success in obtaining the Joint Commission International (JCI) accreditation for the IECC showcases the global standards it abides by in delivering its curated healthcare services. Expansion opportunities for the company will come on the back of the region's growing health concerns and demographic shift, combined with its successful positioning as a top tier healthcare provider. The coming years are expected to see a demographic shift and growth in citizens over 65 years of age in the MENA region; and with lifestyle diseases such as diabetes on the rise – recording a 19% prevalence in the GCC in 2017 – the region is gradually growing in its need for Sukoon's particular range of services.

130
Operational beds

AED **188** MN
Amanat's investment

Financial Review

Sukoon's revenues reached SAR 111.5 million in 2019, a 21.1% year-on-year driven by the initiation of a full facility refurbishment which reduced existing capacity. Additionally, a re-categorization of patient treatments by the Ministry of Health in August 2019 required Sukoon to reduce prices. The company's profitability therefore suffered, incurring a net loss from investment of SAR 15.3 million in FY2019 compared to a profit of SAR 4.8 million in FY2018. This is expected to turn around in the coming period due to the multiple strategic and operational developments currently underway.

Operational Review

2019 saw Sukoon identify directional and operational inefficiencies and examine both through Amanat's 3Cs post-acquisition model in an effort to structure new strategies and action plans that assist in building a successful, specialized healthcare platform. Through the lens of corporate strategy, Sukoon was able to identify points of improvement and define a turnaround strategy that put focus on finding new revenue streams. It also initiated a plan to reduce operational costs and optimize budget allocation. With the goal of improving patient flow and increasing operational capacity, for which it already possesses the physical space, Sukoon also completed the redesign plans of its IECC facility with self-sufficiency in capital requirements. Renovation is currently underway and is expected to boost operations when finished. Key efforts were also made under corporate governance this year including the hiring of a new CEO and CFO alongside enhancing controls through the development of board committee charters, updating policies and procedures and establishing an Internal Audit function.

Outlook

Sukoon will continue to focus on its turnaround strategy, which commenced in 2019, by increasing its operational capacity, identifying new revenue streams, diversifying its client portfolio and rightsizing its cost base. Enhancing working capital and excess cash management also remain a priority in 2020. Separately, Sukoon continues to enjoy reputable accreditations as a vote of confidence in the quality of its services. It plans to advance in reviewing its policies and procedures, and will expand on the hands-on risk management structure it put in place in 2019 by creating an Audit & Risk Committee and an Internal Audit function. The appointment of Sukoon's new management team, including a CEO, CFO and CMO, will help ensure successful implementation. Next to streamlining operations within the company, these initiatives are also expected to improve profitability and pave the way for Sukoon's integral role within Amanat's healthcare platform.

HEALTHCARE INVESTMENTS (CONT'D)

International Medical Center (IMC) KSA

13.13% Amanat's Stake

IMC is renowned for its top-class multi-disciplinary tertiary healthcare services, geared towards the high-end segment of Western Saudi Arabia. The hospital's wide range of services and comprehensive treatments are delivered by specialized experts, certified by the US, Canadian and European healthcare systems. IMC is currently capable of hosting up to 300 patients with its state-of-the-art facilities.

Specialization
Multi-disciplinary

Date(s) of Acquisition
December 2016

Investment Thesis

IMC capitalizes on market drivers for growth in the KSA, which are summarized in the increase of the Kingdom's elderly population, an elevation in the levels of obesity, diabetes and other lifetime diseases, and a scarcity in specialized facilities that cater for tertiary patients. In addition, the recent roll out of mandatory health insurance laws in the Kingdom will play a considerable role in highlighting IMC's unique service propositions, positioning it as a healthcare partner of choice.

Further reinforcing the hospital's market position and potential future successes is its strong reputation in Jeddah, which comes as a result of IMC's strong management and their efforts in implementing initiatives that boost operational efficiency and patient satisfaction levels. The hospital also rests on a stable, cash-rich financial position and a wealth in land bank, which gives it room for substantial growth.

300
Operational beds

AED **360** MN
Amanat's investment

Financial Review

IMC's revenues remained largely flat in 2019, recording SAR 1,201.0 million in comparison to 2018's SAR 1,178.7 million. The decline in net profit reflects a one-off other comprehensive income (OCI) recorded in FY2018 related to the accounting treatment of pensions, which inflated last year's bottom line. Factoring out this OCI, net profit would have recorded a 0.4% year-on-year increase.

Operational Review

The hospital's corporate strategy in 2019 prioritized action points that would push its expansion plans forward. Among these points was the bolt-on acquisition of First Clinic, a medical complex located in North Jeddah. This was immediately followed by the financial, operational and strategic integration of the complex into IMC's healthcare platform, which provided the hospital with increased capacity, stronger operational synergy and solid financial prospects driven by the complex's successes. Moreover, IMC approved the construction of a new tower in 2019 that is expected to increase the hospital's functional space by 50% and therefore further accommodate all sub-specialties and double its ICU and ER capacities. The extensive developments pushed forward by the hospital are now governed by a five-year growth strategy, drafted and put in place in 2019.

In corporate governance, in addition to a full C-suite now in place, IMC succeeded in introducing a new ERP system in 2019 to streamline its internal operations, with a particular focus on financial optimization through the integration of an IFRS-compliant mechanism. The hospital is also upgrading its health information systems (HIS) to maintain seamless medical record and general data keeping.

Outlook

IMC will be concentrating its efforts on implementing a long-term, 5-year growth strategy that will optimize its operational efficiency. These efforts include cost rightsizing initiatives and the evaluation of growth opportunities that will be funded by the company's internal resources. One such imminent project is the organic expansion into a medical tower, adjacent to the main hospital. IMC will also continue identifying inorganic growth opportunities akin to the acquisition of the medical complex in North Jeddah which it completed during 2019. Moreover, IMC's internal IPO readiness exercise is ongoing. The hospital is also in the process of optimizing its capital structure to support its future expansion plans. IMC's governance efforts in the coming period will include finalizing an evaluation of its current organizational structure and potential human capital requirements, to accommodate expansion plans and augment senior management with new talent that can deliver on those strategies.

HEALTHCARE INVESTMENTS (CONT'D)

Royal Hospital for Women and Children (RHWC) Bahrain

69.3% Amanat's Stake

RHWC is one of Amanat's youngest ventures and the only specialized private hospital in the Kingdom of Bahrain that offers women's and children's healthcare services. Its world-class services encompass end-to-end holistic care for women that includes maternity, gynecology, IVF, aesthetic and other surgical services, as well as general and surgical pediatric offerings. The hospital is the only private facility in Bahrain with level 3 NICU beds and is equipped to host 28 patients in total, with growth initiatives currently rooted in an operational ramp up that will see it offer more services and a wider host of physicians.

Specialization
Women's and children's healthcare

Date(s) of Acquisition
August 2018

Investment Thesis

The hospital's unique offering in Bahrain puts it at the forefront of its subsector, particularly with women seeking the best possible private medical care. It also enjoys limited competition, especially in the affluent area where it is situated. In addition, RHWC draws substantial strength from its top tier, advanced infrastructure and state-of-the-art medical equipment, a prime example of which is its level 3 NICU capabilities, allowing it to cater to versatile medical needs and emergencies. It also posed limited execution risk at the time of the investment given that the construction and procurement of the hospital were complete at the time.

RHWC also sits on a convenient, long-term lease and a land bank, both of which will facilitate its physical expansion when desired.

28
Operational beds

AED 142 MN
Amanat's investment

Financial Review

RHWC began operations in Q2 2019 and recorded revenues of BHD 0.4 million in 2019, driven primarily by obstetrics, gynecology and general pediatric services. The facility's ramp up incurred a net loss of BHD 3 million but is expected to yield favourable returns on the back of new offerings and services that were launched toward the end of the year.

Operational Review

RHWC's corporate strategy led to the successful launch of 90% of its services, including obstetrics, gynecology and general pediatric services, throughout 2019. The hospital went on to prioritize the recruitment of the remaining personnel for its clinical team, to make the launch of all services possible by year-end, and increased the number of insurance companies on its roster, which stretched coverage to c.60% of the Bahraini market. Under corporate finance, RHWC was able to complete its funding requirements in 2019 and is now prepared to feed its CAPEX investments and incoming operational growth. Numerous corporate governance initiatives also took place to solidify the hospital's offerings, including the development of an authority matrix along with governance policies across all department. Financial and operational KPI's have been implemented to track each departments performance and will be linked to the operator's variable compensation. Between March and December 2019, RHWC marked the birth of 100 infants under its care.

Outlook

A series of prospects are in the pipeline for RHWC, as it ramps up its operations in a market where demand for quality specialized care is undersupplied. The hospital's strategy is focused on providing holistic preventative, medical, and surgical care for women and children. It will continue forming partnerships with institutions and insurance companies while increasing the scope of its coverage across the Bahraini healthcare market. Renumeration structures have also been put in place to attract leading physicians; along with expanded referral networks with healthcare providers in Bahrain and East KSA, these initiatives are expected to steadily increase patient volumes. Amanat will work closely with the hospital's operator to monitor established operational and financial KPIs, which promote timely reporting of performance and quality of care. These initiatives will support in driving RHWC to break even and strengthen its market position.

EDUCATION INVESTMENTS

táaleem inspiring young minds

Taaleem Holdings PSC (Taaleem) UAE

21.7% Amanat's Stake

Taaleem is one of the United Arab Emirates' leading education holding companies, with eight institutions to its name in Dubai and one in Abu Dhabi. The company is one of the largest providers of early childhood, primary and secondary education in the country, and delivers top-class teaching through British, American and International Baccalaureate® curricula, as well as multi-lingual early childhood programs. Around 9,000 children are currently enrolled across Taaleem's different institutions in the UAE.

Specialization
K-12 and early learning

Date(s) of Acquisition
April 2016 and December 2017

Investment Thesis

Prospects remain solid for Taaleem in the UAE thanks to a strong reputation and successful positioning in the Emirati market, and with demand for quality K-12 education currently on the rise. The company's scalable business model, education management capabilities, and strong corporate governance are a recipe for success that can be flexibly applied to different markets across and beyond the UAE.

Moreover, the company's asset-heavy, low-leverage balance sheet showcases a pleasing capacity for provision of funds when it is prepared to expand its services and capacities. Strategic expansion, particularly in Abu Dhabi to further complement the company's strong presence in Dubai, would underline Taaleem's desire to expand using an integrative model that brings together all its institutions under one all-encompassing umbrella.

9,000
Number of students

AED 198 MN
Amanat's investment

Financial Review

Taaleem saw an increase of 2.5% year-on-year in FY18/19 revenues to AED 512 million, attributed to a rise in enrollment rates and average revenues per student. The revenue increase in the academic year 2018/2019, along with the company's cost-optimization initiatives, have resulted in strong EBITDA margins of 26.7% despite a Dubai-wide tuition fee freeze in 2018/2019.

Operational Review

Taaleem's corporate governance efforts in 2019 saw it successfully introduce Alan Williamson as its new Chief Executive Officer as well as several key leadership positions. Under its new leadership, the company approved new expansion plans in 2019 in line with its corporate strategy in the form of the fully funded Al Raha 2 school, Taaleem's second venture into the Abu Dhabi market. FS1 and FS2 are scheduled to begin operation in September 2020, in time for the academic year 2020/2021.

Outlook

Taaleem will remain focused on implementing its expansion strategy and assess organic growth prospects as well as add-on acquisitions. The strategy includes the launch of Al Raha International School 2, which is an expansion of Taaleem's very successful school in Abu Dhabi. Taaleem is also reviewing its organizational structure to ensure it is optimized to deliver on its expansion strategy.

The expansion strategy is supplemented by careful assessment of the company's optimal funding strategy for growth, with the aim of improving shareholder returns and leveraging the company's strong balance sheet.

Additionally, the company continues to focus on increasing student enrollments given available capacity at existing schools. To achieve student growth, Taaleem is introducing new marketing initiatives aimed at highlighting its compelling value proposition. Concurrently, the Amanat team is working closely with management on the implementation of efficiency and cost-management initiatives to help drive profitability.

Finally, the company will remain true to its vision of delivering exceptional academic quality, which is expected to translate into improved school ratings in the coming academic periods, further strengthening Taaleem's market position.

EDUCATION INVESTMENTS (CONT'D)

شركة جامعة أبو ظبي القابضة
Abu Dhabi University Holding Company

Abu Dhabi University Holding Company (ADUHC) UAE

35%
Amanat's Stake

ADUHC's 15-year track record in the market has solidified its reputation as a specialized leader in private higher education across Abu Dhabi and Al Ain. With over 7,500 students currently enrolled across its institutions and thousands of individuals trained through its corporate training solutions companies, ADUHC is looking to accelerate its progress to quickly ascend to the position of a leading provider of private higher education in the UAE.

Specialization
Undergraduate and post-graduate studies

Date(s) of Acquisition
March 2018

Investment Thesis

The company's positioning as the leading provider of premium, private higher education in Abu Dhabi and Al Ain, coupled with its recent expansion to Dubai and Al Dhafra, shows great potential for further expansion in its current cities and beyond. Its 38% market share in Abu Dhabi is testament to scalability and growth potential that will see it easily attract more individuals on account of its reputation as a creator of successful educational facilities.

ADUHC's diversified offerings, between higher education, vocational studies and corporate training, add a competitive edge to the company in comparison with other Abu Dhabi-based private education institutions. This also provides the company with a diversified revenue base, as well as substantial infrastructure that supports different educational arms. The company also enjoys an extensive land bank that will facilitate its growth plans and ventures.

7,500
Number of students

AED 330 MN
Amanat's investment

Financial Review

ADUHC recorded AED 494.5 million in FY18/19 revenues, a 7.6% year-on-year contraction due to a decrease in corporate training revenues, military contracts and lower credit hours per student. The net profit decline of 22.9% year-on-year was mainly attributed to the one-time gain of AED 16.4 million recorded in the comparative FY17/18 period, related to the sale of an asset.

Operational Review

In 2019, and in realization of its quest for smart expansion, ADUHC successfully launched the new Health Sciences College in time for the academic year 2019/2020. The university also added multiple courses and programs in business and engineering to its roster this year, and prioritized efforts to further strengthen its management team, which has reinforced its adherence to its corporate expansion strategies. In parallel and in line with its plans, ADHUC successfully secured funding for an additional campus in the area of Al Ain, expected to launch in 2021.

Outlook

Looking ahead, ADUHC will continue to introduce new programs aligned to the demands of the employment market, while focusing on executing its international student recruitment strategy. The team at Amanat is supporting the growth strategy through the formulation of business development initiatives, such as the expansion of the university's agent network, the increased targeting of international students, as well as third-party agreements with institutions that can offer a range of valuable, tailored courses.

The university is also implementing a cost rightsizing initiative and reassessing program profitability per campus to help maximize returns. On the expansion front, ADUHC has secured funding for ADU's new campus in Al Ain that is earmarked for operations starting in September 2020, and is screening for suitable acquisition targets in new geographies.

ADUHC's priority in the coming period will be on maintaining its excellent academic standards and obtaining further recognition and certifications to incite further interest to its institutions.

EDUCATION INVESTMENTS (CONT'D)

Middlesex University Dubai (MDX) UAE

100% Amanat's Stake

Established as the first overseas campus of the internationally-renowned Middlesex University in London, this campus offers top-quality UK education and a UK degree, mirroring the London campus experience. It currently caters to more than 3,200 students of over 100 nationalities, using the same validation and monitoring system as the London campus. The university is constantly introducing new programs, and exploring opportunities for developing and growing its offerings and facilities.

Specialization
Undergraduate and post-graduate studies

Date(s) of Acquisition
August 2018

Investment Thesis

Middlesex is currently growing within an already sizeable and expanding private higher education market segment, expected to maintain a 7% CAGR through to 2022. The university's competitive edge lies in its unique value proposition of affordable tuition fees that offer high quality education and a leading UK degree in return. It has already proven itself successful against competitors in the Dubai market, with its enrollment growth topping the overall market's. Among the advantages that the university additionally showcases is an asset-light business model and debt-free operations. Its robust financial profile, coupled with cash-generative and negative working capital business models, give it the required support for rapid and effective expansion.

3,200
Number of students

AED 419 MN
Amanat's investment

Financial Review

Middlesex Dubai's revenues grew by 5% year-on-year in FY18/19 to AED 125.1 million, with net profit rising by 4.1% year-on-year to reach AED 33.2 million. These increases come on the back of increased enrollments of 9.5% at the university and were further supported by cost reduction initiatives implemented since being acquired by Amanat.

Operational Review

The university's corporate strategy saw it make impressive strides in 2019, including the finalization of the lease agreement for a 20% increase in lecture hall space. The additional capacity, which will be launched in September 2020 in the Dubai Knowledge Park, will accommodate the continuous increase in student numbers and the introduction of new programs, nine of which were introduced in September 2019. In addition, and to further encourage international students to study at the university, a tailored acquisition and marketing plan was developed to strategically market the university as a higher education institution of choice in the GCC and MENA regions. Middlesex Dubai assessed international expansion opportunities in other markets. Finally, and to ensure management's optimal involvement, a long-term management incentive structure with corresponding KPIs has been implemented.

Outlook

In 2020, Middlesex Dubai will continue introducing innovative new programs to prepare its students for an evolving macro environment, while driving efficient operations and steady growth. The university will also continue efforts to identify opportunities to provide higher education services across selected markets in the Middle East, Africa and Asia. This initiative, supported by Middlesex University UK, will potentially enable the formation of new branch campuses and the development of multi-campus programs, while maintaining the highest standards of quality for all students. With respect to corporate governance, Middlesex Dubai completed a review and audit of existing financial policies and procedures. This will be followed by a risk assessment of all organizational functions, with the aim of structuring a 3-year audit plan that ensures the highest organizational standards and governance practices. Finally, to ensure management's ongoing and optimal involvement, a long-term management incentive structure will be established.

EDUCATION INVESTMENTS (CONT'D)

Real Estate Assets of North London Collegiate School Dubai

North London Collegiate School Dubai (NLCS) UAE

100%
(of real estate)
Amanat's Stake

Specialization
K-12
(real estate acquisition)

Date(s) of Acquisition
June 2018

Amanat's acquisition of NLCS' real estate marked its first venture into the social infrastructure sector, which complied with the Company's vision of diversifying its education investment portfolio. This acquisition showcases Amanat's interest in stable assets that generate attractive yields and recurring long-term income.

NLCS is a premium International Baccalaureate® (IB) curriculum K-12 school located in Dubai, of which Amanat owns 100% of its real estate assets. Amanat acquired the real estate assets in March 2018 with the intent to invest in a stable asset class than would generate attractive yields and recurring income for the Company.

During the past two years, NLCS managed to triple the number of students to reach almost 800 as of September 2019, which triggered the decision to expand the school to accommodate an additional 1,000 students in a phased approach starting in September 2020, which will be funded by Amanat.

N/A
Number of students

AED **385** MN
Amanat's investment

AMANAT'S APPROACH TO SUSTAINABILITY

As it looks to embed sustainable practices across its business and surrounding communities, Amanat combines sound investment qualities and themes with consistent efforts that champion developmental and social impact. Amanat and its portfolio companies have adopted a series of initiatives that aim to drive self-sufficiency across current and future generations by creating a lasting positive impact.

Mobilizing Multi-lateral Effort

Amanat chooses to contribute to a diversified range of corporate social responsibility (CSR) programs that extend its reach and impact across multiple areas of progress and segments of society. Through the efforts of its teams across the holding company and the portfolio companies, a number of events, campaigns and competitions took place in 2019 that were themed around innovation; environmental awareness, climate change and green action; social contribution; and individual empowerment.

Social Responsibility

The Family Village Iftar

Amanat remains proactive on the social contribution front as it completes initiatives in alignment with its vision to support children and empower generations to come. In 2019 and during the holy month of Ramadan, the Company organized an iftar at the Family Village, a home for orphans established under the patronage of His Highness Sheikh Mohammed Bin Rashid Al Maktoum in 2015 in Al Warqa, Dubai. Amanat employees gathered with nearly 30 children of varying ages to share a meal and participate in creative and sports activities, with a high-energy and rewarding evening enjoyed by all. The team was also pleased to show support to the orphanage staff, whose dedication further empowers the growth and success of the children.

RHWC's Year-Round Events

In 2019, RHWC launched a series of events that celebrate medical achievements and personnel, and raise awareness on prevalent medical issues, which it hosted at various community locations. The hospital celebrated World Health Day with an awareness event at Princess Sabeeka Park, followed by an International Nurse Day and Doctors Day at its headquarters. Moreover, with October being breast cancer awareness month, the hospital hosted a variety of presentations and events at the Gulf Hotel, Shaikha Hessa School, Royal University for Women, Gulf Air, Bahrain Bayan School and the University of Bahrain. RHWC also hosted an antenatal class at its headquarters for expectant mothers, and dietary awareness, and children's dental awareness classes at Shaikha Hessa School.

Environmental Action

Reduce, Reuse, Recycle

Middlesex Dubai constantly looks for ways to further align its policies and activities with the UAE's 2021 vision to divert 75% of all waste from landfills to closed-loop recycling, aspiring to become a leader in environmentally friendly practices in the country. The university recorded a milestone in 2019 by becoming the first university in the UAE to introduce a sustainable recycling system, and subsequently produce recycled everyday products such as clothing and accessories. It partnered with #SimplyBottles, a program that recycles PET plastic and reduces plastic pollution, and proceeded to launch the "Reduce, Reuse, Recycle" initiative through its Institute of Sustainable Development (ISD).

Through this initiative, Middlesex Dubai encouraged staff and students to increase their efforts in recycling plastic water bottles. The university also worked to foster sustainable behavioral change that leads to the gradual elimination of single use plastic on campus, and weaves environmental awareness into everyday practices. Over 150 students were actively involved in promoting the initiative through a week of activities in October, in an effort to educate and inspire future generations. They also raised awareness on the importance of clean, green living and the small ways in which individuals can make significant strides to protect the planet. Furthermore, the ISD equipped students, staff and faculty members with reusable water bottles and cups, and installed water dispensers and easy-to-use recycling stations across campus.

Further to this, Middlesex Dubai's "Serious About Sustainability" week took place in October 2019. The event was launched in collaboration with ISD to boost recycling efforts on campus and promote sustainability-friendly behaviours. An exceptional level of commitment was demonstrated, with students creating educational games and other activities to raise awareness on the importance of recycling and its potential positive impact on the environment. Within hours of the week's proceedings ending, over 2,500 bottles had been collected from the newly installed recycling bins.

Green Awareness Competitions

Middlesex Dubai's Department of Accounting and Finance organized a CSR poster-making competition in collaboration with ISD. This unique concept was proposed with the objective of raising awareness that a business should not only consider its profitability, but also its impact on society and the environment. The university also launched a competition where students were asked to design a t-shirt to raise awareness of sustainable practices.

Sustainability Through Innovation

The ERPBSS Conference

In January 2019, Middlesex Dubai hosted its fifth consecutive Emerging Research Paradigms in Business and Social Sciences (ERPBSS) conference, and centered its topics around Dubai Expo 2020's themes of sustainability, mobility and opportunity. The conference provided academics with a platform to discuss the adoption and application of concepts, methodologies, and practices that foster the subthemes of inclusivity, tolerance, empowerment, creativity, and innovation in education. Over 180 delegates attended the 2019 event, including researchers, practitioners, and professionals from various disciplines, representing over 60 universities and institutions from the UAE and around the world.

Recognizing the Institute for Sustainable Development

The Institute of Sustainable Development at Middlesex Dubai was recognized by the Dubai Chamber of Commerce & Industry for its exceptional efforts in placing major environmental awareness issues at the forefront of its advocacy. Throughout 2019, the Institute executed a number of initiatives, among which were the "Serious About Sustainability Week 2019", "World Without Waste", "Reduce, Reuse, Recycle", and more ongoing internal campaigns. Its "Simply Bottles" campaign, deployed during the course of its sustainability week event, aligned with the efforts of the Chamber to encourage environmentally responsible practices.

Hosting Eco-Warrior Kehkashan Basu

Middlesex Dubai's Business and Media schools joined efforts to host global eco-warrior Kehkashan Basu, who is a recipient of the "International Youth Peace" award, the creator of a global network of environmentalists, and a renowned speaker on human rights, climate change and gender equality. The event, attended by 40 students, was organized with the support of the global Green Hope Foundation, and contributed to the efforts of former US Vice President Al Gore's "Climate Reality Project" campaign, which aimed to schedule 24 hours of talks on climate change around the world, with trees planted on behalf of every attendee. The university's attending journalism students were also tasked with producing shareable content from Kehkashan's talk, raising awareness of global efforts to tackle the climate crisis.

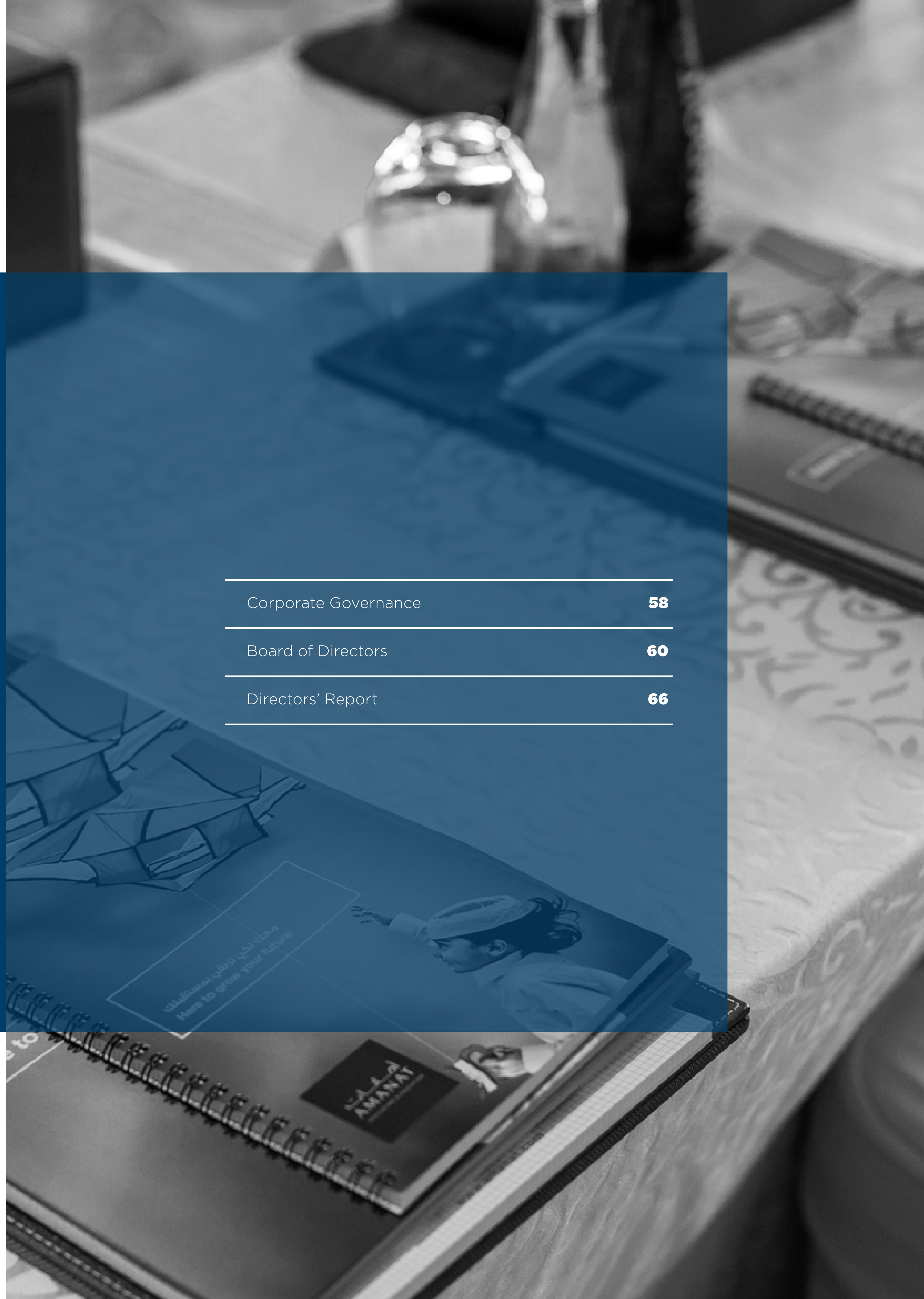
The BCS Conference

Middlesex Dubai hosted its BCS ICT Conference and Annual Student Research Conference in October 2019 in line with the university's commitment to improve student experiences, provide innovative opportunities, and align its goals with national objectives in the UAE. This year, the conversation was centered around the themes of tolerance, sustainability, and women empowerment, with over 50 students from universities across the region participating. The conference welcomed abstracts from students with a focus on discussing, supporting, or challenging contemporary theory and practice through research and technology.

ISD Outreach Session

ISD regularly conducts training on sustainability and gender equality for stakeholders in the UAE and the US, and advocates for the United Nations Sustainable Development Goals (SDGs) through outreach, research, and training. In 2019, an outreach session was conducted at Middlesex Dubai by Dr. Belisa Marochi, Head of ISD, and Environmental Lead, Andrew Mackenzie, for a study tour group of over 15 visitors from Japan. During the session, Dr. Marochi introduced the Institute's practices in advancing sustainable development across the university and the surrounding community. She also provided information on the university's memberships in the Women's Empowerment Principles (WEPs) Committee in the UAE, and the United Nations Global Compact (UNGC), whose 10 principles – rooted in human rights, labor, environment and anti-corruption – aim to advance societal goals.

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

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

Amanat develops its corporate governance frameworks by adopting best-in-class standards and internal controls that protect the interests of all stakeholders. The Group continuously develops and adapts its governance structures in accordance with the rules and regulation set by the Dubai Financial Market and the Securities and Commodities Authority.

The continual development of Amanat's governance framework is testament to the Company's adaptation to important changes in shareholder engagement, which continues to be a key matter for the Company, the Board and the management. In 2019, Amanat assumed increased levels of proactive engagement with its shareholders, dedicating important resources to governance issues, outreach and the development of applicable policies, including the development of governance frameworks for Amanat's portfolio companies.

Amanat's Board continues to disclose major events and substantial decisions and clarify all matters relating to the Company's status and activities. It has laid down suitable development programs for all Members of the Board to improve their knowledge and skills and ensure effective participation in the Board.

In compliance with Law no. 4/2000 and MDN 14/2017, the Board of Directors attended an introductory session on best governance practices by Hawkamah Institute. Amanat's General Counsel and Company Secretary continues to be a Hawkamah Institute-certified Board Secretary.

"Amanat develops its corporate governance frameworks by adopting best-in-class standards and internal controls that protect the interest of all stakeholders

BOARD OF DIRECTORS

Amanat's Board of Directors is comprised of seven members, a majority of whom are UAE Nationals, including the Chairman. The majority of the Board are Non-Executive Directors and a third of the Board Members are Independent Directors in accordance with the rules and regulations relating to the formation of Boards. Additionally, female representation on Amanat's Board is 29% subsequent to the appointment of Ms. Sara Khalil Nooruddin and Ms. Elham Al Qasim as Board Members.

H.E. Hamad Abdulla Al Shamsi

Chairman

H.E. Al Shamsi has over two decades of experience in overseeing businesses across multiple disciplines, including financial services and investments. Parallel to his role in Amanat, he holds the position of CEO at International Capital Trading, a private investment company specializing in large-scale real estate development projects. He is also the Chairman and Board Member of several leading government and private entities across the business, finance, aviation, media, and services fields, which include Dubai Islamic Bank, Kuwait Food Company, and Marka Holding. Prior to this, H.E. Al Shamsi served in the Abu Dhabi Investment Authority before moving to the private department of His Highness, the late Sheikh Zayed Bin Sultan Al Nahyan. His former board appointments include Abu Dhabi Securities Exchange, Media Zone Authority, Abu Dhabi Council for Economic Development, and Abu Dhabi Airports Company.

Dr. Shamsheer Vayalil

Vice Chairman and Managing Director

Dr. Vayalil has a wealth of experience in healthcare development. Alongside his role in Amanat, Dr. Vayalil also serves as Chairman and Managing Director of VPS Healthcare, one of the region's leading healthcare groups in the Middle East. Under his leadership, the group succeeded in expanding its operations into four countries through 22 hospitals and over 125 medical centers, as well as establishing one of the largest pharmaceutical plants in the UAE. Dr. Vayalil is also an active member of the UAE Medical Council, the Advisory Board at the University of Sharjah's Faculty of Medicine, the Board of Directors of Abu Dhabi University, and the Board of Directors of Kannur International Airport Ltd. He is also a member of Kerala Non-Resident Keralites Welfare Board, a quasi-judicial entity established in the Indian state of Kerala to protect the rights, interests and properties of non-resident Indians.

H.E. Mohamed Bin Thaaloob Al Derei

Non-Executive Board Member

H.E. Al Derei has extensive experience across investment and sports operations and holds a range of board memberships at leading holding companies and federations. H.E. Al Derei serves as Chairman at both Al Qudra Holding Company and Al Ain Club Investment Company. He is also a Board Member at the Abu Dhabi Co-operative Society, the National Investment Corporation, and Manazel Real Estate Company (PSC). His positions across sports organizations include President of the UAE Judo & Wrestling Federation, Honorary President of the Arab Judo Federation, Board Member at Abu Dhabi Sports Club, Honorary Board Member at Al Ain Sports and Cultural Club, and Board Member and Secretary General at Abu Dhabi Country Club. H.E Al Derei holds a Bachelor of Business Administration and an MBA from the United Arab Emirates University. He is also a graduate of the prestigious Zayed Military College.

H.E. Hamad Rashed Nehail Al Nuaimi

Non-Executive Board Member

H.E. Al Nuaimi's career spans over 22 years of dedication to the growth of the region. He holds several executive positions and serves on the boards of numerous top tier investment, real estate and public sector institutions. H.E. Al Nuaimi is the Managing Director of the office of His Highness Sheikh Dhiab Bin Zayed Al Nahyan and His Highness Sheikh Nahyan Bin Zayed Al Nahyan. He also serves as Executive Director at the Ministry of Presidential Affairs, Chairman at Electronic Stock and Brokerage Co., and Managing Director at Reem Investments. H.E. Al Nuaimi also holds chairman and board member positions at several leading government and private institutions, such as 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, among others.

H.E. Hamad Buamim

Non-Executive Board Member

H.E. Buamim has accumulated vast experience in propelling businesses forward throughout his career. He has been President and CEO of the Dubai Chamber of Commerce and Industry since 2006 and assumed the role of Chairman of the Paris-based World Chambers Federation - International Chamber of Commerce (ICC) in January 2019. H.E. Buamim is also a Board Member at Dubai World and Dubai International Financial Center (DIFC), and is acting Chairman at National General Insurance PJSC. Prior to this, he served as Chairman at Emirates Financial Services, Emirates NBD Capital, and Hawkamah, the corporate governance institute. He was also a Board Member at the UAE Central Bank, Emirates NBD, and Network International. H.E. Buamim holds an MBA with honors in Finance from the University of Missouri, Kansas City. He also obtained a Bachelor of Science with Magna Cum Laude in Electrical Engineering from the University of Southern California, Los Angeles.

Mrs. Sara Khalil Nooruddin

Non-Executive Board Member

Mrs. Nooruddin has a breadth of experience in private investing. She is currently Head of Private Investments at Osool Asset Management – the investment arm of the Social Insurance Organization and the Military Pension Fund –, where she is responsible for sourcing, evaluating and monitoring fund managers and investment opportunities on a global scale. She has been with Osool since 2013, and her efforts cover multiple asset classes, namely private equity, real estate, infrastructure and private debt. Prior to this, Mrs. Nooruddin was a Private Equity Analyst at Gulf International Bank (GIB). She currently serves on the Board of Aegila Capital Management, a London-based real estate company, the Royal Hospital for Women and Children (RHWC) in Bahrain, and was previously on the Board of the Gulf Medical and Diabetes Center. Mrs. Nooruddin holds a BBA with a concentration in finance from George Washington University, and is a certified Chartered Financial Analyst (CFA).

Ms. Elham Al Qasim

Non-Executive Board Member

Ms. Al Qasim is an investment, asset management and digital strategy expert. She is currently the CEO of Digital14, leading the organization's 1,000 staff members in delivering innovative digital solutions. Prior to this, Ms. Al Qasim occupied executive positions across global investment and asset management companies. She was CEO of the Abu Dhabi Investment Office (ADIO), and Executive Director of the Ghadan 21 program, a three-year AED 50 billion investment program. Prior to this, Ms. Al Qasim was Director of Mubadala Investment Company and was part of the executive leadership team of Emirates Global Aluminium, where she delivered a two-year post-merger integration program. She was also part of JP. Morgan's London-based Global Diversified Industrials team. Ms. Al Qasim has served on a number of boards and is currently a Board Member of the publicly listed International Holding Company and the Khalifa Fund. She holds an MSc from the School of Social Policy at the London School of Economics and a Bachelor of Business from the American University in Dubai.

Board of Directors' Responsibilities

The Board of Amanat is responsible for overseeing, counselling and directing the senior management and the Board Committees while ensuring the effective leadership of the Group in order to deliver sustainable value to Amanat's stakeholders through the implementation of Amanat's principle business activities and strategies. Among its key duties and responsibilities, the Board adopts Amanat's strategic approaches and objectives; sets the code of conduct for the Board and the Company including the rules for insider information and conflicts of interest; establishes and reviews mechanisms to ensure internal compliance and adherence to regulatory frameworks for risk management; ensures the soundness of administrative, financial, and accounting systems; sets the responsibilities, training and conduct of Board Members; sets a mechanism for receiving shareholders' complaints and proposals; and sets policies that regulate the Company's relationship with its stakeholders as well as disclosure and transparency policies, in addition to policies related to the distribution of the Company's profits in a manner that serves in the best interests of the shareholders and Company alike.

Internal Control and Compliance

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.

General Counsel and Company Secretary

The General Counsel manages the provision of legal services rendered to Amanat to guard its interests, its legal rights and to maintain its operations within the limits prescribed by the governing laws and regulations. The General Counsel provides strategic guidance, consultation, and support to senior officers of Amanat on its day-to-day operations. The General Counsel's role is to understand the strategy and objectives of the business and effectively communicate the risks and legal issues involved in any decision to senior officers. This enables Amanat's management to evaluate its choices within an acceptable legal risk profile.

Investor Relations

Amanat Holdings' Investor Relations function integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between the financial community and other constituencies. Amanat Holdings' Investor Relations Framework is a set of guidelines for the planning and execution of key objectives and mapping of KPIs and yearly targets including developing a full and fair valuation for Amanat Holding securities; ensuring compliance with SCA and DFM regulations; establishing, maintaining and rebuilding investor confidence; keeping the management informed on market perception and key trends; and timely disclosure to investors as well as managing the information disclosure to the investment community in addition to creating awareness, both internally and externally, of investor relations.

Board Committees

The Board of Directors established the Board Committees to assist it in achieving its duties and responsibilities. The committees report directly to the Board and comprise the Audit Commiteee, Nomination and Compensation and Benefits Committee, and the Strategy and Investment Committee.

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.

In the Company's Board of Directors Meeting held on 3 November 2019, the Committee was reconstituted to comprise:

Mr. Hamad Al Nuaimi	Chairman
Mr. Mohamed Al Derei	Member
Ms. Sara Khalil Nooruddin	Member
Mr. Laith Alfraih	External Professional Member

Audit Committee Responsibilities

The Audit Committee assumes the following duties:

- Overseeing, reviewing and assessing the effectiveness of the Company's corporate governance, disclosure, internal control, and risk management systems;
- Reviewing the Company's financial and accounting policies and procedures;
- Monitoring the integrity of, and reviewing, the Company's financial statements and reports (annual, semi-annual and quarterly);

- Coordinating with the Board and management for the purpose of performing their duties;
- Considering important and unusual clauses that are, or shall be, mentioned in any of the reports and accounts and paying the required attention to any of the issues brought up by management or the external auditor;
- Submitting a recommendation to the Board in respect of the selection, resignation or discharge of the external auditor, and in case the Board rejects such recommendation, the Board shall include in its annual governance reports a statement clarifying the recommendation of the Committee and the reasons for the Board's rejection of such recommendation;
- Setting and implementing the policy of engagement with the external auditor and submitting a report to the Board along with its recommendations specifying the procedures the Committee deems necessary to be taken in this regard;
- Ensuring the external auditor's compliance with the applicable laws and regulations and the constitutional documents of the Company and following up and monitoring the independence of the external auditor;
- Meeting at least once annually with the external auditor without the presence of management and discussing with the external auditor the nature and scope of the auditing process and its effectiveness according to the approved auditing standards;
- Overseeing all that is related to the external auditor's roles, responsibilities, work plan, correspondence with the Company, comments, proposals, concerns, and any substantial inquiries made by the external auditor to management concerning accounting books, financial accounts or control systems, and following up on the Board's response thereto and the provision of the facilities required;
- Ensuring timely response by the Board to inquiries, clarifications, and substantial matters raised by the external auditor;
- Discussing the internal control system with the Board and ensuring the implementation of an effective system for internal control;
- Considering the results of any investigations conducted on the internal control systems and discussing the same with the Board;
- Reviewing the external auditor's assessment of internal control procedures and ensuring coordination between the internal auditors and the external auditor;
- Ensuring the availability of the resources required for the internal control department, and reviewing and monitoring the effectiveness of such department;
- Studying internal control reports and following up on the implementation of corrective measures for the remarks highlighted in such reports;
- Setting the rules that enable the Company's staff to confidentially report any potential violations in financial reports, internal control, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations;
- Reviewing the effectiveness of the Company's programs to ensure compliance with legal and regulatory requirements and the code of conduct;
- Reviewing related-party transactions with the Company, managing conflicts of interests, and submitting recommendations concerning such transactions to the Board before executing such transactions;
- Ensuring implementation of the Code of Conduct related to the Committee's duties and powers assigned to it by the Board;
- Submitting reports and recommendations to the Board concerning any or all of the above; and
- Considering any other issues determined by the Board.

Audit Committee Meetings and Attendance

The Committee Members were unable to convene the meetings prior to the scheduled Board meetings. The Board assumed the role of the Committee and considered the matters of importance.

Nomination and Compensation and Benefits Committee

The Nomination and Compensation and Benefits 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 once during the year.

In the Company's Board of Directors Meeting held on 3 November 2019, the Committee was reconstituted to comprise:

Mr. Hamad Buamim	Chairman
Mr. Hamad Rashed Nehail Al Nuaimi	Member
Ms. Sara Khalil Nooruddin	Member

Nomination and Compensation and Benefits Committee Responsibilities

The Nomination and Compensation and Benefits Committee assumes the following duties:

- Setting a policy for nomination of Members of the Board and executive management with the aim of achieving gender diversity on the Board and encouraging female nominees by offering privileges, training and motivational programs, and submitting a copy of such policy to the Securities and Commodities Authority (and any amendments thereof);

- Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations;
- Verifying permanency of independence of independent Board Directors — whereby the Committee shall inform the Board of violation of independency terms and the Board shall accordingly notify the concerned Board Director in writing through registered courier to his or her address with justifications of non-independence. The challenged Board Director shall then respond to the Board within 15 days and the Board shall accordingly determine on the independence or not of the Board Director at the first meeting following rejection of the Board Director or termination of above timeline;
- Drafting and annually reviewing the remuneration, benefits and incentives policies concerning Board Directors and employees of the Company, and ensure that remuneration and benefits granted to the senior executive management of the Company are reasonable and in line with the Company's performance;
- Annually reviewing the skills required for Board membership and determining the required capabilities and qualifications for Board membership, including the time required by a Member to carry out his or her duties as a Board Member;
- Reviewing the Board structure (and Board membership representation at the subsidiaries) and submitting recommendations to the Board regarding the changes that may be made;
- Identifying the Company's needs for qualified staff at the senior executive management level and employees and the basis of their selection;
- Drafting the Company's Human Resources and Training Policy, supervising its implementation and annual review thereof;
- Organizing and following up on procedures for Board candidates in accordance with applicable laws and regulations and the provisions of this Charter.

Strategy and Investment Committee

The Strategies and Investment 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.
The Committee is comprised of:

Mr. Hamad Abdulla Al Shamsi	Chairman
Mr. Hamad Rashed Nehail Al Nuaimi	Member
Dr. Shamsheer Vayalil	Member
Ms. Sara Khalil Nooruddin	Member
Mr. Tristan de Boysson	Member
Dr. Mohamed Hamade	Member

Strategy and Investment Committee Responsibilities

The Strategy and Investment Committee assumes the following duties:

The Committee acts as an advisor to the Board of Directors whereby it reviews, assesses and makes recommendations on the various matters that are presented to the Board. Additionally, the Committee has an executive role to guide and support the management of the Company. The Committee has the authority to take decisions as per the limits indicated in the delegation of authority adopted by the Company with a maximum financial authority of AED 5 million. However, the Committee has the mandate to review and recommend to the Board on the matters that have been placed before them even if they are over the delegated level of authority. The Committee may also engage and pay or assign cause to engage and approve the pay of financial, commercial, and legal and other technical advisors to assist the Committee in carrying out its functions. Such advisors may be the regular advisors to the Company.

Supervision and Follow-up Committee of Insiders' Transactions

Amanat adopts robust measures to monitor insiders' transactions, and periodically updates the market and the Securities and Commodities Authority of the latest list. The Committee will be reconstituted due to the employment resignation of its members during 2019. In the interim, the Company's General Counsel and Head of Investor Relations have maintained the Insider List and continue to notify its members of prohibition in dealings periods.

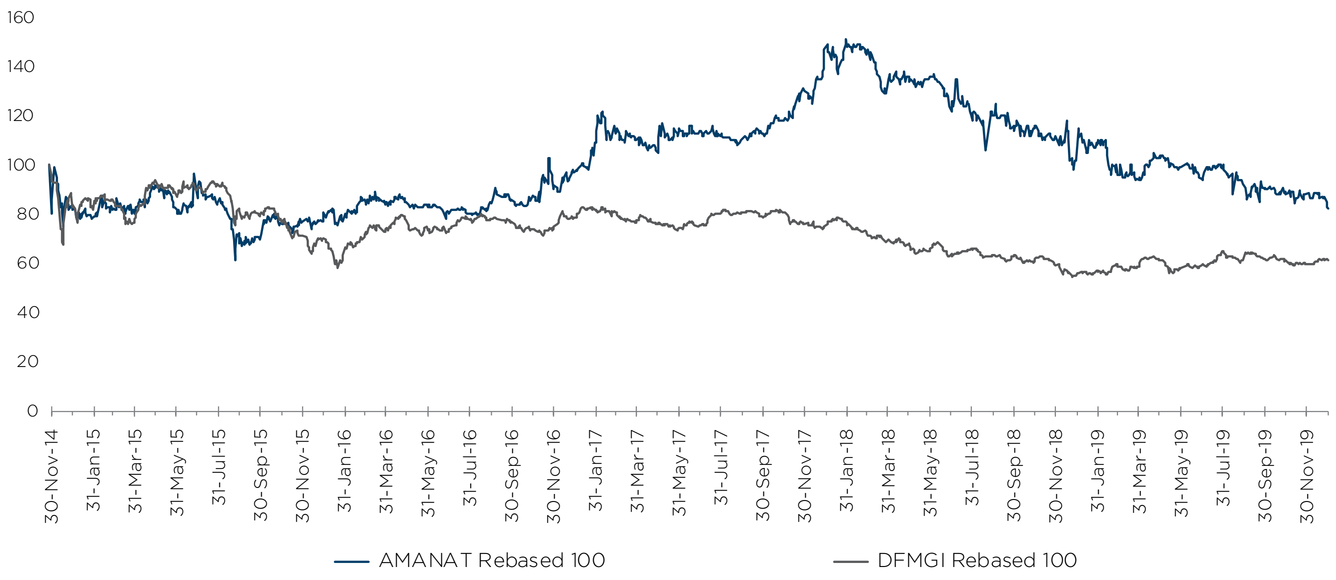
The Committee was comprised of the Chief Financial Officer, HR & Operations Manager, and Investor Relations Director. The Committee is responsible for:

- Establishing and updating the Insider List.
- Notifying insiders and creating awareness of blackout periods and trading restrictions.
- Establishing and maintaining the Investor Relations Communication and Trading Policy.

In 2019, the Committee created, maintained and updated the Insider List and reported the same to the DFM. The Committee also ensured compliance with applicable laws and regulations; made the required amendments to the Insider List; and monitored the Insider List, which is updated on a quarterly basis and cross-checked with the Company's shareholder register to identify and monitor any potential transactions by insiders.

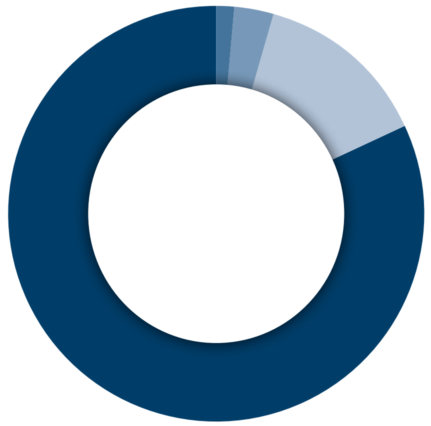
Share Performance

Amanat Share Performance Since IPO

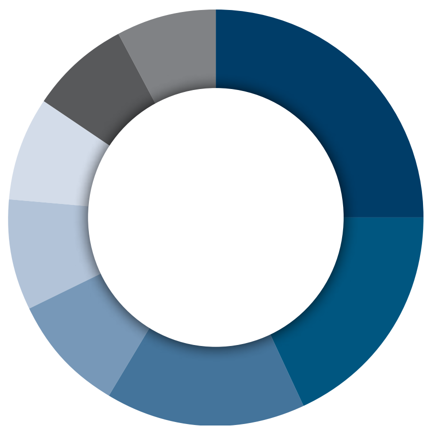


Shareholder Breakdowns

Shareholder Distribution by Geography



Shareholders Owning Over 5%



DIRECTORS' REPORT

The Board of Directors of Amanat Holdings PJSC (the "Company") and its subsidiaries (the "Group") is pleased to submit the consolidated financial statements of the Group as at and for the year ended 31 December 2019, which comprise the consolidated statement of financial position, income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows and related notes.

Principal Activities

The principal activities of the Group during the year ended 31 December 2019 were to invest in companies and enterprises in the sectors of education and healthcare and to manage, develop and operate such companies and enterprises.

Financial Results

The Group recorded a profit attributable to equity holders of the Company of AED 60 million for the financial year 2019, up 39.8% compared with AED 42.9 in FY2018.

Amanat's total income grew to AED 112.9 million (net PPA amortization), a 4.5% increase compared to the same period in 2018. Amanat's share of profit from associates declined to AED 43.5 million in FY2019 from AED 57.2 million in 2018, mainly driven by Sukoon as a result of the decline in the long-term care provider's revenues by 27.2% year-on-year. Lower revenues were driven by the initiation of a full refurbishment of the facility which reduced existing capacity, in addition to a re-categorization of patient treatments by the Ministry of Health in August 2019 which led to a requirement to reduce prices.

Middlesex University Dubai ("MDX") contributed AED 23.6 million to Amanat's income from subsidiaries for FY2019 (net of PPA amortization), up almost threefold compared to the AED 6.8 million contributed in FY2018 and representing a 14.6% year-on-year increase annualized against the university's full-year 2018 accounts. The strength was driven mainly by higher enrollments following the introduction of new programs.

Interest income from termed deposits recorded AED 15.4 million in FY2019, a 48.8% decline compared to the same period last year on account of lower cash balances following the deployment of AED 1.2 billion in investments (ADUHC, NLCS, MDX and RHWC) during 2018 as well as lower interest rates in 2019.

Total expenses recorded in FY2019 were AED 51.7 million (excluding PPA amortization of AED 6.2 million), down by 16% compared to AED 61.5 million in FY2018. Lower expenses were driven by an 11% decline in staff costs to AED 29.2 million, and an 8% decline in G&A expenses to AED 16.7 million following a series of cost reduction initiatives taken by management at the holding level. Project expenses also declined 45% to AED 5.8 million from leveled AED 10.6 million recorded in 2018 with the deployment of AED 1.2 billion.

Amanat up to 31 December 2019 has deployed AED 2 billion on strategic investments in healthcare and education across the UAE, Saudi Arabia and Bahrain, representing 80% of its paid in capital. Total equity attributable to the owners of the Company as at 31 December 2019 amounted to AED 2,564 million prior to proposed dividend.

In accordance with the Articles of Association of the Company, 10% of profit for the year is transferred to statutory 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 6 million has been transferred to statutory reserve during the year. The statutory reserve is not available for distribution.

The Board of Directors of the Company approved in the meeting held on 13 February 2020 the audited 2019 financials. The Board has proposed a cash dividend of 2.2 fils per share, amounting to a total payout of AED 55 million and up 46.7%, which is subject to the approval of the shareholders at the upcoming Annual General Meeting of the Company.

Outlook

The focus in 2019 was on integrating and aligning our portfolio companies, both operationally and strategically, particularly after having deployed over AED 1.2 billion across four investments in 2018. We successfully supported our portfolio companies to advance their service offerings and operational performance and we have made significant headway during the year, enabling us to increase our net profit.

Looking ahead, Amanat will continue to build on its strong portfolio of healthcare and education assets in the region with the aim of growing them into distinct investment platforms through a combination of scale, synergy and expertise. We are confident that we have the capital structure, investment acumen and talent to allow us to deliver our strategy and continue creating long-term value for our stakeholders.

We look forward to working with our portfolio companies to deliver growth while focusing on further deployment and debt raising to execute on a strong pipeline of opportunities. In parallel, Amanat's management will continue to work on cost optimization and operational efficiency at the group level to help maintain its lean structure and maximize shareholder returns.

HE. Hamad Abdulla Al Shamsi
Chairman

Dr. Shamsheer Vayalil
Vice Chairman and Managing Director

HE. Mohamed Bin Thaaloob Al Derei
Board Director

H.E. Hamad Rashed Nehail Al Nuaimi
Board Director

H.E. Hamad Buamim
Board Director

Mrs. Sara Khalil Nooruddin
Board Director

Auditors

Ernst & Young was appointed as external auditor for the Group for the period ended 31 December 2019. The Board of Directors has recommended Ernst & Young as the auditor for 2020 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 2020

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AMANAT HOLDINGS PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Amanat Holdings PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 13 February 2019.

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 for the year ended 31 December 2019. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matters
Investments in Associates	
As stated in note 11 to the consolidated financial statements, The Group holds significant equity accounted investments accounted for in accordance with IAS 28, 'Investments in associates and joint ventures' carried at AED 1,107,774 thousand at 31 December 2019 and have contributed AED 43,510 thousand to the Group's results for the year then ended. The equity accounted investments do not all have year-ends that are coterminous with that of the Group. For the purpose of the audit of the consolidated financial statements of the Group, the associates with different year-ends than that of the Group have prepared management accounts as at and for the year ended 31 December 2019, which have been used by the Group to account for its share of results and other movements in the investments in associates. Accounting for equity accounted investments was a matter of most significance due to the significant contribution of the associate investments to the consolidated results of the Group, the impact these have on the Group's results, the significance of the carrying values of these investments at the reporting date, and the fact that a number of these investments have year-ends that are not coterminous with that of the Group.	We issued audit and/or review instructions to the component auditors of the all equity accounted investments. The instructions covered the significant audit areas that the component auditors should focus on, as well as the information required to be reported back to the Group audit team. Throughout the audit, various planning, execution and completion calls and discussions were held with the component auditors of the equity accounted investment components. We assessed the competence, knowledge and experience of the component audit teams, and performed a review of significant audit areas to assess the adequacy of the procedures performed in pursuit of our audit opinion. We obtained the equity accounted results and movements recorded by the Group and agreed them to the audited/reviewed financial results of the underlying equity accounted investments. We also re-performed manual calculations, including lag period adjustments prepared by management, where required, to test that the equity accounted results are accurate, complete and in line with IFRS. We understood management's process and independently assessed the accounting policies of the associates to that of the Group to ensure consistency with the Group accounting policies and compliance with IFRS.
Goodwill	
As stated in note 10 to the consolidated financial statements, the Group's consolidated statement of financial position includes AED 358,782 thousand of goodwill, representing 13% of total Group assets. In accordance with IFRS, these balances are allocated to Cash Generating Units (CGUs) which are tested annually for impairment, or whenever changes in circumstances or events indicate that, the carrying amount of such goodwill may not be recoverable. This is a key audit matter as determining whether the carrying value of goodwill is recoverable requires management to make significant estimates concerning the estimated future cash flows and associated discount rates and growth rates based on management's view of future business prospects.	We performed the following: • Checked the mathematical accuracy of the impairment model and the extraction of inputs from source documents; • Challenged the key assumptions used in the impairment model for goodwill, including specifically the operating cash flow projections, discount rate, and terminal growth rate; • Engaged our internal specialists to assist us in reviewing the methodologies applied including estimates and judgments made by management; • Considered the sensitivity of the impairment testing model to changes in key assumptions; • We assessed the adequacy of the related disclosures in the consolidated financial statements; and • In the absence of cash flow projections, we reviewed the alternative assessment methodology and assumptions and judgments used to determine the sufficiency of the assessment process and results derived.

Key audit matters	How our audit addressed the key audit matters
Purchase Price Allocation	
As outlined in note 10 to the consolidated financial statements, during the year, the Group completed the fair value measurement of the assets acquired and the liabilities assumed as a result of the acquisition of two subsidiaries in 2018 i.e. Middlesex University and Royal Maternity Hospital, and the related allocation (Purchase Price Allocation - "PPA ") of these values in accordance with IFRS 3 - Business Combinations. Completion of the measurement process carried out by the Group's management, also with the support of an external consultant, has resulted in an increase in the fair value of the net assets acquired of AED 8,832 thousand, compared with the total consideration of AED 418,902 thousand. The allocation of PPA values has resulted in the recognition of a separately identified intangible asset of AED 133,300 thousand. In accordance with IFRS 3, the above-mentioned fair values have been recognized retrospectively and back-dated to the date of acquisition, resulting in the restatement and upward adjustment of the assets previously included within goodwill and intangible assets in the consolidated statement of financial position as at 31 December 2018. In consideration of the significance of the transaction, combined with the degree of judgement associated mainly with the determination of the fair value of the net assets acquired, we considered this issue to be a key audit matter for the consolidated financial statements as at and for the year ended 31 December 2019.	We assessed management's accounting treatment as well as the purchase price allocation. Specifically our work included, but was not limited to, the following procedures: • Engaged our internal valuation specialist to assist us in the audit of the purchase price allocation and discount rates used; • Assessed the valuation model, the cash flow forecasts, and the key assumptions used in the calculation of the intangible asset's fair value; • Assessed the competence, capabilities and objectivity of the external expert involved in the PPA valuation process; and • Checked the adequacy and completeness of the disclosure provided by the Group in the consolidated financial statements compared with the provisions of IFRS 3.

Other Information

Other information consists of the information included in the Directors' report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of the Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

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

i) We have obtained all the information we considered necessary for the purposes of our audit;

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

iii) The Company has maintained proper books of account;

iv) The financial information included in the Directors' report is consistent with the books of account of the Company;

v) The Group has not invested in shares or stocks during the year ended 31 December 2019;

vi) Notes 11 and 14 reflect material related party transactions and the terms under which they were conducted;

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2019; and

viii) No social contributions were made by the Company during the year.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration number: 690

13 February 2020

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Year Ended 31 December 2019

	NOTES	2019 AED'000	2018 AED'000
Revenue from contracts with customers	4	142,103	46,274
Direct costs	4	(60,073)	(24,037)
GROSS PROFIT		**82,030**	**22,237**
General and administrative expenses	5	(133,430)	(79,835)
Other operating income	6	22,604	3,681
OPERATING LOSS		**(28,796)**	**(53,917)**
Share of results of associates	11	43,510	57,236
Finance income	7	42,098	43,486
Finance costs	7	(4,632)	(417)
PROFIT FOR THE YEAR		**52,180**	**46,388**
Attributable to:			
Equity holders of the Company		60,023	42,928
Non-controlling interest	29	(7,843)	3,460
		52,180	**46,388**
Basic and diluted earnings per share (AED)	22	**0.0240**	**0.0171**

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2019

	NOTES	2019 AED'000	2018 AED'000
PROFIT FOR THE YEAR		**52,180**	**46,388**
Other comprehensive loss			
Items that would not be reclassified to profit or loss in subsequent periods:			
Change in fair value of financial asset at FVOCI	12	(5,558)	(11,481)
Share of other comprehensive income of associates	11	1,366	-
Total other comprehensive loss		**(4,192)**	**(11,481)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**47,988**	**34,907**
Attributable to:			
Equity holders of the Company		55,831	31,447
Non-controlling interests		(7,843)	3,460
		47,988	**34,907**

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	2019 AED'000	2018 AED'000
ASSETS			
Non-current assets			
Property and equipment	8	134,933	133,207
Right-of-use assets	9	25,151	-
Goodwill and intangible assets	10	485,849	492,082
Investments in associates	11	1,107,774	1,171,029
Finance lease receivables	9	336,417	328,531
Financial asset at fair value through OCI	12	15,716	21,274
Total non-current assets		**2,105,840**	**2,146,123**
Current assets			
Finance lease receivables	9	28,806	-
Trade and other receivables	13	31,551	43,634
Due from related parties	14	26,558	20,700
Cash and bank balances	15	571,702	596,137
Total current assets		**658,617**	**660,471**
TOTAL ASSETS		**2,764,457**	**2,806,594**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	2,500,000	2,500,000
Statutory reserve	17	29,144	23,142
Fair value reserve of financial asset at FVOCI		(21,033)	(15,475)
Retained earnings		55,790	38,635
Total equity attributable to the owners of the Company		**2,563,901**	**2,546,302**
Non-controlling interests	29	16,864	30,244
Total equity		**2,580,765**	**2,576,546**
LIABILITIES			
Non-current liabilities			
Bank financing	18	57,152	37,012
Other long-term payables	19	3,916	65,860
Lease liabilities	9	18,227	-
Provision for employees' end of service benefits	20	7,959	7,685
Total non-current liabilities		**87,254**	**110,557**
Current liabilities			
Accounts and other payables	21	30,531	40,272
Contract liabilities	4	31,310	31,219
Due to related parties	14	3,247	-
Lease liabilities	9	3,500	-
Financial liability at fair value through profit or loss	10	27,850	48,000
Total current liabilities		**96,438**	**119,491**
Total liabilities		**183,692**	**230,048**
TOTAL EQUITY AND LIABILITIES		**2,764,457**	**2,806,594**

These consolidated financial statements were approved by the Board of Directors on 13 February 2020 and signed by:

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Hamad Al Shamsi
Chairman

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Shamsheer Vayalil
Vice Chairman

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2019

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY								
	SHARE CAPITAL AED'000	STATUTORY RESERVE AED'000	SHARE ISSUANCE RESERVE AED'000	FAIR VALUE RESERVE OF AFS INVESTMENT AED'000	FAIR VALUE RESERVE OF FINANCIAL ASSET AT FVOCI AED'000	RETAINED EARNINGS AED'000	TOTAL AED'000	NON-CONTROLLING INTERESTS AED'000	TOTAL AED'000
As at 1 January 2018	2,500,000	13,131	5,718	(3,994)	-	43,176	2,558,031	1,778	2,559,809
Effect of adoption of IFRS 9	-	-	-	3,994	(3,994)	-	-	-	-
Profit for the year	-	-	-	-	-	42,928	42,928	3,460	46,388
Other comprehensive loss	-	-	-	-	(11,481)	-	(11,481)	-	(11,481)
Total comprehensive income	**-**	**-**	**-**	**-**	**(11,481)**	**42,928**	**31,447**	**3,460**	**34,907**
Transfer to statutory reserve (Note 17)	-	10,011	(5,718)	-	-	(4,293)	-	-	-
Dividends (Note 23)	-	-	-	-	-	(43,176)	(43,176)	(1,541)	(44,717)
Acquisition of subsidiary (Note 10)	-	-	-	-	-	-	-	26,547	26,547
As at 31 December 2018	**2,500,000**	**23,142**	**-**	**-**	**(15,475)**	**38,635**	**2,546,302**	**30,244**	**2,576,546**
Effect of adoption of IFRS 16 (Note 2)	-	-	-	-	-	2,120	2,120	-	2,120
As at 1 January 2019 (adjusted)	**2,500,000**	**23,142**	**-**	**-**	**(15,475)**	**40,755**	**2,548,422**	**30,244**	**2,578,666**
Profit for the year	-	-	-	-	-	60,023	60,023	(7,843)	52,180
Other comprehensive loss	-	-	-	-	(5,558)	1,366	(4,192)	-	(4,192)
Total comprehensive income	-	-	-	-	(5,558)	61,389	55,831	(7,843)	47,988
Transfer to statutory reserve (Note 18)	-	6,002	-	-	-	(6,002)	-	-	-
Dividends (Note 23)	-	-	-	-	-	(37,500)	(37,500)	(1,843)	(39,343)
Disposal of subsidiary (Note 10)	-	-	-	-	-	-	-	(3,694)	(3,694)
Group's share of other equity movement of an associate (Note 11)	-	-	-	-	-	(2,852)	(2,852)	-	(2,852)
As at 31 December 2019	**2,500,000**	**29,144**	**-**	**-**	**(21,033)**	**55,790**	**2,563,901**	**16,864**	**2,580,765**

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	NOTES	2019 AED'000	2018 AED'000
Operating activities			
Profit for the year		52,180	46,388
Adjustments:			
Share of results of associates	11	(43,510)	(57,236)
Dividend income	6	(342)	(2,535)
Depreciation of property and equipment	8	9,307	2,000
Depreciation of right-of-use assets	9	10,488	-
Amortization of intangible asset	10	6,233	-
Allowance for expected credit losses	13	3,221	1,764
Remeasurement gain on financial liability at FVTPL	6	(20,150)	-
Provision for employees' end of service benefits	20	2,134	1,249
Finance income	7	(42,098)	(43,486)
Finance costs	7	4,632	417
		(17,905)	**(51,439)**
Trade and other receivables		(1,579)	(7,225)
Due from related parties		337	195
Accounts and other payables and contract liabilities		(9,650)	5,169
Due to related parties		3,247	-
Cash used in operations		**(25,550)**	**(53,300)**
Employees' end of service benefits paid	20	(1,860)	(768)
Net cash flows used in operating activities		**(27,410)**	**(54,068)**
Investing activities			
Acquisition of property and equipment	8	(11,033)	(2,757)
Consideration paid for investments in associates	11	-	(320,390)
Acquisition of subsidiary, net of cash acquired		-	(484,393)
Investment in finance lease	9	(10,000)	(315,124)
Changes in Sharia compliant term deposits		111,364	(428,733)
Changes in bank term deposits		(25,959)	1,608,398
Interest received on Sharia compliant term deposits		22,372	44,442
Interest received on bank deposits		1,565	3,156
Dividend received from associates		33,446	34,115
Dividend received from financial asset at FVOCI		2,252	1,564
Net cash flows from investing activities		**124,007**	**140,278**
Financing activities			
Dividend paid to equity holders of the Company	23	(37,500)	(43,176)
Dividend paid to non-controlling interests	29	(1,843)	(1,541)
Proceeds from bank financing		57,152	12,662
Repayment of bank financing		(37,012)	-
Payment of lease liabilities	9	(13,823)	-
Finance costs paid		(2,601)	-
Net cash flows used in financing activities		**(35,627)**	**(32,055)**
Net increase in cash and cash equivalents		60,970	54,155
Cash and cash equivalents at 1 January		66,468	12,313
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**127,438**	**66,468**

The attached notes 1 to 30 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

1 Corporate Information

Amanat Holdings PJSC ("the Company") was incorporated on 17 November 2014 and is registered as a Public Joint Stock Company listed on the Dubai Financial Market under the UAE Federal Law No. (2) of 2015. The registered office of the Company is P.O. Box 121012, Dubai, United Arab Emirates.

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

These consolidated financial statements include the financial performance and position of the Company and its subsidiaries as listed below (collectively the "Group").

	EQUITY INTEREST			
NAME	2019	2018	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Amanat Investments L.L.C.	**100%**	100%	United Arab Emirates	Investment in commercial enterprises and management.
Amanat Education Investments L.L.C.	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Amanat Healthcare Investments L.L.C.	**100%**	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
Amanat H.H. Alpha Investments L.L.C.	**100%**	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
Amanat H.E. Alpha Investments L.L.C.	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Talent Investments L.L.C	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
A.H.H. Investments Limited	**100%**	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
A.H.E. Investments Limited	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AHH Alpha Limited	**100%**	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
AHE Alpha Limited	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AH Alpha Investments (Holdings) 1 Limited	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.

	EQUITY INTEREST			
NAME	2019	2018	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
AH Alpha investments (Holdings) 2 Limited	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AHE Ethos Limited	**100%**	100%	United Arab Emirates	Investment in companies in the field of healthcare.
AH Alpha Investments (Holdings) 3 Limited	**100%**	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Osool Alseha Wal Taaleem for Investments Ltd. ("Osool")	**100%**	100%	Kingdom of Saudi Arabia	Investment in companies in the field of healthcare.
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%**	49.69%	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Maternity Holding Company Ltd. ("MHC")*	**74.13%**	74.13%	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Royal Maternity Hospital Holding W.L.L. ("RMH")*	**69.36%**	69.36%	Kingdom of Bahrain	Hospital and healthcare facilities in Kingdom of Bahrain
Middlesex Associates FZ-LLC ("Middlesex University")	**100%**	100%	United Arab Emirates	Leading university providing tertiary education in the United Arab Emirates

* Investment in RMH is through Maternity Holding Company LTD. and WMCE.

The Group has interest in the following associates as disclosed in more details in Note 11:

	EQUITY INTEREST			
NAME	2019	2018	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Sukoon International Holding Company	**33.25%**	33.25%	Kingdom of Saudi Arabia	Long-term and critical healthcare
Taaleem Holdings PrJSC (Previously Madaares PrJSC)	**21.67%**	21.67%	United Arab Emirates	Leading education provider in U.A.E
International Medical Center**	**13.13%**	13.18%	Kingdom of Saudi Arabia	Hospital and healthcare facilities in KSA
Abu Dhabi University Holding LLC	**35%**	35%	United Arab Emirates	Leading tertiary education provider in U.A.E

** At 31 December 2018, the investment in International Medical Center is through Loai Reda & Hakeem Company for Trading Ltd (LT). During 2019, the Group disposed of its investment in the subsidiary Loai Reda & Hakeem Company for Trading Ltd. while retaining 13.18% direct interest in IMC through its 100% owned subsidiary, Osool. Refer Note 11 for more details.

2 Significant Accounting Policies

2.1 Basis Of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial asset at FVOCI and contingent consideration that have been measured at fair value. The consolidated financial statements are presented in Arab Emirates Dirhams (AED) and all values are rounded to the nearest thousand (AED'000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2018 has not been presented in these consolidated financial statements given that the reclassifications made did not have any impact on the previously reported assets, liabilities, equity and results of the year and the retrospective adjustment to the provisional amount of goodwill recognized in 2018 was not material (Refer Notes 10 and 30 for details about such reclassifications and adjustments).

2.2 Basis Of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary Of Significant Accounting Policies

a) Business Combinations And Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of results of associates' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

d) Fair value measurement

The Group measures financial instruments such as financial assets at FVOCI, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

e) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Tuition Fee

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

Healthcare services

Revenue from healthcare services is recognized at a point in time when the services are rendered.

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (l) Financial instruments – initial recognition and subsequent measurement.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (l) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

f) Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

g) Foreign currencies

The Group's consolidated financial statements are presented in AED, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Cash dividend
The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of United Arab Emirates, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

I) Property and equipment
Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	10 to 20 years
Medical equipment	5 to 15 years
Academic equipment	3 years
Furniture and Fixtures	7 years
Other assets	3 to 7 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

J) Leases
Before 1 January 2019
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings and infrastructure	3 to 5 years
Land	45 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (m) Impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Before and from 1 January 2019

Group as a lessor

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

At the commencement of a finance lease term, the Group records a finance lease receivable in the consolidated 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 the constant periodic rate of return on the lessor's net investment in the finance lease.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its non-operating nature.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

L) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and due from related parties.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, due to related parties and loans and borrowings.

Subsequent measurement
Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has designated a contingent consideration for the acquisition of a subsidiary as a financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

n) Cash and term deposits
Cash and term deposits in the consolidated statement of financial position comprise cash at banks and on hand and term deposits with a maturity of more than three months.

o) 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' 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.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	AED'000
Assets	
Right-of-use assets	**38,463**
Liabilities	
Lease liabilities	**36,343**
Total adjustment on equity	
Retained earnings	**2,120**

The Group has lease contracts for various properties. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as operating leases. Refer to Note 2.3 (j) Leases for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.3 (j) Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for some leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In other leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	AED'000
Operating lease commitments as at 31 December 2018	33,202
Weighted average incremental borrowing rate as at 1 January 2019	**5.5%**
Discounted operating lease commitments as at 1 January 2019	37,328
Less:	
Commitments relating to short-term leases	(985)
Lease liabilities as at 1 January 2019	**36,343**

Other amendments and interpretations

Although the below amendments and interpretations applied for the first time in 2019, they did not have a material impact on the annual consolidated financial statements of the Group.

- IFRIC Interpretation 23: Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Amendments to IFRS 3: Business Combinations
- Amendments to IFRS 11: Joint Arrangements
- Amendments to IAS 12: Income Taxes
- Amendments to IAS 23: Borrowing Costs

Standards issued but not yet effective

There are several standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements and are not expected to have any significant impact on the Group's consolidated financial statements when they become effective, and accordingly, have not been listed in these consolidated financial statements.

3 Significant Accounting Judgements, Estimates And Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Property lease classification – Group as lessor

The Group has entered into lease of a school building complex. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments amounting to substantially all of the fair value of the commercial property, that it does not retain substantially all the risks and rewards incidental to ownership of these properties and accounts for the contract as finance lease.

Significant influence over an associate

The Group concluded that it has significant influence over International Medical Center ("IMC"), an associate, even though it holds less than 20 per cent of the voting rights of the entity. The Group holds 13.13% (2018: 15.47%) shareholding in the associate. Based on this shareholding and the Group's representation on the Board of Directors and Executive Committee of IMC, the Group concluded that it exercises significant influence over the investee.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 10.

Fair value measurement of financial instruments

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see Note 10 for details).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 Revenue From Contracts With Customers

4.1 Disaggregated revenue and cost information

SEGMENTS	FOR THE YEAR ENDED 31 DECEMBER 2019		
	EDUCATION AED'000	HEALTHCARE AED'000	TOTAL AED'000
Type of goods or service			
Tuition fees, net of scholarship awarded	125,381	-	125,381
Accommodation fee	8,908	-	8,908
Administrative and other service fees from students	3,780	-	3,780
Healthcare and medical services	-	4,034	4,034
Total revenue from contracts with customers	**138,069**	**4,034**	**142,103**
Timing of revenue recognition			
Services transferred over time	135,856	-	135,856
Services transferred at a point in time	2,213	4,034	6,247
Total revenue from contracts with customers	**138,069**	**4,034**	**142,103**
Direct costs	**(58,324)**	**(1,749)**	**(60,073)**

SEGMENTS	FOR THE YEAR ENDED 31 DECEMBER 2018		
	EDUCATION AED'000	HEALTHCARE AED'000	TOTAL AED'000
Type of goods or service			
Tuition fees, net of scholarship awarded	38,963	-	38,963
Accommodation fee	5,201	-	5,201
Administrative and other service fees from students	2,110	-	2,110
Total revenue from contracts with customers	**46,274**	**-**	**46,274**
Timing of revenue recognition			
Services transferred over time	45,767	-	45,767
Services transferred at a point in time	507	-	507
Total revenue from contracts with customers	**46,274**	**-**	**46,274**
Direct costs	**(24,037)**	**-**	**(24,037)**

4.2 Contract balances

	2019 AED'000	2018 AED'000
Trade receivables, net (Note 13)	10,594	12,128
Contract liabilities (see below)	**31,310**	**31,219**

Trade receivables
Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days from the date of service. In 2019, AED 3,221 thousand was recognised as allowance for expected credit losses on trade receivables (2018: AED 1,764 thousand).

Contract liabilities
Contract liabilities comprise fees collected in advance from students and deferred revenue in relation to educational services that are short-term in nature.

4.3 Performance obligations
Information about the Group's performance obligations are summarised below:

Education services
The performance obligation is satisfied over time on a straight-line basis over the period of the course that students are enrolled in and payment is generally due upon receipt of the invoice or based on an agreed payment plan.

Healthcare services
The performance obligation is satisfied at a point in time when the service is rendered and payment is generally due between 0 and 30 days from invoice date.

4.4 Direct costs

	2019 AED'000	2018 AED'000
Salaries and employee related costs	29,486	11,634
Royalty and profit-sharing arrangements for academic services	16,098	3,223
Leases (Note 9)	8,734	8,091
Student related expenses	4,030	1,089
Depreciation of property and equipment (Note 8)	424	-
Other direct costs	1,301	-
	60,073	**24,037**

5 General And Administrative Expenses
General and administrative expenses mainly include the following:

	2019 AED'000	2018 AED'000
Salaries and employee related expenses	57,131	36,757
Depreciation of right-of-use assets (Note 9)	10,488	-
Depreciation of property and equipment (Note 8)	8,883	2,000
Management fees	4,151	-
Marketing and business promotion	6,387	-
Amortization of intangible asset (Note 10)	6,233	-
Leases (Note 9)	5,540	5,731
Legal and professional fees	5,042	5,448
Credit losses expense (Note 13)	3,221	1,764
Investment related expenses	5,862	10,645
Board remuneration	**2,100**	**5,626**

6 Other Operating Income

	2019 AED'000	2018 AED'000
Remeasurement gain on financial liability at FVTPL (Note 10)	20,150	-
Dividend income from financial asset at FVOCI	342	2,535
Other income	2,112	1,146
	22,604	**3,681**

7 Finance Income And Finance Costs

7.1 Finance income

	2019 AED'000	2018 AED'000
Finance lease income (Note 9)	26,692	13,407
Income on term deposits	15,406	30,079
	42,098	**43,486**

7.2 Finance costs

	2019 AED'000	2018 AED'000
Finance costs on bank financing	2,601	-
Finance costs on lease liabilities (Note 9)	2,031	417
	4,632	**417**

8 Property And Equipment

	BUILDING AED'000	MEDICAL EQUIPMENT AED'000	ACADEMIC EQUIPMENT AED'000	FURNITURE & FIXTURES AED'000	OTHER ASSETS AED'000	CAPITAL WORK IN PROGRESS (1) AED'000	TOTAL AED'000
Cost:							
At 1 January 2018	-	-	-	705	2,857	-	3,562
Acquisition of subsidiaries (Note 10)	5,924	-	4,046	1,172	1,968	122,323	135,433
Additions	477	-	1,424	440	416	-	2,757
At 31 December 2018	**6,401**	**-**	**5,470**	**2,317**	**5,241**	**122,323**	**141,752**
Additions	2,914	2,512	1,363	759	3,485	-	11,033
Transfers	119,247	2,629	-	-	447	(122,323)	-
At 31 December 2019	**128,562**	**5,141**	**6,833**	**3,076**	**9,173**	**-**	**152,785**
Accumulated depreciation:							
At 1 January 2018	-	-	-	201	905	-	1,106
Acquisition of subsidiaries (Note 10)	2,571	-	1,814	391	663	-	5,439
Charge for the year (2)	30	-	763	238	969	-	2,000
At 31 December 2018	**2,601**	**-**	**2,577**	**830**	**2,537**	**-**	**8,545**
Charge for the year (2)	5,675	424	1,694	430	1,084	-	9,307
At 31 December 2019	**8,276**	**424**	**4,271**	**1,260**	**3,621**	**-**	**17,852**
Net carrying amounts:							
At 31 December 2019	**120,286**	**4,717**	**2,562**	**1,816**	**5,552**	**-**	**134,933**
At 31 December 2018	**3,800**	**-**	**2,893**	**1,487**	**2,704**	**122,323**	**133,207**

1. Capital work-in-progress at 31 December 2018 represents building and other assets related to the construction of a medical center in Bahrain, which was transferred to the respective categories of assets in 2019 upon completion of the construction and availability of the assets for use.

2. Depreciation charge for the year has been allocated to profit or loss as follows:

	2019 AED'000	2018 AED'000
Direct costs (Note 4.4)	424	-
General and administrative expenses (Note 5)	8,883	2,000
	9,307	**2,000**

9 Leases

9.1 Group as lessee

The Group has lease contracts for land, buildings and infrastructures used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of buildings, residential units and offices with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

	PROPERTIES AED'000
As at 1 January 2019	-
Upon adoption of IFRS 16 (Note 2.4)	38,463
Depreciation (Note 5)	(10,488)
Remeasurement	(2,824)
As at 31 December 2019	**25,151**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2019 AED'000
As at 1 January	-
Upon adoption of IFRS 16 (Note 2.4)	36,343
Accretion of interest (Note 7)	2,031
Remeasurement	(2,824)
Payments	(13,823)
As at 31 December 2019	**21,727**
Current	3,500
Non-current	**18,227**

The maturity analysis of lease liabilities are disclosed in Note 25.

The following are the amounts recognised in profit or loss:

	2019 AED'000
Depreciation expense of right-of-use assets (Note 5)	10,488
Interest expense on lease liabilities (Note 7.2)	2,031
Expense relating to short-term leases – direct costs (Note 4.4)	8,734
Expense relating to short-term leases – general and administrative expenses (Note 5)	5,540
Total amount recognised in profit or loss	**26,793**

The Group had total cash outflows for leases of AED 13,823 thousand in 2019, non-cash additions to right-of-use assets and lease liabilities of AED 38,463 thousand and AED 36,343 thousand, respectively, in 2019 upon adoption of IFRS 16 and non-cash reduction of AED 2,824 thousand to right-of-use assets and lease liabilities due to remeasurement during the year. There are no future cash outflows relating to leases that have not yet commenced at the reporting date.

The Group does not have lease contracts that contain variable payments.

The lease contracts the Group has entered into do not include termination options. The extension options in those leases will require re-negotiations and the mutual consent of the lessee and lessor. Accordingly, there are no exercisable termination or extension options that the Group has accounted for in its lease liabilities.

9.2 Group as lessor

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. In 2018, the Group accounted for this transaction as a finance lease as per IAS 17. Given that lessor accounting under IFRS 16 is substantially unchanged from IAS 17, the Group continues to classify this lease as finance lease using similar principles as in IAS 17.

Transaction costs amounting to AED 15 million are capitalized as part of the net investment in the lease. The net investment in the 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.

During 2019, the Group extended AED 10 million to the lessee as part of an AED 32.5 million financing agreed to be extended by the Group towards the expansion of the leased asset. The remaining balance of AED 22.5 million of the financing is expected to be settled in 2020. The repayment of the AED 32.5 million by the lessee will commence from the date of the completion of the expansion works, expected in 2020, over the remaining term of the lease contract.

The following table provides the movement in finance lease receivables:

	2019 AED'000	2018 AED'000
At 1 January	328,531	-
Purchase cost	-	360,000
Cost of acquisition	-	14,969
Additional financing towards the expansion of the leased asset	10,000	-
Advance lease installments	-	(59,845)
Finance lease income (Note 7)	26,692	13,407
	365,223	**328,531**

The maturity profile of the gross and net finance lease receivables is as follows:

Gross investment in finance lease receivable

	2019 AED'000	2018 AED'000
Less than one year	30,580	-
Between one and five years	130,942	125,172
More than five years	696,070	707,855
	857,592	**833,027**
Unearned finance income	(492,369)	(504,496)
Net investment in finance lease receivable	**365,223**	**328,531**

Net investment in finance lease receivable

	2019 AED'000	2018 AED'000
Less than one year	28,806	-
Between one and five years	101,266	96,112
More than five years	235,151	232,419
	365,223	**328,531**
Current	28,806	-
Non-current	**336,417**	**328,531**

10 Business Combinations

Intangible assets acquired through business combinations are as follows:

	GOODWILL AED'000	AGREEMENT AED'000	TOTAL AED'000
Cost:			
At 1 January 2018	-	-	-
Goodwill recognized on acquisition of subsidiaries	492,082	-	492,082
At 31 December 2018 – as previously reported	**492,082**	**-**	**492,082**
Purchase price allocation adjustment (see below)	(133,300)	133,300	-
At 1 January 2019 – adjusted	**358,782**	**133,300**	**492,082**
At 31 December 2019	**358,782**	**133,300**	**492,082**
Amortization:			
At 1 January 2018	-	-	-
At 31 December 2018	-	-	-
Charge for the year (Note 5)	-	6,233	6,233
At 31 December 2019	**-**	**6,233**	**6,233**
Carrying amounts			
At 31 December 2019	**358,782**	**127,067**	**485,849**
At 31 December 2018 – adjusted	**358,782**	**133,300**	**492,082**

Goodwill arising on business combinations is related to the following cash generating units:

	2019 AED'000	RESTATED 2018 AED'000
Middlesex University (1)	276,770	276,770
Royal Maternity Hospital (2)	82,012	82,012
	358,782	**358,782**

1) 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 a total consideration of AED 418,902 thousand.

For the five-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 estimated that, for the year 2018, consolidated operating income would have been AED 226 million and consolidated profit would have been AED 74 million. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2018.

Consideration transferred

Included in the cost of acquisition of Middlesex Associates FZ-LLC is a contingent consideration with an overall estimated fair value of AED 48,000 thousand recognised at the acquisition date on provisional basis, which has been classified as financial liability at fair value through profit or loss. As per the contractual agreement with the previous selling shareholders, the Company is required to pay a fixed consideration for each additional student that enrolls with Middlesex University during the period from the acquisition date to 30 September 2019, capped at AED 73 million.

The Group has initially 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.

At 31 December 2019, the fair value of the contingent liability was reassessed based on the actual number of additional students that enrolled with Middlesex University during the period from the acquisition date to 30 September 2019, and accordingly, an amount of AED 20,150 thousand was recognized as gain in profit or loss recorded under other operating income (Note 6). The reported fair value of the liability at AED 27,850 thousand represents the settlement amount agreed with the previous selling shareholders, which was settled subsequent to the year-end.

Acquisition related costs

The Group incurred acquisition related costs of AED 1.1 million related to legal fees and due diligence costs. These costs have been included under general and administrative expenses in 2018.

Identifiable assets acquired and liabilities assumed

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

	RESTATED 2018 AED'000
Intangible asset (see below)	133,300
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	**142,132**

Fair value measurement

The fair value of the assets and liabilities of Middlesex University had been measured on a provisional basis at 31 December 2018. During 2019, management engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IFRS 3 whereby a separately identifiable intangible asset has been identified in relation to an agreement the subsidiary has entered into with Middlesex UK, which was estimated to be having a fair value of AED 133,300 thousand at the acquisition date and a useful life of 30 years from the date of acquisition. Accordingly, AED 133,300 thousand was reduced from the initially recognized amount of goodwill resulting in an adjusted goodwill of AED 276,770 thousand at acquisition comprising the value of expected synergies arising from the acquisition.

As required by IFRS 3, adjustments to provisional amounts that are made during the measurement period are recognised as if the accounting for the business combination had been completed at the acquisition date. Accordingly, the Group restated the comparative information and reclassified an amount of AED 133,300 thousand from goodwill to agreement. However, the effect of the amortization of the identified intangible asset on the prior period was not considered to be significant, hence has been adjusted in the current period.

2) 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 a total cash consideration of AED 142,107 thousand.

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 estimated that, for the year 2018, consolidated operating income would have been AED 112 million and consolidated profit would have been AED 41 million. In determining these amounts, management had 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.

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 under general and administrative expenses in 2018.

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**

Fair value measurement

The fair value of the assets and liabilities of Royal Hospital have been measured on a provisional basis at 31 December 2018. During 2019, management engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IFRS 3, whereby no separately identifiable assets have been identified and the entire difference between the total consideration and identified net assets at the date of acquisition of AED 82,012 thousand has been accounted for as goodwill comprising the value of expected synergies arising from the acquisition.

Goodwill arising from the acquisition has been recognized as follows:

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

3) Goodwill impairment assessment

Middlesex Associates FZ-LLC

Management has performed an impairment test on goodwill as at 31 December 2019. The recoverable amount of the CGU has been determined at 31 December 2019 based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates.

The pre-tax discount rate applied to the cash flow projections is 12.5%. The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 2.5%. As a result of the analysis, there is a significant headroom and management did not identify any impairment to goodwill.

The calculation of value in use is most sensitive to the following assumptions:

Revenue

Revenue is mainly determined based on the number of students enrolled at the university. Management took into consideration the growth in the student numbers in the past 3 years and applied estimates for future enrolments based on expected demand for the university's offerings and programs, both locally and internationally. A reasonable decrease of 5% to 10% in the expected number of students is not expected to result in any impairment to goodwill.

Discount rate

Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. Any reasonable rise in the discount rate is not expected to result in any impairment to goodwill.

Royal Maternity Hospital Holding W.L.L

Management has performed an impairment assessment on goodwill as at 31 December 2019. Given that the subsidiary started operations in 2019, management was not able to project future cash flows that are accurate enough to be used for value in use calculation. Instead, management performed an assessment by comparing actuals versus projections as per the feasibility study, including progress of the project, capital expenditure, the target date for the start of operations, and EBIDTA for the first period of operations. As a result of the analysis, management did not identify any impairment to goodwill.

4) Disposal of a subsidiary

During the year, the Group disposed of its 85.20% shareholding in Loai Reda & Hakeem Company for Trading Ltd, through which the Group owned 15.47% of IMC, an associate of the Group, while retaining the Group's 13.18% effective shareholding in the associate. The transaction resulted in disposal of asset, liability and equity instrument, without any gain, loss or cash flows arising from the disposal. The asset, liability and equity instrument eliminated upon disposal of the subsidiary are as follows:

	2019 AED'000
Investment in an associate – IMC (Note 11)	65,638
Due to NCI Shareholders of LT (Note 19)	(61,944)
Non-controlling interests (Note 29)	(3,694)
Net assets disposed of	**-**

11 Investments In Associates

The Group's investments in associates at 31 December are as follows:

	2019 AED'000	2018 AED'000
Sukoon International Holding Company (1)	182,347	192,111
Taaleem Holdings PrJSC (2)	186,734	188,479
International Medical Center (3)	383,286	443,429
Abu Dhabi University Holdings LLC (4)	355,407	347,010
	1,107,774	**1,171,029**

The movement in the investments in associates during the year is as follows:

	YEAR ENDED 31 DECEMBER 2019				
	SUKOON AED'000	TAALEEM AED'000	IMC AED'000	ADU AED'000	TOTAL AED'000
At 1 January 2019	**192,111**	**188,479**	**443,429**	**347,010**	**1,171,029**
Share of results	(7,320)	16,006	17,202	23,920	49,808
Amortization of PPA assets	-	(1,500)	(1,798)	(3,000)	(6,298)
Share of results in profit or loss	**(7,320)**	**14,506**	**15,404**	**20,920**	**43,510**
Share of other comprehensive income	408	-	958	-	1,366
Dividends	-	(16,251)	(10,867)	(12,523)	(39,641)
Other equity adjustments	(2,852)	-	-	-	(2,852)
Disposals (Note 10)	-	-	(65,638)	-	(65,638)
At 31 December 2019	**182,347**	**186,734**	**383,286**	**355,407**	**1,107,774**

	YEAR ENDED 31 DECEMBER 2018				
	SUKOON AED'000	TAALEEM AED'000	IMC AED'000	ADU AED'000	TOTAL AED'000
At 1 January 2018	**199,900**	**188,391**	**432,996**	**-**	**821,287**
Share of results	1,578	19,464	22,613	19,272	62,927
Amortization of PPA assets	(375)	(1,500)	(1,784)	(2,032)	(5,691)
Share of results in profit or loss	**1,203**	**17,964**	**20,829**	**17,240**	**57,236**
Dividends	(8,992)	(17,876)	(10,396)	-	(37,264)
Consideration paid	-	-	-	320,390	320,390
Additional costs of acquisition	-	-	-	9,380	9,380
At 31 December 2018	**192,111**	**188,479**	**443,429**	**347,010**	**1,171,029**

1) Sukoon International Holding Company ("Sukoon")

The Group has a 33.25% interest in Sukoon International Holding Company, which is involved in providing medical and healthcare services in Jeddah, KSA. Sukoon is a private entity that is not listed on any public exchange. The Group's interest in Sukoon is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investment in Sukoon:

	2019 AED'000	2018 AED'000
Current assets	313,362	329,040
Non-current assets	132,966	148,449
Current liabilities	(33,324)	(34,203)
Non-current liabilities	(13,845)	(14,762)
Equity	**399,159**	**428,524**
Group's share in net assets at 33.25% (2018: 33.25%)	132,722	142,486
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)	(1,576)
Other adjustments	4,296	4,296
Group's carrying amount of the investment	**182,347**	**192,111**

	2019 AED'000	2018 AED'000
Revenue	110,330	135,266
Profit and other comprehensive income for the year	(20,788)	4,747
Group's share of total comprehensive income at 33.25% (2018: 33.25%)	**(7,320)**	**1,578**

2) Taaleem Holdings PrJSC ("Taaleem")

The Group has a 21.67% interest in Taaleem Holdings PrJSC, which is involved in providing educational services in the United Arab Emirates. Taaleem is a private entity that is not listed on any public exchange. The Group's interest in Taaleem is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Taaleem:

	2019 AED'000	2018 AED'000
Current assets	184,413	228,586
Non-current assets, net of goodwill	1,067,059	900,775
Current liabilities	(321,304)	(322,243)
Non-current liabilities	(273,041)	(148,862)
Equity	**657,127**	**658,256**

	2019 AED'000	2018 AED'000
Group's share in net assets at 21.67% (2018: 21.67%)	142,400	142,642
Goodwill and intangibles at acquisition	45,071	45,071
Cost of acquisition capitalized	4,670	4,670
Amortisation of PPA assets	(5,407)	(3,904)
Group's carrying amount of the investment	**186,734**	**188,479**
Revenue	509,849	482,931
Profit	73,869	89,829
Group's share of profit at 21.67% (2018: 21.67%)	**16,006**	**19,464**

3) International Medical Center ("IMC")

The Group has a 13.13% direct interest (2018: 15.47% interest through LT and 13.18% effective interest) in International Medical Center, which is involved in providing healthcare services in Jeddah, KSA. IMC is a closed joint stock entity that is not listed on any public exchange.

Based on this shareholding, along with the Group's representation on both the Board of Directors and Executive Committee of IMC, the Group believes it exercises significant influence over the operating and financial policies of IMC, and accordingly, has classified IMC as an associated undertaking.

During 2019, the Group disposed of its subsidiary Loai Reda & Hakeem Company for Trading Ltd. while retaining 13.18% direct interest in IMC (Note 10). Further, the Group's shareholding was diluted to 13.13% as the Group did not subscribe to the additional shares issued by IMC in 2019.

The Group's interest in IMC is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in IMC:

	2019 AED'000	2018 AED'000
Current assets	530,700	576,618
Non-current assets	862,539	640,915
Current liabilities	(281,887)	(196,236)
Non-current liabilities	(174,947)	(146,985)
Equity	**936,405**	**874,312**
Group's share in net assets at 13.13% (2018: 15.47%)	122,950	135,256
Goodwill, intangible and other fair value adjustments	262,425	308,464
Costs of acquisition capitalized	3,283	3,283
Amortisation of PPA assets	(5,372)	(3,574)
Group's carrying amount of the investment	**383,286**	**443,429**
Revenue	1,021,061	1,165,716
Profit and other comprehensive income	124,970	146,173
Group's share of total comprehensive income at 13.13% (2018: 15.47%)	**17,202**	**22,613**

4) Abu Dhabi University Holding LLC ("ADU")

The Group has a 35% interest in Abu Dhabi University Holding LLC, acquired on 6 March 2018. ADU is involved in providing university educational services in Abu Dhabi, United Arab Emirates. ADU is a private entity that is not listed on any public exchange. The Group's interest in ADU is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in ADU:

	2019 AED'000	2018 AED'000
Current assets	260,275	230,653
Non-current assets	870,312	816,089
Current liabilities	(236,009)	(203,290)
Non-current liabilities	(277,600)	(253,305)
Non-controlling interests	11,210	5,477
Equity attributable to the owners of ADU	**628,188**	**595,624**
Group's share in net assets at 35% (2018: 35%)	219,865	208,468
Goodwill and intangibles at acquisition	131,194	131,194
Costs of acquisition capitalized	9,380	9,380
Amortization of PPA assets	(5,032)	(2,032)
Group's carrying amount of the investment	**355,407**	**347,010**

	2019 AED'000	2018 AED'000
Revenue	406,618	502,350
Profit	68,341	55,064
Group's share of profit at 35% (2018: 35%)	**23,920**	**19,272**

12 Financial Asset At Fair Value Through Oci

The FVOCI investment consists of a 3.54% shareholding in a quoted equity investment made by the Group in Emirates NBD REIT Limited, which is listed on NASDAQ Dubai exchange. The movement in the investment during the year was as follows:

	2019 AED'000	2018 AED'000
At 1 January	21,274	-
Transferred from AFS investment on adoption of IFRS 9	-	32,755
Net change in fair value	(5,558)	(11,481)
At 31 December	**15,716**	**21,274**

13 Trade And Other Receivables

	2019 AED'000	2018 AED'000
Trade receivables	15,298	16,200
Less: allowance for expected credit losses	(4,704)	(4,072)
	10,594	**12,128**
Prepayments	8,611	9,553
Accrued profit/interest on term deposits	3,872	12,403
Advances to suppliers	2,367	1,625
Refundable deposits	1,826	1,814
Dividends receivable	325	2,235
Other receivables	3,956	3,876
	31,551	**43,634**

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

	2019 AED'000	2018 AED'000
At 1 January	4,072	-
Acquired through business combination	-	2,308
Charge for the year (Note 5)	3,221	1,764
Write-offs	(2,589)	-
	4,704	**4,072**

The information about the credit exposures is disclosed in Note 25.

14 Related Party Transactions

Related parties represent the shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by the Group and such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties

	2019 AED'000	2018 AED'000
Due from related parties		
Associates		
Sukoon	798	798
Taaleem	16,468	18,094
IMC	4,835	1,353
ADU	4,339	-
Key managerial personnel	-	455
Other related parties	118	-
	26,558	**20,700**

	2019 AED'000	2018 AED'000
Due to related parties		
Other long-term payables		
Due to NCI Shareholders of LT *	-	61,944
Payables to other related parties	**3,247**	**-**

* This balance represents the amount payable by Loai Reda & Hakeem Company for Trading ("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. During 2019, the amount has been settled upon disposal of the subsidiary.

Transactions with related parties

There were not material transactions with related during the years ended 31 December 2019 and 2018. Dividend received from associates is disclosed in Note 11.

Key management personnel remunerations

Company key management personnel compensation, other than board remuneration disclosed in note 5, comprise the following:

	2019 AED'000	2018 AED'000
Short–term benefits	12,890	10,369
Post–employment benefits	**700**	**639**

15 Cash And Bank Balances

	2019 AED'000	2018 AED'000
Current accounts with banks	127,313	66,396
Call deposits with banks	3	3
Cash on hand	122	69
Cash and cash equivalents	**127,438**	**66,468**
Shariah compliant term deposits	382,369	493,733
Term deposits with conventional banks	61,895	35,936
Cash and bank balances	**571,702**	**596,137**

During the year ended 31 December 2019, the Company earned an aggregate profit/interest of AED 15,406 thousand on its deposits (2018: AED 30,079 thousand).

16 Share Capital

Authorised share capital
As at 31 December 2019 and 2018, the authorised share capital of the Company was AED 5 billion.

Issued share capital
As at 31 December 2019 and 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.

17 Reserves

17.1 Share issuance reserve
Share issuance reserve of AED 5,718 thousand at 1 January 2018 represents amounts raised in initial public offering for related costs at AED 0.02 per share totaling AED 50,000 thousand offset by share issuance and IPO expenses incurred of AED 44,282 thousand.

During 2018, the Securities and Commodities Authority ("SCA") has instructed the Group to transfer the balance of the share issuance reserve to statutory reserve.

17.2 Statutory 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 required to be transferred to the Statutory 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 2019, an amount of AED 6,002 thousand (2018: AED 4,293 thousand) has been transferred to statutory reserve. The statutory reserve is not available for distribution. During 2018, the Securities and Commodity Authority ("SCA") has instructed the Group to transfer the balance in the share issuance reserve to statutory reserve.

18 Bank Financing

	2019 AED'000	2018 AED'000
Non-revolving Ijarah term facility (1)	-	24,350
Non-revolving Ijarah working capital facility (2)	-	12,662
Bank term loan (3)	57,152	-
	57,152	**37,012**

1. In 2017, the Group's subsidiary in Bahrain availed a BHD 2.5 million (equivalent to AED 24,350 thousand) Ijarah term facility from an Islamic Bank to finance construction of a medical center in the Kingdom of Bahrain. The facility is repayable in quarterly instalments of profit and principal, whereby the repayment of the principal will commence after a grace period of a maximum of 24 months. The facility bears a profit rate of 2.4% per annum on a reducing balance basis. During 2019, the subsidiary obtained a loan from another bank and fully settled this facility (see 3 below).

2. During 2018, the Group's subsidiary in Bahrain availed an additional financing Ijarah facility of BHD 1.3 million (equivalent to AED 12,662 thousand) to finance the working capital requirements during the construction period of the medical center. The facility is repayable in quarterly instalments of profit and principal, whereby the repayment of the principal will commence after a grace period of a maximum of 24 months. The facility bears a profit rate of BHIBOR plus 2.725%. During 2019, the subsidiary obtained a loan from another bank and fully settled this facility (see 3 below).

3. During 2019, the Group's subsidiary in Bahrain obtained a term loan from a local bank of BHD 5.9 million (equivalent to AED 57,152 thousand) to partially settle the Ijarah facilities availed in previous years and to utilize the additional financing for capital expenditure and working capital requirements. The loan carries interest at 5% per annum. The loan is repayable in quarterly instalments of interest and principal, whereby the repayment of the principal will commence after a grace period of 24 months. The term loan is secured against the corporate guarantee of the Company. Subsequent to the year-end, the subsidiary availed additional financing of BHD 500 thousand (equivalent to AED 4,870 thousand).

19 Other Long-Term Payables

	2019 AED'000	2018 AED'000
Unamortised rent incentive – non-current portion	3,916	3,916
Due to NCI Shareholders of LT* (Note 10)	-	61,944
	3,916	**65,860**

*This balance represents the amount payable by the Group to the NCI shareholders of LT in relation to their ownership of IMC shares. The amount payable does not bear any interest and does not have any specified maturity, which was settled in 2019 upon disposal of the investment in LT.

20 Provision For Employees' End Of Service Benifits

	2019 AED'000	2018 AED'000
Balance as at 1 January	7,685	1,396
Acquired through business combination	-	5,808
Charge for the year	2,134	1,249
Payments made during the year	(1,860)	(768)
Balance as at 31 December	**7,959**	**7,685**

21 Accounts And Other Payables

	2019 AED'000	2018 AED'000
Accounts payable	7,921	8,525
Staff related provisions	7,003	6,598
Other accruals and payables	11,356	18,274
Directors' remuneration payable	2,100	4,200
Customer deposits	2,151	2,675
	30,531	**40,272**

22 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.

	2019	2018
Profit for the year attributable to equity holders of the Company (AED'000)	**60,023**	**42,928**
Number of ordinary shares ('000)	**2,500,000**	**2,500,000**
Basic and diluted earnings per share (AED)	**0.0240**	**0.0171**

23 Dividends

A cash dividend of AED 0.015 per ordinary share was approved by the shareholders at the AGM on 24 March 2019 as proposed by Board of Directors in respect of 2018 (2018: AED 0.017 per share), which was settled on 26 March 2019.

The Board of Directors has proposed a cash dividend of AED 0.022 per share for the financial year ended 31 December 2019.

24 Commitments And Contingencies

Group as lessee

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

	2018 AED'000
Due in less than one year	17,080
Due between one and five years	16,122
Total minimum lease payments	**33,202**

Group as lessor

As mentioned in note 9, 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 22.5 million for the expansion and improvement of the underlying asset within a contractually agreed time frame.

Other commitments and contingencies

The Group has no other contingencies and commitments as at 31 December 2019 (2018: nil contingencies and commitments).

25 Financial Risk Management

The Group's principal financial liabilities comprise borrowings, financial liability at FVTPL, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, finance lease receivables, due from related parties and bank balances that derive directly from its operations. The Group also holds an investment in a financial asset.

The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

The Board of Directors has the 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.

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.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, finance lease receivables and other financial instruments.

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.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2019 and 2018 is the carrying amounts of the financial assets as follows:

	2019 AED'000	2018 AED'000
Trade and other receivables	17,249	29,290
Finance lease receivable	365,223	328,531
Due from related parties	26,558	20,700
Investment in a financial asset	15,716	21,274
Cash at banks	571,580	596,068
	996,326	**995,863**

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the treasury department of each business unit in accordance with set policies.

Exposure to credit risk is monitored on an ongoing basis. Cash balances are held with the banks and financial institutions which are rated A+ to BBB- based on Standard and Poor's credit ratings. The significant portion of the credit exposure of the Group is in the UAE.

The Group has an investment in a quoted equity with low credit risk.

Trade receivables
Trade receivables mainly relate to amounts receivable by Middlesex University from students for providing academic services. Middlesex does not extend a credit period to its debtors and no interest is charged on overdue receivables. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off when considered unrecoverable.

Finance lease receivables
As described in note 9, 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 repossess the property. Such protective rights limit the amount of credit risk on the exposure since it is covered by the fair value of the underlying property.

Due from related parties
Balance due from related parties are mainly related to dividends receivable from associates, which are settled on timely basis, and accordingly, the Group considers these balances to be fully recoverable.

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 table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 DECEMBER 2019	ON DEMAND AED'000	LESS THAN 3 MONTHS AED'000	3 TO 12 MONTHS AED'000	1 TO 5 YEARS AED'000	AFTER 5 YEARS AED'000	TOTAL AED'000
Trade and other payables	-	21,377	7,003	-	-	28,380
Lease liabilities	-	3,889	1,023	5,454	50,112	60,478
Bank financing	-	714	2,142	46,892	19,484	69,232
Financial liability at FVTPL	-	27,850	-	-	-	27,850
	-	**53,830**	**10,168**	**52,346**	**69,596**	**185,940**

31 DECEMBER 2018	ON DEMAND AED'000	LESS THAN 3 MONTHS AED'000	3 TO 12 MONTHS AED'000	1 TO 5 YEARS AED'000	AFTER 5 YEARS AED'000	TOTAL AED'000
Trade and other payables	-	30,999	6,598	-	-	37,597
Other long-term payables	61,944	-	-	-	-	61,944
Bank financing	-	1,417	3,128	18,180	25,895	48,620
Financial liability at FVTPL	-	-	48,000	-	-	48,000
	61,944	**32,416**	**57,726**	**18,180**	**25,895**	**196,161**

Market risk
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 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/profit 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:

	2019 AED'000	2018 AED'000
Fixed rate instruments		
Wakala and term deposits with banks	444,264	529,669
Bank financing	(57,152)	(24,350)
	387,112	**505,319**
Variable rate instruments		
Borrowings – non revolving Ijarah working capital facility	**-**	**12,662**

A reasonably possible change in interest rates at the reporting date will not have any significant impact on the consolidated financial statements.

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 786 thousand (2018: AED 1.06 million) and an equal change in the opposite direction would have decreased other comprehensive income and equity by the same amount.

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 identifies and manages 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.

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. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

26 Fair Value Measurement

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of the Group's financial assets and liabilities approximate their book values as at 31 December 2019 and 2018 based on management's assessment and as follows:

- Management assessed that the fair values of cash and bank balances, trade and other receivables, trade and other payables, due from and to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The financial asset at FVTOCI is carried at fair value using quoted price.
- Management assessed that the book value of long-term borrowings as at 31 December 2019 approximates their fair values due to the fact that they bear variable interest rates that reflect current market interest rates for similar borrowings. As a result, the values of the future discounted cash flows on those borrowings are not significantly different from their current book values.
- Management assessed that the book value of the finance lease receivables and financial liability at FVTPL approximate their respective fair values as these balances have been discounted using appropriate discount factors.

The Group's financial asset at FVTOCI is carried at fair value using level 1 valuation method. There have been no reclassifications made between the valuation levels during the current year or the previous year.

27 Segment Information

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 includes a subsidiary in the field of education and another in the field of healthcare.

The details of segment revenue, segment result, segment assets and segment liabilities are as follows:

31 DECEMBER 2019	INVESTMENTS AED'000	EDUCATION AED'000	HEALTHCARE AED'000	TOTAL AED'000	ELIMINATIONS AED'000	CONSOLIDATED AED'000
Revenue	-	138,069	4,034	142,103	-	142,103
Direct costs	-	(58,324)	(1,749)	(60,073)	-	(60,073)
General and administrative expenses	(57,915)	(51,640)	(27,208)	(136,763)	3,333	(133,430)
Other operating income	23,596	2,232	109	25,937	(3,333)	22,604
Share of results of associates	43,510	-	-	43,510	-	43,510
Share of results of subsidiaries	9,383	-	-	9,383	(9,383)	-
Finance income	42,640	212	-	42,852	(754)	42,098
Finance costs	-	(735)	(4,651)	(5,386)	754	(4,632)
Segment results	**61,214**	**29,814**	**(29,465)**	**61,563**	**(9,383)**	**52,180**
Total assets	**2,602,850**	**69,142**	**164,782**	**2,836,774**	**(72,317)**	**2,764,457**
Total liabilities	**(40,014)**	**(53,061)**	**(109,743)**	**(202,818)**	**19,126**	**(183,692)**
Capital expenditure	**(366)**	**(3,449)**	**(7,218)**	**(11,033)**	**-**	**(11,033)**

31 DECEMBER 2018	INVESTMENTS AED'000	EDUCATION AED'000	HEALTHCARE AED'000	TOTAL AED'000	ELIMINATIONS AED'000	CONSOLIDATED AED'000
Revenue	-	46,274	-	46,274	-	46,274
Direct costs	-	(24,037)	-	(24,037)	-	(24,037)
General and administrative expenses	(61,746)	(16,370)	(1,719)	(79,835)	-	(79,835)
Other operating income	2,763	918	-	3,681	-	3,681
Share of results of associates	57,236	-	-	57,236	-	57,236
Share of results of subsidiaries	5,303	-	-	5,303	(5,303)	-
Finance income	43,486	-	-	43,486	-	43,486
Finance costs	-	-	(417)	(417)	-	(417)
Segment results	47,042	6,785	(2,136)	51,691	(5,303)	46,388
Total assets	**2,675,751**	**74,883**	**135,283**	**2,885,917**	**(79,323)**	**2,806,594**
Total liabilities	**(125,329)**	**(65,736)**	**(50,780)**	**(241,845)**	**11,797**	**(230,048)**
Capital expenditure	**(95)**	**(2,621)**	**(41)**	**(2,757)**	**-**	**(2,757)**

28 Subsequent Events

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

29 Material Partly-Owned Subsidiary

Financial information of the subsidiary that has material non-controlling interests are provided below:

1) Proportion of equity interest held by non-controlling interests:

SUBSIDIARY	NON-CONTROLLING INTEREST	
	2019	2018
Royal Maternity Hospital Holding W.L.L	30.64%	30.64%

Accumulated balances of non-controlling interest:

	2019 AED'000	2018 AED'000
Royal Maternity Hospital Holding W.L.L ("RMH")	**16,864**	**25,892**

2) Summarised financial information of the subsidiary before inter-company eliminations

Summarised consolidated statement of profit or loss for the year ended 31 December 2019

	2019 AED'000	2018 AED'000
Revenue from contracts with customers and other income	4,034	-
Costs and expenses	(28,957)	(1,719)
Other income	109	-
Finance costs	(4,651)	(417)
Loss for the year	**(29,465)**	**(2,136)**
Attributable to non-controlling interests	**(9,028)**	**(655)**

Summarised consolidated statement of financial position as at 31 December 2019

	2019 AED'000	2018 AED'000
Non-current assets	143,631	123,793
Current assets	21,151	11,490
Non-current liabilities	(74,470)	(37,012)
Current liabilities	(35,273)	(13,768)
Total equity	**55,039**	**84,503**
Attributable to non-controlling interests	**16,864**	**25,892**

Summarised cash flow information for the year ended 31 December 2019:

	2019 AED'000	2018 AED'000
Operating	(16,074)	(10,637)
Investing	(7,124)	(41)
Financing	30,974	12,662
Net decrease in cash and cash equivalents	**7,776**	**1,984**

3) Movements in non-controlling interests

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

	NON-CONTROLLING INTEREST	
	2019 AED'000	2018 AED'000
Balance as at 1 January	30,244	1,778
Acquisition of subsidiary		
RMH	-	26,547
Profit/(loss) for the year/period		
RMH	(9,028)	(655)
LT	1,185	4,115
Dividend paid		
LT	(1,843)	(1,541)
Disposal of subsidiary		
LT	(3,694)	-
Balance as at 31 December	**16,864**	**30,244**

30 Comparative Figures

Certain comparative figures in the consolidated statement of financial position have been reclassified, where appropriate, to correct the presentation according to IFRS 15. In addition, reclassifications were made in the consolidated statement of profit or loss to conform to the current period's presentation. Such reclassifications did not have any impact on the previously reported net assets at 31 December 2018 and results of the Group for the year then ended and are summarized as follows.

Consolidated statement of financial position

	AS PREVIOUSLY REPORTED AED'000	RECLASSIFICA-TION AED'000	AS CURRENTLY REPORTED AED'000
Accounts and other payables	119,491	(79,219)	40,272
Contract liabilities	-	31,219	31,219
Financial liability at fair value through profit or loss	-	48,000	48,000

In addition to the above, the Group reclassified an amount of AED 133,300 thousand from goodwill to other intangible asset as a result of retrospective adjustment to the identifiable assets acquired through business combination (Note 10). However, such reclassification was within the same category of assets hence did not have any impact on the presentation of the consolidated statement of financial position.

Consolidated statement of profit or loss

	AS PREVIOUSLY REPORTED AED'000	RECLASSIFICA-TION AED'000	AS CURRENTLY REPORTED AED'000
Revenue from contracts with customers	49,378	(3,104)	46,274
Direct costs	(18,675)	(5,362)	(24,037)
Gross profit	30,703	(8,466)	22,237
Employee related expenses	(36,218)	36,218	-
General and administrative expenses	(49,173)	(30,662)	(79,835)
Impairment loss on trade receivables	(1,764)	1,764	-
Other operating income	15,942	(12,261)	3,681

In addition to the above, the Group made changes in the presentation of the consolidated statement of profit or loss and elected to present an additional line item to disclose the operating profit.

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HEALTHCARE & EDUCATION