

# **Amanat Holdings PJSC**

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

## **Amanat Holdings PJSC**

### **Condensed consolidated interim financial statements**

*For the period ended 30 September 2018*

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**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 September 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 September 2018;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2018;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2018;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2018;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 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 condensed consolidated 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 September 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

Emilio Pera  
Registration No.: 1146  
Dubai, United Arab Emirates  
Date: **06 NOV 2018**

## Amanat Holdings PJSC

### Condensed consolidated interim statement of financial position

As at 30 September 2018

		At 30 September 2018 AED'000 (Un-audited)	At 31 December 2017 AED'000 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	133,356	2,456
Investment in associates	3	1,174,002	821,287
Goodwill and intangible assets	4	489,943	-
Finance lease receivable	5	322,003	-
Investment at fair value through other comprehensive income	7	24,814	-
Available-for-sale investment		-	32,755
<b>Total non-current assets</b>		<b>2,144,118</b>	<b>856,498</b>
<b>Current assets</b>			
Deposits and prepayments	8	9,171	3,390
Trade and other receivables		5,117	-
Other assets	9	36,189	43,245
Due from related parties	22	15,755	17,527
Cash and bank balances	10	569,355	1,721,647
<b>Total current assets</b>		<b>635,587</b>	<b>1,785,809</b>
<b>Total assets</b>		<b>2,779,705</b>	<b>2,642,307</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	2,500,000	2,500,000
Share issuance reserve	12	-	5,718
Fair value reserve		(11,935)	(3,994)
Retained earnings		24,286	43,176
Legal reserve	25	18,849	13,131
<b>Total equity attributable to the owners of the Company</b>		<b>2,531,200</b>	<b>2,558,031</b>
Non-controlling interest	4	29,563	1,778
<b>Total equity</b>		<b>2,560,763</b>	<b>2,559,809</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	37,012	-
Other payables	15	114,025	61,944
End of service benefits		6,714	1,396
<b>Total non-current liabilities</b>		<b>157,751</b>	<b>63,340</b>
<b>Current liabilities</b>			
Trade and other payables	13	61,191	19,158
<b>Total liabilities</b>		<b>218,942</b>	<b>82,498</b>
<b>Total equity and liabilities</b>		<b>2,779,705</b>	<b>2,642,307</b>

The notes set out on pages 9 to 37 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 06 NOV 2018 and signed on its behalf by:

Chairman

Name:

Hamad Al Shamsi

Director

Name:

V. Shamsheer Vakilil

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

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## Amanat Holdings PJSC

### Condensed consolidated interim statement of profit or loss

For the period ended 30 September 2018

		<i>For the nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>	<i>For the three month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the three month period ended 30 September 2017 AED'000 (Un-audited)</i>
	<i>Note</i>				
<b>Income</b>					
Income on deposits	16	25,707	43,367	1,582	14,692
Finance lease income	5	6,879	-	6,528	-
Dividend income		1,898	1,891	637	626
Other operating income	17	2,754	6,796	2,754	6,796
		<u>37,238</u>	<u>52,054</u>	<u>11,501</u>	<u>22,114</u>
 <b>Share of profit of equity- accounted investees</b>	 3	 37,147	 23,544	 11,006	 5,163
<b>Expenses</b>					
Employee related expenses	18	(25,557)	(21,304)	(12,090)	(7,362)
General and administrative expenses	19	(22,484)	(11,976)	(13,780)	(4,465)
Finance costs		(49)	-	(49)	-
<b>Total operating expenses</b>		<u>(48,090)</u>	<u>(33,280)</u>	<u>(25,919)</u>	<u>(11,827)</u>
 <b>Net profit for the period</b>		 <u>26,295</u>	 <u>42,318</u>	 <u>(3,412)</u>	 <u>15,450</u>
 <b>Profit attributable to:</b>					
Owners of the company		24,286	39,875	(3,571)	14,921
Non-controlling interest		2,009	2,443	159	529
		<u>26,295</u>	<u>42,318</u>	<u>(3,412)</u>	<u>15,450</u>
 <b>Basic and diluted earnings per share (AED)</b>	 20	 0.0097	 0.0160	 (0.0014)	 0.0060

The notes set out on pages 9 to 37 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.

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## Amanat Holdings PJSC

### Condensed consolidated interim statement of profit or loss and other comprehensive income

For the period ended 30 September 2018

		<i>For the nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>	<i>For the three month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the three month period ended 30 September 2017 AED'000 (Un-audited)</i>
	<i>Note</i>				
<b>Net Profit for the period</b>		<b>26,295</b>	<b>42,318</b>	<b>(3,412)</b>	<b>15,450</b>
<b>Other comprehensive income for the period</b>					
<b>Items that may be reclassified to profit or loss</b>					
Available-for-sale investment – net change in fair value		-	(3,333)	-	(2,174)
<b>Items that will not be reclassified to profit or loss</b>					
Investment at fair value through other comprehensive income – net change in fair value	7	(7,941)	-	(1,820)	-
<b>Total comprehensive income for the period</b>		<b>18,354</b>	<b>38,985</b>	<b>(5,232)</b>	<b>13,276</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the company		<b>16,345</b>	<b>36,542</b>	<b>(5,391)</b>	<b>12,747</b>
Non-controlling interest		<b>2,009</b>	<b>2,443</b>	<b>159</b>	<b>529</b>
		<b>18,354</b>	<b>38,985</b>	<b>(5,232)</b>	<b>13,276</b>

The notes set out on pages 9 to 37 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 September 2018

	Share capital AED'000	Share issuance reserve AED'000	Unrealised loss on available-for-sale investment AED'000	Retained earnings AED'000	Legal reserve AED'000	Total equity attributable to owners of the Company AED'000	Non- controlling interest AED'000	Total AED'000
As at 1 January 2017	2,500,000	5,718	-	42,583	8,898	2,557,199	115	2,557,314
Profit for the period	-	-	-	39,875	-	39,875	2,443	42,318
Available-for-sale investments – net change in fair value	-	-	(3,333)	-	-	(3,333)	-	(3,333)
Dividend Paid	-	-	-	(37,500)	-	(37,500)	(777)	(38,277)
As at 30 September 2017	2,500,000	5,718	(3,333)	44,958	8,898	2,556,241	1,781	2,558,022

The notes set out on pages 9 to 37 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 September 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
Profit for the period	-	-	-	24,286	-	24,286	2,009	26,295
Investments at fair value through other comprehensive income – net change in fair value	-	-	(7,941)	-	-	(7,941)	-	(7,941)
Acquisition of subsidiary	-	-	-	-	-	-	26,547	26,547
Other transfers (note 25)	-	(5,718)	-	-	5,718	-	-	-
Dividend Paid (note 26)	-	-	-	(43,176)	-	(43,176)	(771)	(43,947)
As at 30 September 2018	2,500,000	-	(11,935)	24,286	18,849	2,531,200	29,563	2,560,763

The notes set out on pages 9 to 37 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 September 2018

	For the nine month period ended 30 September 2018 AED'000 (Un-audited)	For the nine month period ended 30 September 2017 AED'000 (Un-audited)
<b>Operating activities</b>		
Profit for the period	26,295	42,318
<b>Adjustments:</b>		
Less: Income on deposits	(25,707)	(43,367)
Less: Share of profits from equity accounted investees	(37,147)	(23,544)
Less: Dividend income	(1,898)	(1,891)
Less: Finance lease income	(6,879)	-
Less: Other income	-	(6,796)
Add: Employee end of service benefits	439	470
Add: Depreciation	1,031	417
Add: Other non-cash items	-	-
	<b>(43,866)</b>	<b>(32,393)</b>
<b>Adjustment for:</b>		
Changes in deposits and prepayments	(2,335)	547
Changes in other assets	(19,000)	(2,214)
Changes in due from related parties	(1,047)	463
Changes in trade and other payables	(1,434)	(2,620)
Changes in trade and other receivables	1,750	-
Interest received on call and term deposits with conventional banks	43,924	-
Income received on sharia compliant term deposits	3,016	42,288
Employee end of service benefits paid	(928)	(153)
<b>Net cash (used in) / generated from operating activities</b>	<b>(19,920)</b>	<b>5,918</b>
<b>Investing activities</b>		
Acquisition of property and equipment	(1,937)	(1,074)
Consideration paid for available-for-sale investment	-	(37,321)
Consideration paid for investment in associate	(320,390)	-
Acquisition of subsidiary, net of cash acquired	(482,255)	-
Investment in finance lease	(315,113)	-
Changes in wakala and term deposits with original maturity of more than 3 months	1,189,690	64,859
Dividend received from associate	16,251	17,452
Dividend received from investment at FVOCI	1,561	1,265
Contingent consideration recovered	-	16,318
<b>Net cash generated from investing activities</b>	<b>87,807</b>	<b>61,499</b>
<b>Financing activities</b>		
Dividend paid to shareholders	(43,176)	(37,500)
Dividend paid by subsidiary to NCI shareholders	-	(777)
Proceeds from borrowings	12,662	-
<b>Net cash used in financing activities</b>	<b>(30,514)</b>	<b>(38,277)</b>
<b>Net increase in cash and cash equivalents</b>	<b>37,373</b>	<b>29,140</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,313</b>	<b>18,609</b>
<b>Cash and cash equivalents at the end of the period (note 10)</b>	<b>49,686</b>	<b>47,749</b>

The notes set out on pages 9 to 37 form an integral part of these condensed consolidated interim financial statements.

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements

For the period ended 30 September 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>
<b>Subsidiaries / SPVs</b>			
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 September 2018

### 1 BACKGROUND AND PRINCIPAL ACTIVITIES (continued)

<u>Name</u>	<u>Legal ownership interest</u>	<u>Country of incorporation</u>	<u>Principal Activities</u>
<b>Subsidiaries / SPVs (continued)</b>			
AH Alpha Investments (Holdings) 3 Limited	100%	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Loai Reda & Hakeem Company for Trading Ltd. ("LT")	85.20%	Kingdom of Saudi Arabia	Investment in companies in the field of healthcare.
WMCE Company W.L.L. ("WMCE")	49.69%	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Maternity Holding Company Ltd. ("MHC")	74.13%	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Royal Maternity Hospital Holding W.L.L. ("RMH")**	69.36%	Kingdom of Bahrain	Hospital and healthcare facilities in Kingdom of Bahrain
Middlesex Associates FZ-LLC ("Middlesex University")	100.00%	United Arab Emirates	Leading university providing tertiary education in the United Arab Emirates
<b>Associates</b>			
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.

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

### 2 BASIS OF PREPARATION

#### a) Statement of compliance

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.

## **Amanat Holdings PJSC**

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

### **2 BASIS OF PREPARATION** (*continued*)

#### **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.

##### *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 matters described below:

##### **Business combination**

As described in note 4, the Group has acquired two subsidiaries during the period. Acquisition accounting under IFRS 3 - Business Combinations requires the Group to apply significant judgment in measuring the fair value of the consideration transferred, the assets acquired, including any identifiable intangible assets, and the liabilities assumed as part of the acquisition.

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

## **Amanat Holdings PJSC**

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

*For the period ended 30 September 2018*

### **2 BASIS OF PREPARATION *(continued)***

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

##### **Classification of lease arrangement**

As described in note 5 to the financial statements, the Group has entered into a commercial property lease arrangement as a lessor. Significant judgment is applied by the Group to evaluate the substance of the arrangement and to assess whether substantially all risks and rewards incidental to ownership have passed to the lessee. The factors considered by the Group in making this assessment include:

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

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

The Group is required to recognize expected credit losses on Finance Lease receivables and in this respect has elected to adopt the General Approach under IFRS 9 to account for impairment losses. 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.

#### **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.

#### **i) 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 September 2018

### **2 BASIS OF PREPARATION** (*continued*)

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

##### **i) Adoption of new IFRSs** (*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.

###### ***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.

## **Amanat Holdings PJSC**

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

*For the period ended 30 September 2018*

### **2 BASIS OF PREPARATION *(continued)***

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

##### **i) Adoption of new IFRSs *(continued)***

###### ***IFRS 9 Financial Instruments (continued)***

###### ***Classification – Financial Assets (continued)***

###### **Amortised cost assets**

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

###### **1. Business model**

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

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

###### **2. Cash flow characteristics**

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. '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.



## **Amanat Holdings PJSC**

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

### **2 BASIS OF PREPARATION *(continued)***

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

##### **i) Adoption of new IFRSs *(continued)***

###### ***IFRS 9 Financial Instruments (continued)***

###### ***Classification – Financial Assets (continued)***

###### ***Amortised cost assets (continued)***

###### ***Impairment – Financial Assets***

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

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

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

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

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

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

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

###### ***Classification – Financial Liabilities***

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

## Amanat Holdings PJSC

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

### 2 BASIS OF PREPARATION *(continued)*

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

##### i) Adoption of new IFRSs *(continued)*

###### *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.

##### ii) Basis of consolidation

###### *Acquisition of subsidiaries*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

###### *Subsidiaries*

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

###### *Non-controlling interest*

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

###### *Loss of control*

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

## Amanat Holdings PJSC

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

### 2 BASIS OF PREPARATION (continued)

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

##### ii) Basis of consolidation

###### *Transactions eliminated on consolidation*

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

###### *Foreign operations:*

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

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

### 3 INVESTMENT IN ASSOCIATES

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

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Sukoon International Holding Company ("Sukoon")	190,982	199,900
Taaleem Holdings PrJSC ("Taaleem")	201,269	188,391
International Medical Center ("IMC")	441,069	432,996
Abu Dhabi University Holding LLC ("ADU")	340,682	-
	<u>1,174,002</u>	<u>821,287</u>

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

	30 September 2018 AED'000 (Un-audited)	30 September 2017 AED'000 (Un-audited)
Sukoon International Holding Company ("Sukoon")	76	(2,083)
Taaleem Holdings PrJSC ("Taaleem")	12,878	9,062
International Medical Center ("IMC")	13,281	16,565
Abu Dhabi University Holding LLC ("ADU")	10,912	-
	<u>37,147</u>	<u>23,544</u>

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 3 INVESTMENT IN ASSOCIATES (continued)

#### 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 September 2018.

	30 September 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	451	(9,892)
Recovery of investment through receipt of funds held in Escrow account	-	(9,522)
Dividend received for the period	(8,994)	-
Amortization of Purchase Price Allocation ("PPA") assets	(375)	(500)
Investment in Sukoon	<u>190,982</u>	<u>199,900</u>

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Percentage of interest	33.25%	33.25%
Assets	463,960	503,804
Liabilities	(38,826)	(52,976)
Net assets	<u>425,134</u>	<u>450,828</u>
Group's share in net assets	141,357	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	(1,576)	(1,201)
Other adjustments	4,296	4,296
Investment in Sukoon	<u>190,982</u>	<u>199,900</u>

## Amanat Holdings PJSC

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

For the period ended 30 September 2018

### 3 INVESTMENT IN ASSOCIATES (*continued*)

#### a) Sukoon International Holding Company (*continued*)

	<i>For the nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>
Revenue	104,005	117,096
Profit / (loss)	1,356	(5,138)
<b>Group's share of profit / (loss) at 33.25%</b>	<b>451</b>	<b>(1,708)</b>

#### b) Taaleem Holdings PrJSC

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

During 2017, the Group acquired a further 40 million shares in Taaleem for a 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 September 2018.

	<b>30 September 2018 AED'000 (Un-audited)</b>	<b>31 December 2017 AED'000 (Audited)</b>
At 1 January	188,391	139,754
Group's share of net profits for the period/year	14,003	14,225
Acquisition of additional stake	-	51,200
Cost of acquisition capitalized	-	963
Amortization of PPA assets	(1,125)	(1,500)
Dividend received for the period	-	(16,251)
<b>Investment in Taaleem</b>	<b>201,269</b>	<b>188,391</b>

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 3 INVESTMENT IN ASSOCIATES (continued)

#### b) Taaleem Holdings PrJSC (continued)

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Percentage of interest	21.67%	21.67%
Assets (excluding existing goodwill in Taaleem)	1,132,017	1,157,334
Liabilities	(416,479)	(506,413)
<b>Net assets</b>	<b>715,538</b>	<b>650,921</b>
Group's share in net assets	155,057	141,054
Goodwill and intangibles at acquisition	45,071	45,071
Cost of acquisition capitalized	4,670	4,670
Amortization of PPA assets	(3,529)	(2,404)
<b>Investment in Taaleem</b>	<b>201,269</b>	<b>188,391</b>

  

	For the nine month period ended 30 September 2018 AED'000 (Un-audited)	For the nine month period ended 30 September 2017 AED'000 (Un-audited)
Revenue for the period	373,182	354,737
Profit for the period	64,620	62,342
<b>Group's share of profit at 21.67% / 16.34%</b>	<b>14,003</b>	<b>10,187</b>

#### 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 September 2018.

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 3 INVESTMENT IN ASSOCIATES (continued)

#### c) International Medical Center (continued)

	30 September 2018	31 December 2017
	AED'000	AED'000
	(Un-audited)	(Audited)
Investment at 1 January	432,996	422,176
Costs of acquisition capitalized	-	571
Group's share of net profits for the period/year	14,622	22,459
Dividend received for the period	(5,208)	(10,423)
Amortization of PPA assets	(1,341)	(1,787)
Investment in IMC	<u>441,069</u>	<u>432,996</u>
	30 September 2018	31 December 2017
	AED'000	AED'000
	(Un-audited)	(Audited)
Consolidated Interest	15.47%	15.47%
Assets	1,198,792	1,107,590
Liabilities	(342,619)	(312,269)
Net assets	<u>856,173</u>	<u>795,321</u>
Group's share in net assets at 15.47%	132,450	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	(3,128)	(1,787)
Investment in International Medical Centre	<u>441,069</u>	<u>432,996</u>
	For the nine month period ended 30 September 2018	For the nine month period ended 30 September 2017
	AED'000	AED'000
	(Un-audited)	(Un-audited)
Revenue for the period	866,824	843,265
Profit for the period	94,518	107,078
Group's share of profit at 15.47%	<u>14,622</u>	<u>16,565</u>

## Amanat Holdings PJSC

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

For the period ended 30 September 2018

### 3 INVESTMENT IN ASSOCIATES (*continued*)

#### d) Abu Dhabi University Holding LLC

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

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

	30 September 2018 AED'000 (Un-audited)
At 1 January	-
Purchase consideration	320,390
Costs of acquisition capitalized	9,380
Group's share of profit for the period	10,912
Investment in ADU	<u>340,682</u>

	30 September 2018 AED'000 (Un-audited)
Percentage of interest	35%
Assets	1,104,440
Liabilities	(537,287)
Net assets	<u>567,153</u>

	For the nine month period ended 30 September 2018 AED'000 (Un-audited)
Revenue for the period from 6 March to 30 September 2018	331,314
Profit for the period from 6 March to 30 September 2018	31,177
Group's share of profit at 35%	<u>10,912</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

For the period ended 30 September 2018

### 4 ACQUISITION ACCOUNTING

#### a) Goodwill and intangible assets

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

	Goodwill AED'000 (Un-audited)
Balance as at 1 January 2018	-
Acquisition of subsidiaries	
Middlesex University	407,931
Royal Maternity Hospital	82,012
	<hr/>
Balance as at 30 September 2018	<u>489,943</u>

#### b) Acquisition of subsidiaries

##### Middlesex Associates FZ-LLC

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

For the two month period ended 30 September 2018, Middlesex University contributed revenue of AED 2.8 million and net operating losses of AED 9.7 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been AED 211 million and consolidated profit for the period would have been AED 62 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

##### i) Consideration transferred

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

	AED'000 (Un-audited)
Cash	368,763
Contingent consideration	48,000
	<hr/>
Total	<u>416,763</u>

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements

For the period ended 30 September 2018

### 4 ACQUISITION ACCOUNTING (continued)

#### b) Acquisition of subsidiaries (continued)

##### Middlesex Associates FZ-LLC (continued)

##### ii) Contingent consideration

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

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

##### iii) Acquisition related costs

The Group incurred acquisition related costs of AED 976 thousand on legal fees and due diligence costs. These costs have been included in general and administrative expenses.

##### iv) Identifiable assets acquired and liabilities assumed

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

	AED'000 (Un-audited)
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	<u>8,832</u>

##### v) Fair value measurement

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

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements

For the period ended 30 September 2018

### 4 ACQUISITION ACCOUNTING (continued)

#### b) Acquisition of subsidiaries (continued)

##### Middlesex Associates FZ-LLC (continued)

#### vi) Goodwill and intangible assets

Goodwill arising from the acquisition has been recognized as follows:

	30 September 2018 (Un-audited) AED'000
Consideration transferred	416,763
Fair value of identifiable net assets	(8,832)
Goodwill and intangible assets	<u>407,931</u>

#### Royal Maternity Hospital Holding W.L.L.

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

For the period ended 30 September 2018, RMH contributed NIL revenue and net operating losses of AED 0.5 million to the Group's results. No revenue was recorded by RMH during 9 month period ended 30 September 2018 as the medical center is under construction. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

#### i) Consideration transferred

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

	AED'000 (Un-audited)
Cash	<u>142,107</u>

#### ii) Acquisition related costs

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

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements

For the period ended 30 September 2018

### 4 ACQUISITION ACCOUNTING (continued)

#### b) Acquisition of subsidiaries (continued)

##### Royal Maternity Hospital Holding W.L.L. (continued)

#### iii) Identifiable assets acquired and liabilities assumed

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

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

#### iv) Fair value measurement

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

#### v) Goodwill and intangible assets

Goodwill arising from the acquisition has been recognized as follows:

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

## Amanat Holdings PJSC

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

### 4 ACQUISITION ACCOUNTING (continued)

#### b) Acquisition of subsidiaries (continued)

##### Royal Maternity Hospital Holding W.L.L. (continued)

#### vi) Non-controlling interest

The following table summarizes the information relating to Non-controlling interest, before intercompany eliminations.

	30 September 2018 AED'000 (Un-audited)
Non-current assets	123,834
Current assets	14,256
Non-current liabilities	(37,012)
Current liabilities	(14,941)
	-----
Net assets	86,137
	-----
Net assets attributable to NCI as at 30 September 2018	26,392
	=====

	For the nine month period ended 30 September 2018 AED'000 (Un-audited)
Revenue	-
Loss	(505)
Other comprehensive income	-
	-----
Total comprehensive income attributed to NCI	(155)

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements

For the period ended 30 September 2018

### 4 ACQUISITION ACCOUNTING (continued)

#### c) Non-controlling interest

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

	Non-controlling interest AED'000 (Un-audited)
<b>Balance as at 1 January 2018</b>	<b>1,778</b>
<b>Acquisition of subsidiaries</b>	
Middlesex University	-
Royal Maternity Hospital	26,547
<b>Profit for the period</b>	
Royal Maternity Hospital	(155)
Loai Reda & Hakeem Company	2,164
<b>Dividend paid</b>	
Loai Reda & Hakeem Company	(771)
<b>Balance as at 30 September 2018</b>	<b>29,563</b>

### 5 FINANCE LEASE RECEIVABLE

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

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

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

	30 September 2018 AED'000 (Un-audited)
Purchase cost	360,000
Add: Cost of acquisition	14,969
	374,969
Less: Advance lease installments	(59,845)
Add: Finance lease income	6,879
	322,003

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements

For the period ended 30 September 2018

### 5 FINANCE LEASE RECEIVABLE (continued)

	30 September 2018 AED'000 (Un-audited)
<b>Gross investment in finance lease receivable</b>	
Less than one year	-
Between one and five years	109,175
More than five years	723,852
	<hr/> 833,027
Unearned finance income	(511,024)
Net investment in finance lease receivable	<hr/> 322,003 <hr/>
<b>Net investment in finance lease receivable</b>	
Less than one year	-
Between one and five years	89,584
More than five years	232,419
	<hr/> 322,033 <hr/>

### 6 PROPERTY AND EQUIPMENT

Included in property and equipment is a balance amounting to AED 122 million which relates to capital work in progress for the construction of a medical centre by the Group's subsidiary, RMH. The capital work in progress is mainly represented by buildings under construction, medical equipment, furniture and fixtures.

### 7 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	30 September 2018 AED'000 (Un-audited)
At 1 January	-
Investment recognized on adoption of IFRS 9	32,755
Net change in fair value	(7,941)
At 30 September	<hr/> 24,814 <hr/>

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's latest reported net asset value as on 30 June 2018 is USD 1.14 per share (31 December 2017: USD 1.18) which equates to AED 37.7 million (31 December 2017: AED 39.0 million).

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 8 DEPOSITS AND PREPAYMENTS

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Deposits	1,824	1,161
Prepayments	7,347	2,229
	<u>9,171</u>	<u>3,390</u>

### 9 OTHER ASSETS

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Accrued income on sharia compliant term deposits	8,060	1,520
Accrued interest on call and term deposits with conventional banks	630	28,403
Transaction related costs	2,108	11,660
Value Added Tax recoverable	15,008	-
Other receivables	10,383	1,662
	<u>36,189</u>	<u>43,245</u>

### 10 CASH AND BANK BALANCES

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Call deposits	3	3
Current account	49,629	12,291
Cash on hand	54	19
Cash and cash equivalents	<u>49,686</u>	<u>12,313</u>
Short term investments	25	-
Sharia compliant term deposits	483,733	65,000
Term deposits with conventional banks	35,911	1,644,334
	<u>569,355</u>	<u>1,721,647</u>

During the period ended 30 September 2018, the Group earned income at an average rate of 2.96% per annum on its Wakala, term and call deposits combined together (period ended 30 September 2017: 3.27%).

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.



## Amanat Holdings PJSC

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

For the period ended 30 September 2018

### 11 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 September 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.

### 12 SHARE ISSUANCE RESERVE

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

### 13 TRADE AND OTHER PAYABLES

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Directors' remuneration payable	-	2,000
Sundry payables	47,736	11,218
Staff related provisions	1,338	3,041
Accrued expenses	12,117	2,899
	<u>61,191</u>	<u>19,158</u>

### 14 BORROWINGS

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Non revolving Ijarah term facility (i)	24,350	-
Non revolving Ijarah working capital facility (ii)	12,662	-
	<u>37,012</u>	<u>-</u>

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 14 BORROWINGS (continued)

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

(ii) During the period, RMH also availed an additional financing Ijarah facility to finance hospital expenses and working capital required during the construction period. As at 30 September 2018, the outstanding balance amounts to BHD 1.3 million with a profit rate of BHIBOR plus 2.725%. Profit installments are repayable on a quarterly basis during the 24 month grace period. Subsequently, principal and profit repayments will commence on quarterly basis.

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

### 15 OTHER PAYABLES

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Due to NCI Shareholders of LT*	61,944	61,944
Contingent consideration payable (refer note 4)	48,000	-
Others	4,081	-
	<u>114,025</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.

### 16 INCOME ON DEPOSITS

	For the nine month period ended 30 September 2018 AED'000 (Un-audited)	For the nine month period ended 30 September 2017 AED'000 (Un-audited)
Income on sharia compliant term deposits	9,556	10,033
Interest on call and term deposits with conventional banks	16,151	30,754
Interest income from loan to Sukoon	-	2,580
	<u>25,707</u>	<u>43,367</u>

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 17 OTHER OPERATING INCOME

	<i>For the nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>
Recovery of funds in Escrow account held as contingent consideration	-	6,796
Academic fees	628	-
Administrative fees	1,640	-
Other	486	-
	<u>2,754</u>	<u>6,796</u>

### 18 EMPLOYEE RELATED EXPENSES

	<i>For the nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>
Salaries, wages and other benefits	20,562	14,998
Provision for gratuity and leave encashment	416	470
Other staff costs	4,579	5,836
	<u>25,557</u>	<u>21,304</u>

### 19 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>
Rent expense	7,044	2,934
Other general and administrative expenses	11,316	7,011
Transaction related costs	4,124	2,031
	<u>22,484</u>	<u>11,976</u>

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 20 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 nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>
Profit for the period attributable to the Owners of the Company (AED'000)	24,286	39,875
Number of ordinary shares ('000)	2,500,000	2,500,000
<b>Basic and diluted earnings per share (AED)</b>	<b>0.0097</b>	<b>0.0160</b>

### 21 COMMITMENTS

#### Operating Lease Commitments – Group as Lessee

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

	<b>30 September 2018 AED'000 (Un-audited)</b>	<b>31 December 2017 AED'000 (Audited)</b>
Due in less than one year	14,582	4,545
Due between one and five years	8,452	7,217
<b>Total minimum lease payments</b>	<b>23,034</b>	<b>11,762</b>

#### Finance Lease Commitments – Group as Lessor

As mentioned in note 5, the Group entered into a finance lease as a lessor. Under the terms of the contract, subject to fulfilment of certain criteria, the Group may be required to fund an additional amount of up to AED 45 million for the expansion and improvement of the underlying asset within a contractually agreed time frame.

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

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 22 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 nine month period ended 30 September 2018 AED'000 (Un-audited)	For the nine month period ended 30 September 2017 AED'000 (Un-audited)
Expenses paid on behalf of Sukoon	673	544
Interest income earned from loan to Sukoon	-	2,580
Expenses paid on behalf of Taleem	218	210
Short term loan extended to key managerial persons, net	455	-
Dividend from Sukoon	8,994	-
Dividend from IMC	5,208	-

#### Balances outstanding with related parties

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
<b>Due from related parties</b>		
Due from key managerial person	375	-
Due from Sukoon	10,725	1,058
Due from Taaleem	218	16,469
Due from IMC	4,437	-
	<u>15,755</u>	<u>17,527</u>

	30 September 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
<b>Due to related parties</b>		
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.

## Amanat Holdings PJSC

Notes to the condensed consolidated interim financial statements (Continued)

For the period ended 30 September 2018

### 22 RELATED PARTY TRANSACTIONS (continued)

#### Key managerial persons' remunerations

Director and key managerial persons' compensation comprised the following:

	<i>For the nine month period ended 30 September 2018 AED'000 (Un-audited)</i>	<i>For the nine month period ended 30 September 2017 AED'000 (Un-audited)</i>
Short-term benefits	7,311	6,820
Post-employment benefits	53	169

### 23 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.

### 24 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, investments in two associates and one subsidiary in the field of Education in UAE and one investment in a subsidiary in the field of healthcare in the Kingdom of Bahrain as at 30 September 2018. The detailed information is disclosed in Notes 1, 3 and 4 of these condensed consolidated interim financial statements.

### 25 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.

### 26 DIVIDEND

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

## **Amanat Holdings PJSC**

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

*For the period ended 30 September 2018*

### **27 SEASONALITY OF RESULTS**

The Group's revenue earned by its subsidiary, Middlesex University, is of a seasonal nature. Revenue is recognized in line with the requirements of IFRS 15 - Revenue from Contracts with Customers over the academic year which commences from the month of September and ends in the month of July. The revenue earned during the month of August is minimal and arises from other services offered by the University which forms a very small portion of the University's main operations.

### **28 COMPARITIVE FIGURES**

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