

Amanat Holdings PJSC

Condensed consolidated interim financial statements
For the period ended 30 June 2018

Amanat Holdings PJSC

Condensed consolidated interim financial statements *For the period ended 30 June 2018*

	Page
Independent auditors' report on review of condensed consolidated interim financial information	1 – 2
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of profit or loss and other comprehensive income	5
Condensed consolidated interim statement of changes in equity	6 – 7
Condensed consolidated interim statement of cash flows	8
Notes to the condensed consolidated interim financial statements	9 – 29



KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

The Shareholders
Amanat Holdings P.J.S.C.

Introduction

We have reviewed the accompanying 30 June 2018 condensed consolidated interim financial information of Amanat Holdings P.J.S.C (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2018;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2018;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2018; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.



Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

A handwritten signature in black ink, appearing to read 'Vijendra Nath Malhotra'.

Vijendra Nath Malhotra
Registration Number: 48
Dubai, United Arab Emirates
Date: 12 August 2018

Amanat Holdings PJSC

Condensed consolidated interim statement of financial position
As at 30 June 2018

		At 30 June 2018 AED'000 (Un-audited)	At 31 December 2017 AED'000 (Audited)
ASSETS	<i>Note</i>		
Non-current assets			
Property and equipment		2,159	2,456
Investment in associates	3	1,177,198	821,287
Finance lease receivable	4	315,464	-
Investments at fair value through other comprehensive income	5	26,634	-
Available-for-sale investment		-	32,755
Total non-current assets		1,521,455	856,498
Current assets			
Deposits and prepayments	6	2,912	3,390
Other assets	7	34,192	43,245
Due from related parties	18	2,370	17,527
Cash and bank balances	8	1,044,965	1,721,647
Total current assets		1,084,439	1,785,809
Total assets		2,605,894	2,642,307
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	2,500,000	2,500,000
Share issuance reserve	10	-	5,718
Fair value reserve		(10,115)	(3,994)
Retained earnings		27,857	43,176
Legal reserve	21	18,849	13,131
Total equity attributable to the owners of the Company		2,536,591	2,558,031
Non-controlling interest		3,628	1,778
Total equity		2,540,219	2,559,809
LIABILITIES			
Non-current liabilities			
Other payables	12,18	61,944	61,944
End of service benefits		903	1,396
Total non-current liabilities		62,847	63,340
Current liabilities			
Trade and other payables	11	2,828	19,158
Total liabilities		65,675	82,498
Total equity and liabilities		2,605,894	2,642,307

The notes set out on pages 9 to 29 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on 12 AUG 2018 and signed on its behalf by:

Chairman

Name:

Hamad Alshamsi

Director

Name:

Shamsheet Nayalil

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 to 2.

Amanat Holdings PJSC

Condensed consolidated interim statement of profit or loss
For the period ended 30 June 2018

		<i>For the six month period ended 30 June 2018</i>	<i>For the six month period ended 30 June 2017</i>	<i>For the three month period ended 30 June 2018</i>	<i>For the three month period ended 30 June 2017</i>
		AED'000	AED'000	AED'000	AED'000
	<i>Note</i>	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Income					
Income on deposits	13	24,125	28,675	10,927	14,168
Dividend income		1,261	1,265	631	1,176
Finance lease income	4	351	-	351	-
		<u>25,737</u>	<u>29,940</u>	<u>11,909</u>	<u>15,344</u>
Share of profit of equity- accounted investees	3	26,141	18,381	11,695	7,664
Expenses					
Employee related expenses	14	(13,467)	(13,942)	(6,083)	(6,860)
General and administrative expenses	15	(8,704)	(7,511)	(3,339)	(3,369)
Total operating expenses		<u>(22,171)</u>	<u>(21,453)</u>	<u>(9,422)</u>	<u>(10,229)</u>
Net profit for the period		<u>29,707</u>	<u>26,868</u>	<u>14,182</u>	<u>12,779</u>
Profit attributable to:					
Owners of the company		27,857	24,954	13,441	11,922
Non-controlling interest		1,850	1,914	741	857
		<u>29,707</u>	<u>26,868</u>	<u>14,182</u>	<u>12,779</u>
Basic and diluted earnings per share (AED)	16	0.0111	0.0100	0.0054	0.0048

The notes set out on pages 9 to 29 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 to 2.

Amanat Holdings PJSC

Condensed consolidated interim statement of profit or loss and other comprehensive income
For the period ended 30 June 2018

		<i>For the six month period ended 30 June 2018 AED'000 (Un-audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-audited)</i>	<i>For the three month period ended 30 June 2018 AED'000 (Un-audited)</i>	<i>For the three month period ended 30 June 2017 AED'000 (Un-audited)</i>
	<i>Note</i>				
Net Profit for the period		29,707	26,868	14,182	12,779
Other comprehensive income for the period					
Items that may be reclassified to profit or loss					
Available-for-sale investment – net change in fair value		-	(1,159)	-	(2,647)
Items that will not be reclassified to profit or loss					
Investment at fair value through other comprehensive income – net change in fair value	5	(6,121)	-	(6,121)	-
Total comprehensive income for the period		23,586	25,709	8,061	10,132
Total comprehensive income attributable to:					
Owners of the company		21,736	23,795	7,320	9,275
Non-controlling interest		1,850	1,914	741	857
		23,586	25,709	8,061	10,132

The notes set out on pages 9 to 29 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 to 2.

Amanat Holdings PJSC

Condensed consolidated interim statement of changes in equity (Un-audited)
For the period ended 30 June 2018

	Share capital AED'000	Share issuance reserve AED'000	Unrealised loss on available-for-sale investments AED'000	Retained earnings AED'000	Legal reserve AED'000	Total equity attributable to owners of the Company AED'000	Non- controlling interest AED'000	Total AED'000
As at 1 January 2017	2,500,000	5,718	-	42,583	8,898	2,557,199	115	2,557,314
Profit for the period	-	-	-	24,954	-	24,954	1,914	26,868
Available-for-sale investments – net change in fair value	-	-	(1,159)	-	-	(1,159)	-	(1,159)
Dividend Paid	-	-	-	(37,500)	-	(37,500)	-	(37,500)
As at 30 June 2017	2,500,000	5,718	(1,159)	30,037	8,898	2,543,494	2,029	2,545,523

The notes set out on pages 9 to 29 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 to 2.

Amanat Holdings PJSC

Condensed consolidated interim statement of changes in equity (Un-audited) (continued)
For the period ended 30 June 2018

	Share capital AED'000	Share issuance reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Legal reserve AED'000	Total equity attributable to owners of the Company AED'000	Non- controlling interest AED'000	Total AED'000
As at 1 January 2018	2,500,000	5,718	(3,994)	43,176	13,131	2,558,031	1,778	2,559,809
Investments at fair value through other comprehensive income – net change in fair value	-	-	(6,121)	-	-	(6,121)	-	(6,121)
Profit for the period	-	-	-	27,857	-	27,857	1,850	29,707
Other transfers	-	(5,718)	-	-	5,718	-	-	-
Dividend Paid	-	-	-	(43,176)	-	(43,176)	-	(43,176)
As at 30 June 2018	2,500,000	-	(10,115)	27,857	18,849	2,536,591	3,628	2,540,219

The notes set out on pages 9 to 29 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 to 2.

Amanat Holdings PJSC

Condensed consolidated interim statement of cash flows
For the period ended 30 June 2018

	<i>For the six month period ended 30 June 2018 AED'000 (Un-audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-audited)</i>
Operating activities		
Profit for the period	29,707	26,868
Adjustments:		
Less: Income on deposits	(24,125)	(28,675)
Less: Share of profits from equity accounted investees	(26,141)	(18,381)
Less: Dividend income	(1,261)	(1,265)
Less: Finance lease income	(351)	-
Add: Employee end of service benefits	292	309
Add: Depreciation	349	274
	<u>(21,530)</u>	<u>(20,870)</u>
Adjustment for:		
Changes in deposits and prepayments	478	(861)
Changes in other assets	(18,417)	(2,226)
Changes in due from related parties	(1,094)	12,865
Changes in trade and other payables	(16,330)	(3,630)
Interest received on call and term deposits with conventional banks	39,665	22,853
Income received on sharia compliant term deposits	2,250	-
Employee end of service benefits paid	(785)	(53)
Net cash (used in) / generated from operating activities	<u>(15,763)</u>	<u>8,078</u>
Investing activities		
Acquisition of property and equipment	(52)	(837)
Consideration paid for available-for-sale investment	-	(37,321)
Consideration paid for investment in associate	(320,390)	-
Investment in finance lease	(315,113)	-
Changes in wakala and term deposits with original maturity of more than 3 months	729,293	52,350
Dividend received from associate	16,251	-
Dividend received from investment at FVOCI	1,561	-
Net cash generated from investing activities	<u>111,550</u>	<u>14,192</u>
Financing activities		
Dividend Paid	(43,176)	(37,500)
	<u>(43,176)</u>	<u>(37,500)</u>
Net increase / (decrease) in cash and cash equivalents	52,611	(15,230)
Cash and cash equivalents at the beginning of the period	12,313	18,609
Net balance of cash and cash equivalents at the end of the period	<u>64,924</u>	<u>3,379</u>

The notes set out on pages 9 to 29 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 to 2.

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements
For the period ended 30 June 2018

1 BACKGROUND AND PRINCIPAL ACTIVITIES

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

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

The Group also has investments in subsidiaries and associates. The extent of the Company's ownership in its subsidiaries and its associates with their principal activities are as follows:

<u>Name</u>	<u>Legal ownership interest</u>	<u>Country of incorporation</u>	<u>Principal Activities</u>
Subsidiaries / SPVs			
Amanat Investments L.L.C.	100%	United Arab Emirates	Investment in commercial enterprises and management.
Amanat Education Investments L.L.C.	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Amanat Healthcare Investments L.L.C.	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
Amanat H.H. Alpha Investments L.L.C.	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
Amanat H.E. Alpha Investments L.L.C.	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Talent Investments L.L.C	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
A.H.H. Investments Limited	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.
A.H.E. Investments Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AHE Alpha Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AHH Alpha Limited	100%	United Arab Emirates	Investment in finance lease of a commercial property.
AH Alpha Investments (Holdings) 1 Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AH Alpha Investments (Holdings) 2 Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
AHE Ethos Limited	100%	United Arab Emirates	Investment in healthcare and commercial enterprises, development and management.

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)
For the period ended 30 June 2018

1 BACKGROUND AND PRINCIPAL ACTIVITIES (continued)

<u>Name</u>	<u>Legal ownership interest</u>	<u>Country of incorporation</u>	<u>Principal Activities</u>
Subsidiaries / SPVs (continued)			
AH Alpha Investments (Holdings) 3 Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Loai Reda & Hakeem Company for Trading Ltd. ("LT")	85.20%	Kingdom of Saudi Arabia	Investment in companies in the field of healthcare.
Associates			
Sukoon International Holding Company	33.25%	Kingdom of Saudi Arabia	Long-term and critical healthcare
Taaleem Holdings PrJSC (Previously Madaares PrJSC)	21.67%	United Arab Emirates	Leading education provider in U.A.E
International Medical Center*	13.18%	Kingdom of Saudi Arabia	Hospital and healthcare facilities in KSA
Abu Dhabi University Holding LLC	35%	United Arab Emirates	Leading tertiary education provider in U.A.E

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

2 BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board ('IASB') and applicable requirements of the UAE Federal Law No. 2 of 2015. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2017. These condensed consolidated interim financial statements do not include all of the information required for a full set of annual consolidated financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2017.

b) Foreign currency translation

Functional and presentation currency

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

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)
For the period ended 30 June 2018

2 BASIS OF PREPARATION (*continued*)

b) Foreign currency translation (*continued*)

Transactions and balances

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

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

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

- Equity investments at fair value through other comprehensive income (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

c) Key accounting estimates & judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017, except for the Group's assessment of a new leasing arrangement entered into during the year.

Classification of lease arrangement

As described in note 4 to the financial statements, the Group has entered into a commercial property lease arrangement as a lessor. Significant judgment is applied by the Group to evaluate the substance of the arrangement and to assess whether substantially all risks and rewards incidental to ownership have passed to the lessee. The factors considered by the Group in making this assessment include:

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

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)
For the period ended 30 June 2018

2 BASIS OF PREPARATION (*continued*)

c) Key accounting estimates & judgments (*continued*)

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

The Group is required to recognize expected credit losses on Finance Lease receivables and in this respect has elected to adopt the General Approach under IFRS 9 to account for impairment losses. As mentioned in note 2(d), the Group does not believe that the recognition of 12 month expected credit losses on its Finance Lease receivables would have a material impact on its condensed consolidated interim financial statements.

d) Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2017, except for the matter described below:

As described in note 4, the Group entered into a finance lease arrangement as a lessor. The Group's maximum exposure to credit risk on its finance lease receivable is best represented by its carrying value at the reporting date. Prior to entering into this contract, the Group performed necessary diligence on the credit worthiness of the counter party (lessee) and the quality and performance of the underlying asset. The Group constantly monitors the credit risk on its finance lease receivable.

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

e) Summary of significant accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017 except for adoption of new IFRSs which became effective for the period beginning 1 January 2018

Adoption of new IFRSs

The adoption of the following new and revised IFRS have been reflected in these condensed consolidated interim financial statements. The application of these new and revised IFRS have not had any material impact on the amounts reported for the current and prior periods.

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)
For the period ended 30 June 2018

2 BASIS OF PREPARATION (*continued*)

e) Summary of significant accounting policies (*continued*)

IFRS 9 Financial Instruments

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

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

i) Classification – Financial Assets

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

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

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

Available for sale assets

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

Amortised cost assets

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

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*continued*)
For the period ended 30 June 2018

2 BASIS OF PREPARATION (*continued*)

e) Summary of significant accounting policies (*continued*)

IFRS 9 Financial Instruments (continued)

1. Business model

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

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

2. Cash flow characteristics

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

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

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

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

ii) Impairment – Financial Assets

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

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

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

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

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*continued*)
For the period ended 30 June 2018

2 BASIS OF PREPARATION (*continued*)

e) Summary of significant accounting policies (*continued*)

IFRS 9 Financial Instruments (continued)

ii) Impairment – Financial Assets (continued)

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

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

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

iii) Classification – Financial Liabilities

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

The Group has assessed that the new requirements under this standard have not had a material impact on its consolidated financial statements.

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*continued*)
For the period ended 30 June 2018

3 INVESTMENT IN ASSOCIATES

The carrying value of the Group's investment in associates is as follows:

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Sukoon International Holding Company ("Sukoon")	199,823	199,900
Taaleem Holdings PrJSC ("Taaleem")	197,245	188,391
International Medical Center ("IMC")	444,602	432,996
Abu Dhabi University Holding LLC ("ADU")	335,528	-
	<u>1,177,198</u>	<u>821,287</u>

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

	30 June 2018 AED'000 (Un-audited)	30 June 2017 AED'000 (Un-audited)
Sukoon International Holding Company ("Sukoon")	(77)	(814)
Taaleem Holdings PrJSC ("Taaleem")	8,854	6,215
International Medical Center ("IMC")	11,606	12,980
Abu Dhabi University Holding LLC ("ADU")	5,758	-
	<u>26,141</u>	<u>18,381</u>

a) Sukoon International Holding Company

Investment in an associate includes an equity investment of 33.25% (2017: 33.25%) in Sukoon International Holding Company ("Sukoon"). This investment is accounted for in accordance with the equity accounting methodology as per IAS 28 – Investments in associates and joint ventures.

The following summarizes the financial information of the Associate and reconciles the summarized financial information to the carrying amount of the Group's interest in Sukoon for the period ended 30 June 2018.

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Investment at 1 January	199,900	219,814
Group's share of net profits/ (loss) for the period/year	173	(9,892)
Recovery of investment through receipt of funds held in Escrow account	-	(9,522)
Amortization of Purchase Price Allocation ("PPA") assets	(250)	(500)
Investment in Sukoon	<u>199,823</u>	<u>199,900</u>

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)
For the period ended 30 June 2018

3 INVESTMENT IN ASSOCIATES (*continued*)

a) Sukoon International Holding Company (*continued*)

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Percentage of interest	33.25%	33.25%
Assets	491,604	503,804
Liabilities	(40,257)	(52,976)
Net assets	451,347	450,828
Group's share in net assets	150,073	149,900
Goodwill, intangibles 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
Amortization of PPA assets	(1,451)	(1,201)
Other adjustments	4,296	4,296
Investment in Sukoon	199,823	199,900
	<i>For the six month period ended 30 June 2018 AED'000 (Un-audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-audited)</i>
Revenue	69,189	83,255
Profit	520	(1,696)
Group's share of profit at 33.25%	173	(564)

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)

For the period ended 30 June 2018

3 INVESTMENT IN ASSOCIATES (*continued*)

b) Taaleem Holdings PrJSC

In 2016 the Group acquired 16.34% of the equity of Taaleem Holdings PrJSC ("Taaleem"). Management concluded that it had the ability to exercise significant influence over the operational and financial policies of this entity and, accordingly, accounted for this entity as an associated undertaking.

During 2017, the Group acquired a further 40 million shares in Taaleem for consideration of AED 51.2 million which increased its shareholding in the entity from 16.34% to 21.67%.

The following summarizes the financial information of the Associate and reconciles the summarized financial information to the carrying amount of the Group's interest in Taaleem for the period ended 30 June 2018.

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
At 1 January	188,391	139,754
Group's share of net profits for the period/year	9,604	14,225
Acquisition of additional stake	-	51,200
Cost of acquisition capitalized	-	963
Amortization of PPA assets	(750)	(1,500)
Dividend received for the period	-	(16,251)
Investment in Taaleem	197,245	188,391

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Percentage of interest	21.67%	21.67%
Assets (excluding existing goodwill in Taaleem)	1,060,276	1,157,334
Liabilities	(365,038)	(506,413)
Net assets	695,238	650,921
Group's share in net assets	150,658	141,054
Goodwill and intangibles at acquisition	45,071	45,071
Cost of acquisition capitalized	4,670	4,670
Amortization of PPA assets	(3,154)	(2,404)
Investment in Taaleem	197,245	188,391

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)
For the period ended 30 June 2018

3 INVESTMENT IN ASSOCIATES (*continued*)

b) Taaleem Holdings PrJSC (*continued*)

	<i>For the six month period ended 30 June 2018 AED'000 (Un-audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-audited)</i>
Revenue for the period	239,309	236,290
Profit for the period	44,321	42,624
Group's share of profit at 21.67%/16.34%	9,604	6,965

c) International Medical Center

LT, a subsidiary of the Company, holds 15.47% shareholding in International Medical Centre ("IMC"). Based on this shareholding, along with LT's representation on both the Board of Directors and Executive Committee of IMC, the Group believes it has significant influence over the operating and financial policies of IMC, and accordingly classifies it as an associated undertaking. The Group's effective ownership in IMC is 13.18%.

The following summarizes the financial information of IMC and reconciles the summarized financial information to the carrying amount of the Group's interest in IMC for the period ended 30 June 2018.

	<i>30 June 2018 AED'000 (Un-audited)</i>	<i>31 December 2017 AED'000 (Audited)</i>
Investment at 1 January	432,996	422,176
Costs capitalized	-	571
Group's share of net profits for the period/year	12,500	22,459
Dividend received	-	(10,423)
Amortization of PPA assets	(894)	(1,787)
Investment in IMC	<u>444,602</u>	<u>432,996</u>

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)

For the period ended 30 June 2018

3 INVESTMENT IN ASSOCIATES (*continued*)

c) International Medical Center (*continued*)

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Consolidated Interest	15.47%	15.47%
Assets	1,247,761	1,107,590
Liabilities	(371,640)	(312,269)
Net assets	876,121	795,321
Group's share in net assets at 15.47%	135,536	123,036
Goodwill, intangible and other fair value adjustments	308,464	308,464
Cost of acquisition capitalized	3,283	3,283
Amortization of PPA assets	(2,681)	(1,787)
Investment in International Medical Centre	444,602	432,996
	<i>For the six month period ended 30 June 2018 AED'000 (Un-audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-audited)</i>
Revenue for the period	593,190	573,054
Profit for the period	80,802	83,904
Group's share of profit at 15.47%	12,500	12,980

d) Abu Dhabi University Holding LLC

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

The following summarizes the financial information of ADU and reconciles the summarized financial information to the carrying amount of the Group's interest in ADU for the period ended 30 June 2018.

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)

For the period ended 30 June 2018

3 INVESTMENT IN ASSOCIATES (*continued*)

d) Abu Dhabi University (*continued*)

	30 June 2018 AED'000 (Un-audited)
At 1 January	-
Initial cost of acquisition	320,390
Costs capitalized	9,380
Group's share of profit for the period	5,758
Investment in ADU	<u>335,528</u>

	30 June 2018 AED'000 (Un-audited)
Percentage of interest	35%
Assets	1,045,053
Liabilities	(482,229)
Net assets	<u>562,824</u>

	For the six month period ended 30 June 2018 AED'000 (Un-audited)
Revenue for the period from 6 March to 30 June 2018	182,220
Profit for the period from 6 March to 30 June 2018	16,452
Group's share of profit at 35%	<u>5,758</u>

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

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)

For the period ended 30 June 2018

4 FINANCE LEASE RECEIVABLE

During the period ended 30 June 2018 the Group entered into a sale purchase agreement to acquire a school building complex from a third party for a total consideration of AED 360 million. Subsequently, the Group (acting as the lessor), entered into another agreement with the same third party to lease the school building for a period of 25 years, renewable for a period of 5 years based on mutual consent of both parties. The Group accounts for this transaction as a finance lease as per IAS 17. Transactions costs amounting to AED 15 million are capitalized as part of the net investment in the lease. The net investment in lease represents the present value of minimum lease payments discounted at the implicit lease rate and is recorded net of any advance lease installments received by the Group.

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

Amanat's initial investment in the finance lease asset was AED 374,958 thousand (including transaction costs). The receivable amount in the condensed consolidated interim statement of financial position is recognized net of the advance lease installments amounting to AED 59,845 thousand. This is illustrated in the table below:

	30 June 2018 AED'000 (Un-audited)
Purchase cost	360,000
Add: Cost of acquisition	14,958
	<u>374,958</u>
Less: Advance lease installments	(59,845)
Add: Finance lease income	351
	<u>315,464</u>

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

	30 June 2018 AED'000 (Un-audited)
Gross investment in finance lease receivable	
Less than one year	-
Between one and five years	109,175
More than five years	723,852
	<u>833,027</u>
Unearned finance income	(517,563)
Net investment in finance lease receivable	<u>315,464</u>
Net investment in finance lease receivable	
Less than one year	-
Between one and five years	83,055
More than five years	232,409
	<u>315,464</u>

Amanat Holdings PJSCNotes to the condensed consolidated interim financial statements (*Continued*)*For the period ended 30 June 2018***5 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

	2018 AED'000 (Un-audited)
At 1 January	-
Investment recognized on adoption of IFRS 9	32,755
Net change in fair value	(6,121)
At 30 June	<u>26,634</u>

FVOCI investments consists of an investment made by the Group in Emirates NBD REIT Limited. As mentioned in note 2, the investment in Emirates REIT Limited which was designated as Available for sale at 31 December 2017 has been classified as FVOCI on 1 January 2018 on adoption of IFRS 9. The investment represents a 3.54% stake at a total consideration of AED 36.8 million. Emirates NBD REIT Limited has reported net asset value of the Fund as on 30 June 2018 of USD 1.14 (31 December 2017: USD 1.18) which equates to AED 37.7 million (31 December 2017: AED 39.0 million).

6 DEPOSITS AND PREPAYMENTS

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Deposits	1,161	1,161
Prepayments	1,751	2,229
	<u>2,912</u>	<u>3,390</u>

7 OTHER ASSETS

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Accrued income on sharia compliant term deposits	4,969	1,520
Accrued interest on call and term deposits with conventional banks	7,164	28,403
Transaction related costs	2,703	11,660
Value Added Tax recoverable	15,008	-
Other receivables	4,348	1,662
	<u>34,192</u>	<u>43,245</u>

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)
For the period ended 30 June 2018

8 CASH AND BANK BALANCES

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Call deposits	3	3
Current account	64,872	12,291
Cash on hand	49	19
Cash and cash equivalents	64,924	12,313
Sharia compliant term deposits	587,745	65,000
Term deposits with conventional banks	392,296	1,644,334
	<u>1,044,965</u>	<u>1,721,647</u>

During the period ended 30 June 2018, the Group earned income at an average rate of 3.34% per annum on its Wakala, term and call deposits combined together (period ended 30 June 2017: 3.13%).

The Company had decided to make the shares of the Company compliant with the DFM Sharia Standard for Issuing, Acquiring and Trading Shares. Therefore, the Company has initiated the process to move the Term Deposits with conventional banks to Sharia Compliant Banks.

9 SHARE CAPITAL

Authorised share capital

The authorised share capital of the Company is AED 5 billion (2017: AED 5 billion).

Issued share capital

As at 30 June 2018 the Company had 2,500,000,000 ordinary shares in issuance of AED 1 each which were fully paid up. 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.

10 SHARE ISSUANCE RESERVE

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Amounts raised in initial public offering for related costs (AED 0.02 per share)	50,000	50,000
Less: Share issuance and IPO expenses incurred	(44,282)	(44,282)
Less: Transfer to legal reserve*	(5,718)	-
	<u>-</u>	<u>5,718</u>

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

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)

For the period ended 30 June 2018

11 TRADE AND OTHER PAYABLES

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Directors' remuneration payable	-	2,000
Sundry payables	1,552	11,218
Staff related provisions	1,066	3,041
Accrued expenses	210	2,899
	<u>2,828</u>	<u>19,158</u>

12 OTHER PAYABLES

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Due to NCI Shareholders of LT*	<u>61,944</u>	<u>61,944</u>

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

13 INCOME ON DEPOSITS

	For the six month period ended 30 June 2018 AED'000 (Un-Audited)	For the six month period ended 30 June 2017 AED'000 (Un-Audited)
Income on sharia compliant term deposits	5,699	8,712
Interest on call and term deposits with conventional banks	18,426	18,243
Interest income from loan to Sukoon	-	1,720
	<u>24,125</u>	<u>28,675</u>

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)

For the period ended 30 June 2018

14 EMPLOYEE RELATED EXPENSES

	<i>For the six month period ended 30 June 2018 AED'000 (Un-Audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-Audited)</i>
Salaries, wages and other benefits	10,264	9,876
Provision for gratuity and leave encashment	292	309
Other staff costs	2,911	3,757
	<u>13,467</u>	<u>13,942</u>

15 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the six month period ended 30 June 2018 AED'000 (Un-Audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-Audited)</i>
General and administrative expenses	7,156	6,526
Transaction related costs	1,548	985
	<u>8,704</u>	<u>7,511</u>

16 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the profit for the period attributable to the Owners of the company and number of ordinary shares issued by the Company.

	<i>For the six month period ended 30 June 2018 AED'000 (Un-audited)</i>	<i>For the six month period ended 30 June 2017 AED'000 (Un-audited)</i>
Profit for the period attributable to the Owners of the Company (AED'000)	<u>27,857</u>	<u>24,954</u>
Number of ordinary shares ('000)	<u>2,500,000</u>	<u>2,500,000</u>
Basic and diluted earnings per share (AED)	<u>0.0111</u>	<u>0.0100</u>

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)
For the period ended 30 June 2018

17 COMMITMENTS

Operating Lease Commitments – Group as Lessee

At 30 June 2018, the future minimum lease payments for non-cancellable operating leases payable were as follows:

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Due in less than one year	4,631	4,545
Due between one and five years	4,914	7,217
Total minimum lease payments	9,545	11,762

Finance Lease Commitments – Group as Lessor

As mentioned in note 4, the Group entered into a finance lease as a lessor. Under the terms of the contract, subject to fulfilment of certain criteria, the Group may be required to fund an additional amount of up to AED 45 million for the expansion and improvement of the underlying asset within a contractually agreed time frame.

Acquisition of Middlesex University

The group had entered into an agreement with Mocha International Holdings Limited to purchase 100% stake in Middlesex Associates FZ-LLC at the reporting date for a consideration AED 368.8 million. The payment of this amount is contingent on meeting certain conditions precedent in the agreement. Subsequent to the reporting period, this transaction has been executed and the aforementioned amount settled in full. At the time of acquisition, Abraaj Holdings held an indirect stake of 6% in Middlesex Associates FZ-LLC.

The group has no other contingencies and commitments as at 30 June 2018 (2017: nil contingencies and commitments).

18 RELATED PARTY TRANSACTIONS

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

Transactions with related parties

	For the six month period ended 30 June 2018 AED'000 (Un-audited)	For the six month period ended 30 June 2017 AED'000 (Un-Audited)
Expenses paid on behalf of Sukoon	673	1,152
Interest income earned from loan to Sukoon	-	1,719
Expenses paid by Taaleem on behalf of Amanat	79	-
Dividend received from Taaleem	16,251	-
Short term loan extended to key managerial person	500	-
Post-employment benefits paid to key managerial persons	493	-

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (*Continued*)
For the period ended 30 June 2018

18 RELATED PARTY TRANSACTIONS (continued)

Balances outstanding with a related parties

	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Due from related parties		
Due from key managerial person	500	-
Due from Sukoon	1,731	1,058
Due from Taaleem	139	16,469
	<u>2,370</u>	<u>17,527</u>
	30 June 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Due to related parties		
Due to NCI Shareholders of LT*	<u>61,944</u>	<u>61,944</u>

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

Key managerial persons' remunerations

Director and key managerial persons' compensation comprised the following:

	For the six month period ended 30 June 2018 AED'000 (Un-audited)	For the six month period ended 30 June 2017 AED'000 (Un-audited)
Short-term benefits	5,189	4,445
Post-employment benefits	<u>35</u>	<u>113</u>

Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements *(Continued)*
For the period ended 30 June 2018

19 FAIR VALUE MEASUREMENT

All financial assets and liabilities are stated at amortized cost or historical cost except for FVOCI investments, which are measured at fair value. The fair values of the financial assets and liabilities are not materially different from their carrying values at the reporting date. The FVOCI investments qualify for Level 1, Cash and bank balances qualify for Level 2 and all other assets and liabilities are classified as Level 3 within the fair value hierarchy.

20 OPERATING SEGMENTS

The principal activities of the Group are to invest in companies and enterprises in the fields of education and healthcare and managing, developing and operating such companies and enterprises. The Group has made investment in one subsidiary and one associate in Saudi Arabia in the field of healthcare and three other investments are made in the field of Education in UAE as at 30 June 2018. The detailed information is disclosed in Notes 1, 3 and 4 of these condensed consolidated interim financial statements.

21 LEGAL RESERVE

As required by Article 239 of the U.A.E. Federal Law No. (2) of 2015, 10% of the annual profit is transferred to the Legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid up share capital. Transfers to the Legal reserve are made only at year end. The Legal reserve is not available for distribution. During the period, Emirates Securities and Commodities Authority ("ESCA") has instructed the Group to transfer the balance in the share issuance reserve to legal reserve.

22 DIVIDEND

On 14 May 2018, a cash dividend of AED 0.017 per ordinary share was paid to the shareholders in respect of 2017.

23 SUBSEQUENT EVENTS

As described in note 17, the Group acquired 100% stake in Middlesex Associates FZ-LLC subsequent to the reporting date.

24 REGULATORY DISCLOSURE REQUIREMENT

Based on ESCA circular dated 9 July 2018, the Group does not have any exposure from, or investment in, Abraaj Holdings, its affiliates or any of its managed funds, other than the transaction disclosed in note 17.

25 COMPARITIVE FIGURES

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