Amanat Holdings PJSC

Consolidated financial statements
For the year ended 31 December 2017

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Directors' Report

The Board of Directors of Amanat Holdings PJSC (the "Company") and its subsidiaries (the "Group") has the pleasure in submitting the consolidated statement of financial position of the Group as at 31 December 2017 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended 31 December 2017.

Principal activities

The principal activities of the Group during the period ended 31 December 2017 were to invest in companies and enterprises in the fields of education and healthcare and managing, developing and operating such companies and enterprises.

Financial Results

The Group has recorded a net profit attributable to the shareholders of AED 42.3 million for the period ended 31 December 2017, implying a growth of 10% over the same period last year.

Total Income grew to AED 89.5 million, a 6% increase compared to the same period in 2016. Income from associates excluding a one off charge came strong at AED 33.3 million, implying a growth of 65% over the same period last year. Interest income reached AED 57.2 million registering a yield of 3.27% in 2017, compared to a yield of 2.93% in 2016

Operating cash flow came strong driven by a collection of AED 26.3 million in dividends from associates and Sukoon International Holding Company CJSC **("Sukoon")** payment of its shareholder loan of AED 34.4 million plus accrued interest, given that Sukoon enjoys excess cash to meet its working capital requirements

Amanat invested AED 52 million during 2017, which represents the investment towards acquiring 40 million additional shares in Taaleem Holdings PrJSC **("Taaleem")** taking Amanat's stake to 21.7 per cent making Amanat the largest shareholder in Taaleem.

Moreover, in December 2017, the Board of Directors has approved an investment opportunity and has authorized and delegated the executive management to execute such. The details of the opportunity shall be disclosed on completion.

Amanat up to 31 December 2017 has deployed AED756 million on strategic investments in the UAE and Saudi Arabia healthcare and education sectors, representing almost 30 per cent of its total capital.

Total shareholders' equity as at 31 December 2017 amount to AED 2,558 million prior to proposed dividend.

In accordance with the Articles of Association of the Company, 10% of net profit for the period is transferred to the Legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid up share capital. Accordingly an amount of AED 4.2 million has been transferred to legal reserve during the year. The legal reserve is not available for distribution.

The Board of Directors of the Company has approved in the meeting held on 13 February 2017 the audited 2017 financials. The Board has proposed a cash dividend of AED 0.015 per share which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

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

Given that the Board of Directors of Amanat that was assigned since inception has completed its 3 year term, the shareholder of the Company through the General Assembly that was held on 16 November 2017 has elected a new Board of Directors for a term of 3 years, and subsequently, the elected Board of Directors has met and elected the Mr. Hamad Al Shamsi as the Chairman and Dr. Shamsheer Vayalil as the Vice Chairman and Managing Director; and the Board of Directors have also completed the formation of the Executive, Audit and Nomination and Remuneration Committees.

Outlook

The year 2018 looks promising as Amanat embarks on it with a healthy pipeline of deals and promising opportunities. Amanat in 2018, will continue to be commitment to deliver strong returns and long-term sustainable value to its shareholders; as it continues to identify like-minded business champions and implement an active investment philosophy. Amanat is uniquely positioned to capture the right opportunities in the market and support its partners with the complimentary skillset required for further growth.

Directors

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

Auditors

KPMG were appointed as external auditors for the Group for the period ended 31 December 2017. The Board of Directors has recommended KPMG as the auditors for 2018 for approval by the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Hamad Abdulla Al Shamsi
Chairman
Dubai, United Arab Emirates
13 February 2018

KPMG

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Independent Auditors' Report

To the Shareholders of Amanat Holdings PJSC

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Amanat Holdings PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

Key audit matters (continued)

Accounting for investment in Associates

Refer to note 4 and 5 of the consolidated financial statements

The Group has significant investments in associates.

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

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

The Group appointed an external expert to assess the fair values of the identifiable assets and liabilities of International Medical Centre ("IMC") at the date of its acquisition.

Our audit response

With respect to impairment triggers, we reviewed management's assessment for each investment, critically evaluated and challenged the assumptions made, checked the accuracy of source data used and independently assessed the internal and external factors which could trigger impairment. For investments which were tested for impairment, we assessed the methodologies used to generate the discounted cash flow model and the integrity and accuracy of the calculation. This involved using our valuation specialists to assist us in evaluating the assumptions applied and comparing the assumptions used to external data where applicable. The key assumptions include:

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

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

Key audit matters (continued)

Accounting for investment in Associates (continued)

Our audit response *(continued)*

With respect to the fair values ascribed to the identifiable assets and liabilities of IMC at acquisition, we performed the following procedures:

- We assessed the competence, independence and integrity of the external valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- We obtained and reviewed the external valuation reports for IMC. With the involvement of our specialist valuation team we challenged the basis of the key assumptions used in the fair value and purchase price allocation as determined by the valuer to test they were reasonable;
- We carried out procedures to test whether investment specific standing data supplied to the external valuers by management reflected the underlying records held by the Group and which has been tested during our audit; and
- Based on the outcome of our evaluation we determined the adequacy of the disclosure in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Directors' report, but does not include the consolidated financial statements and our Auditors' report thereon, which we obtained prior to the date of this Auditors' report, and the Letter to Shareholders, and the Management Team, A Year in Review, Business Overview, The Amanat Community and Corporate Governance and Compliance (the "Reports") which are expected to be made available to us after that date.

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

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

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

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Report on other legal and regulatory requirements *(continued)*

- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- the Group has maintained proper books of account;
- the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
- as disclosed in note 5 and note 6 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2017;
- note 20 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, it's Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2017.

KPMG Lower Gulf Limited

Vijendra Nath Malhotra
Registered Auditor Number: 48
Dubai, United Arab Emirates
Date: 13 FEB 2018

Amanat Holdings PJSC
Consolidated statement of financial position
As at 31 December 2017

	Note	2017 AED'000	2016 AED'000
ASSETS			
Non-current assets			
Property and equipment		**2,456**	1,830
Investment in associates	*5*	**821,287**	781,744
Available-for-sale investment	*6*	**32,755**	-
Loan to a related party	*20*	**-**	34,395
Total non-current assets		**856,498**	817,969
Current assets			
Deposits and prepayments	*7*	**3,390**	2,110
Other assets	*8*	**43,245**	29,970
Due from related parties	*20*	**17,527**	13,755
Cash and bank balances	*9*	**1,721,647**	1,771,028
Total current assets		**1,785,809**	1,816,863
Total assets		**2,642,307**	2,634,832
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*10*	**2,500,000**	2,500,000
Share issuance reserve	*11*	**5,718**	5,718
Unrealised loss on available-for-sale investment	*6*	**(3,994)**	-
Retained earnings		**43,176**	42,583
Legal reserve	*23*	**13,131**	8,898
Total equity attributable to the owners of the Company		**2,558,031**	2,557,199
Non-controlling Interest		**1,778**	115
Total Equity		**2,559,809**	2,557,314
LIABILITIES			
Non-current liabilities			
Other payables	*13*	**61,944**	61,944
End of service benefits		**1,396**	892
Total non-current liabilities		**63,340**	62,836
Current liabilities			
Trade and other payables	*12*	**19,158**	14,682
Total liabilities		**82,498**	77,518
Total equity and liabilities		**2,642,307**	2,634,832

The notes on pages 15 to 42 are an integral part of these consolidated financial statements.
These consolidated financial statements were approved by the Board of Directors on 13 FEB 2018 and signed on its behalf by:

Chairman
Name: H.E. Hamad Abdulah Al Shamsi

Director
Name: Dr Shamsheer Vayalil

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

Amanat Holdings PJSC

Consolidated statement of profit or loss

For the year ended 31 December 2017

	Note	2017 AED'000	2016 AED'000
Income			
Interest income	*14*	**57,212**	62,227
Realised gain on sale of available-for-sale investment		**-**	1,268
Dividend income		**2,528**	146
Other income	*15*	**6,796**	393
		66,536	64,034
Share of profit of equity-accounted investees	*5*	**23,005**	20,181
Expenses			
Employee related expenses	*16*	**(25,086)**	(25,760)
General and administrative expenses	*17*	**(18,911)**	(20,004)
Total operating expenses		**(43,997)**	(45,764)
Net profit for the year		**45,544**	38,451
Profit attributable to:			
Owners of the Company		**42,326**	38,398
Non-controlling interest		**3,218**	53
		45,544	38,451
Basic and diluted earnings per share (AED)	*18*	**0.0169**	0.0154

The notes on pages 15 to 42 are an integral part of these consolidated financial statements.

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

Amanat Holdings PJSC

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2017

	Note	2017 AED'000	2016 AED'000
Net profit for the year		**45,544**	38,451
Other comprehensive loss for the year			
Available-for-sale investment – net change in fair value	6	**(3,994)**	(148)
Available-for-sale investment – reclassified to profit or loss		**-**	(1,268)
Total comprehensive income for the year		**41,550**	37,035
Total comprehensive income attributable to:			
Owners of the Company		**38,332**	36,982
Non-controlling interests		**3,218**	53
		41,550	37,035

The notes on pages 15 to 42 are an integral part of these consolidated financial statements.

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

Amanat Holdings PJSC

Consolidated statement of changes in equity

For the year ended 31 December 2017

	Share capital AED'000	Share issuance reserve AED'000	Unrealised loss on available-for-sale investment AED'000	Retained earnings AED'000	Statutory reserve 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 2016	2,500,000	5,718	1,416	40,467	5,058	5,058	2,557,717	-	2,557,717
Acquisition of subsidiary with Non-Controlling interest	-	-	-	-	-	-	-	62	62
Profit for the year	-	-	-	38,398	-	-	38,398	53	38,451
Transfer from statutory reserve	-	-	-	5,058	(5,058)	-	-	-	-
Transfer to legal reserves	-	-	-	(3,840)	-	3,840	-	-	-
Available-for-sale investment – net change in fair value	-	-	(148)	-	-	-	(148)	-	(148)
Available-for-sale investment – reclassified to profit or loss	-	-	(1,268)	-	-	-	(1,268)	-	(1,268)
Dividend paid	-	-	-	(37,500)	-	-	(37,500)	-	(37,500)
As at 31 December 2016	2,500,000	5,718	-	42,583	-	8,898	2,557,199	115	2,557,314

The notes on pages 15 to 42 are an integral part of these consolidated financial statements.

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

Amanat Holdings PJSC

Consolidated statement of changes in equity *(continued)*
For the year ended 31 December 2017

	Share capital AED'000	Share issuance reserve AED'000	Unrealised loss on available-for-sale investment AED'000	Retained earnings AED'000	Statutory reserve AED'000	Legal reserve AED'000	Total equity attributable to owners of the Company AED '000	Non-Controlling Interest AED'000	Total AED'000
As at 1 January 2017	2,500,000	5,718	-	42,583	-	8,898	2,557,199	115	2,557,314
Profit for the year	-	-	-	42,326	-	-	42,326	3,218	45,544
Transfer to legal reserves	-	-	-	(4,233)	-	4,233	-	-	-
Available-for-sale investment – net change in fair value	-	-	(3,994)	-	-	-	(3,994)	-	(3,994)
Dividend paid	-	-	-	(37,500)	-	-	(37,500)	(1,555)	(39,055)
As at 31 December 2017	2,500,000	5,718	(3,994)	43,176	-	13,131	2,558,031	1,778	2,559,809

The notes on pages 15 to 42 are an integral part of these consolidated financial statements.

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

Amanat Holdings PJSC

Consolidated statement of cash flows
For the year ended 31 December 2017

	2017 AED'000	2016 AED'000
Operating activities		
Profit for the year	**45,544**	38,451
Adjustments:		
Less: Interest income	**(57,212)**	(62,227)
Less: Dividend income	**(2,528)**	(146)
Less: Share of profits from associates	**(23,005)**	(20,181)
Less: Gain on sale of available-for-sale investment	**-**	(1,268)
Less: Other income	**(6,796)**	-
Add: Employee end of service benefits	**669**	630
Add: Depreciation	**566**	448
	(42,762)	(44,293)
Adjustment for:		
Changes in deposits and prepayments	**(1,280)**	18
Changes in other assets	**(11,356)**	652
Changes in due from related parties	**(59)**	(13,533)
Changes in trade and other payables	**4,476**	7,061
Interest received	**56,844**	39,983
Employee end of service benefits paid	**(165)**	-
Net cash generated from/(used in) operating activities	**5,698**	(10,112)
Investing activities		
Acquisition of property and equipment	**(1,192)**	(1,193)
Consideration paid for available for sale investment	**(36,749)**	(3,643)
Proceeds from sale of available-for-sale investment	**-**	13,514
Consideration paid for investment in associate	**(52,734)**	(493,374)
Changes in wakala and term deposits with original maturity of more than 3 months	**43,085**	(37,419)
Proceed from repayment of loan by related party	**34,395**	(34,395)
Contingent consideration recovered	**16,318**	-
Dividend income from investment in associates / subsidiaries	**22,674**	146
Dividend income received	**1,264**	-
Net cash generated from/(used in) investing activities	**27,061**	(556,364)
Financing activities		
Dividends paid to share holders	**(37,500)**	(37,500)
Dividend paid by subsidiary to NCI shareholders	**(1,555)**	-
Net cash used in financing activities	**(39,055)**	(37,500)
Net decrease in cash and cash equivalents	**(6,296)**	(603,976)
Cash and cash equivalents at the beginning of the year	**18,609**	622,585
Net balance of cash and cash equivalents at the end of the year	**12,313**	18,609

The notes on pages 15 to 42 are an integral part of these consolidated financial statements.
The Independent auditors' report is set out on pages 3 - 8.

1 BACKGROUND AND PRINCIPAL ACTIVITIES

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

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

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

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

Amanat Holdings PJSC

Notes to the consolidated financial statements
For the year ended 31 December 2017 (Continued)

1 BACKGROUND AND PRINCIPAL ACTIVITIES (*continued*)

Name	Legal effective ownership interest	Country of incorporation	Principal Activities
Associates			
Sukoon International Holding Company	*33.25%*	Kingdom of Saudi Arabia	Long-term and critical healthcare
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

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

2 BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments that are measured at fair values.

c. Functional and reporting currency

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

d. Use of judgments and estimates

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

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

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

2 BASIS OF PREPARATION *(continued)*

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

A number of new standards and amendments to standards applicable to the Group are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

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 amortised 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.

Based on its assessment, the Group does not believe that the new classification requirements, if applied at 1 January 2018, would have a material impact on its accounting for deposits, other assets and due from related parties. These financial assets will be classified under the amortised cost category of IFRS 9 since they meet the following criteria:

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

2 BASIS OF PREPARATION *(continued)*

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

IFRS 9 Financial Instruments (continued)

i) Classification- Financial Assets (continued)

Based on its preliminary assessment, the Group does not believe that the new classification requirements, if applied at 1 January 2018, would have a material impact on its accounting for Available for Sale investments.

ii) Impairment- Financial Assets

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

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases;

– 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; the Group has chosen to apply this policy also for trade receivables with a significant financing component.

Based on its preliminary assessment, the Group does not believe that the new impairment requirements, if applied at 1 January 2018, would have a material impact on its consolidated financial statements.

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's preliminary assessment did not indicate any material impact if IFRS 9's requirements regarding the classification of financial liabilities were applied at 1 January 2018.

2 BASIS OF PREPARATION (continued)

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

IFRS 9 Financial Instruments (continued)

iv) Transition

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Based on its assessment, the Group does not believe that the new requirements under this standard, if applied at 1 January 2018, would have a material impact on its consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Group has adopted certain new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2017. These changes did not have a material impact on the Group's financial statements.

a. Basis of consolidation

(i) Business combinations

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

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

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

(ii) Subsidiary

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

(iii) Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

(iv) Loss of control

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of consolidation *(continued)*

v) Investment in associates

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

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

vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from 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.

vii) Foreign currency translation

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b. Financial instruments

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: the other financial liabilities category.

The Groups loans and receivables include deposits, other assets and due from related parties.

The Group's financial liabilities include trade and other payables.

i) Non-derivative financial assets and financial liabilities – Recognition and Derecognition

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

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

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

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

(ii) Non-derivative financial assets – Measurement

Loans and receivables

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

Available-for-sale financial assets

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b. Financial instruments *(continued)*

(iii) Non-derivative financial liabilities – Measurement

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

(iv) Impairment

Impairment of financial assets at amortized cost

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

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

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

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

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

In assessing collective impairment, the Group uses historical information as the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be great or lesser suggested by the historical trends.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b. Financial instruments *(continued)*

(iv) Impairment *(continued)*

Impairment of equity accounted investees

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

(v) Fair value measurement

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b. Financial instruments *(continued)*

(v) Fair value measurement *(continued)*

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

Fair value hierarchy

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

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

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

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

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

c. Cash and cash equivalents

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Property and equipment

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

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

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

	Useful Life
▪ Furniture & Fixtures	5 years
▪ Office equipment	5 years
▪ Motor vehicles	5 years.

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

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

e. Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is reasonably certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f. Employee benefits

Short term employee benefits

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

Pension Obligations

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

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

End of service benefits

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

g. Interest income

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

h. Dividend income

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

i. Operating lease

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

j. Share Capital

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

4 INVESTMENT IN SUBSIDIARY

	2017	2016
	AED'000	AED'000
Consideration paid for acquisition of interest in Subsidiary (refer 5(c))	**-**	450

5 INVESTMENT IN ASSOCIATES

	2017	2016
	AED'000	AED'000
Sukoon International Holding Company ("Sukoon")	**199,900**	219,814
Taaleem Holdings PrJSC ("Taaleem")	**188,391**	139,754
International Medical Center ("IMC") (refer note 4)	**432,996**	422,176
	821,287	781,744

a) Sukoon International Holding Company

Investment in associates includes an equity investment of 33.25% (2016: 33.25%) in Sukoon International Holding Company ("Sukoon"). This investment is accounted for in accordance with the equity accounting methodology as per IAS 28 – Investments in associates and joint ventures.

The following summarises the financial information of Sukoon and reconciles the summarised financial information to the carrying amount of the Group's interest in Sukoon as of 31 December 2017.

	2017	2016
	AED'000	AED'000
Investment at 1 January	**219,814**	206,184
Group's share of net (loss)/ profits for the year	**(9,892)**	14,331
Reduction in investment, recovered with receipt of funds held in Escrow (refer note 15.1)	**(9,522)**	-
Amortisation of Purchase Price Allocation ("PPA") assets	**(500)**	(701)
Investment in Sukoon	**199,900**	219,814

5 INVESTMENT IN ASSOCIATES *(continued)*

a) Sukoon International Holding Company *(continued)*

	2017	2016
	AED'000	AED'000
Percentage of interest	**33.25%**	33.25%
Assets	**503,804**	745,798
Liabilities	**(52,976)**	(265,220)
Net assets	**450,828**	480,578
Group's share in net assets at 33.25% (2016: 33.25%)	**149,900**	159,792
Goodwill, intangible and other fair value adjustments	**61,692**	71,214
Elimination of profit on sale of IMC shares	**(19,851)**	(19,851)
Costs of acquisition capitalized	**5,064**	5,064
Amortisation of PPA assets	**(1,201)**	(701)
Other adjustments	**4,296**	4,296
Investment in Sukoon	**199,900**	219,814

	2017	2016
	AED'000	AED'000
Revenue	**149,408**	225,308
(Loss)/ profit	**(29,750)**	102,851
Group's share of (loss)/ profit at 33.25% *	**(9,892)**	14,331

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

5 INVESTMENT IN ASSOCIATES *(continued)*

b) Taaleem Holdings PrJSC

In 2016, the Group acquired 16.34% of the equity of Taaleem and classified it as an available-for-sale investment until June 2016. As a result of additional rights granted to the Group in June 2016 it 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 with effect from that date.

During 2017, the Group acquired an additional 5.33% equity stake in Taaleem for consideration of AED 51.2 million which resulted in its equity stake increasing to 21.67%.

The following summarises the financial information of Taaleem and reconciles the summarised financial information to the carrying amount of the Group's interest in Taaleem as of 31 December 2017.

	2017 **AED'000**	2016 AED'000
Investment at 1 January	**139,754**	-
Transfer from available for sale investments	**-**	145,822
Group's share of net profits for the year	**14,225**	7,087
Acquisition of additional stake	**51,200**	-
Cost of acquisition capitalized	**963**	-
Amortisation of PPA assets	**(1,500)**	(904)
Dividend received	**(16,251)**	(12,251)
Investment in Taaleem	**188,391**	139,754

	2017 **AED'000**	2016 AED'000
Percentage of interest	**21.67%**	16.34%
Assets (excluding existing goodwill in Taaleem)	**1,157,334**	1,133,751
Liabilities	**(506,413)**	(493,051)
Net assets	**650,921**	640,700
Group's share in net assets at 21.67% (2016: 16.34%)	**141,054**	104,690
Goodwill and intangibles at acquisition*	**45,071**	32,261
Cost of acquisition capitalized	**4,670**	3,707
Amortisation of PPA assets	**(2,404)**	(904)
Investment in Taaleem	**188,391**	139,754

* The increase in goodwill and intangible arises on the 5.33% additional stake purchased during the year.

5 INVESTMENT IN ASSOCIATES *(continued)*

b) Taaleem Holdings PrJSC *(continued)*

	For the year ended 31 December 2017 **AED'000**	For the period from 14 June 2016 to 31 December 2016 AED'000
Revenue	**475,040**	238,956
Profit	**85,272**	43,375
Group's share of profit	**14,225**	7,087

c) International Medical Center

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

The following summarises the financial information of IMC and reconciles the summarised financial information to the carrying amount of the Group's interest in IMC for the year ended 31 December 2017.

	2017 **AED'000**	2016 AED'000
Investment at 1 January	**422,176**	-
Investment in IMC recognized through acquisition of stake in LT	**-**	419,096
Costs capitalized	**571**	2,712
Group's share of net profits for the year	**22,459**	368
Dividend received	**(10,423)**	-
Amortisation of PPA assets	**(1,787)**	-
Investment in IMC	**432,996**	422,176

5 INVESTMENT IN ASSOCIATES *(continued)*

c) International Medical Center *(continued)*

	2017	2016
	AED'000	AED'000
Consolidated ownership	**15.47%**	15.47%
Assets	**1,107,590**	998,672
Liabilities	**(312,269)**	(281,152)
Net assets	**795,321**	717,520
Group's share in net assets at 15.47%	**123,036**	111,000
Goodwill, intangible and other fair value adjustments	**308,464**	308,464
Costs of acquisition capitalized	**3,283**	2,712
Amortisation of PPA assets	**(1,787)**	-
Investment in International Medical Center	**432,996**	422,176

	For the year ended 31 December 2017	For the period from 26 December to 31 December 2016
	AED'000	AED'000
	15.47%	15.47%
Revenue	**1,165,872**	15,022
Profit	**145,178**	2,381
Group's share of profit at 15.47%	**22,459**	368

6 AVAILABLE-FOR-SALE INVESTMENT

	2017	2016
	AED'000	AED'000
Opening balance	**-**	10,018
Acquired during the year	**36,749**	149,466
Net change in fair value	**(3,994)**	(148)
Disposal during the period	**-**	(13,514)
Transfer to investment in associate (note 5b)	**-**	(145,822)
Available-for-sale investment	**32,755**	-

Available-for-sale investments consists of an investment made by the Group in Emirates NBD REIT Limited. The investment represents a 3.54% stake at a total consideration of AED 36.8 million.

7 DEPOSITS AND PREPAYMENTS

	2017	2016
	AED'000	AED'000
Deposits	**1,161**	1,003
Prepayments	**2,229**	1,107
	3,390	2,110

8 OTHER ASSETS

	2017	2016
	AED'000	AED'000
Accrued interest	**29,923**	29,268
Transaction related costs	**11,660**	233
Other receivables	**1,662**	469
	43,245	29,970

9 CASH AND BANK BALANCES

	2017	2016
	AED'000	AED'000
Call deposits	**3**	3
Current account	**12,291**	18,556
Cash on hand	**19**	50
Cash and cash equivalents for cash flow statement	**12,313**	18,609
Wakala deposits	**65,000**	610,000
Term deposits	**1,644,334**	1,142,419
	1,721,647	1,771,028

During the year ended 31 December 2017 the Company earned profit/interest at an average rate of 3.18% per annum on its Wakala, Term and call deposits combined together (31 December 2016: 2.86 %).

10 SHARE CAPITAL

Authorised share capital

As at 31 December 2017, the authorised share capital of the Company was AED 5 billion (2016: AED 5 billion).

Issued share capital

As at 31 December 2017 the Company had 2,500,000,000 ordinary shares in issuance of AED 1 each. Holders of these ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

11 SHARE ISSUANCE RESERVE

	2017 AED'000	2016 AED'000
Amounts raised in initial public offering for related costs (AED 0.02 per share)	**50,000**	50,000
Less: Share issuance and IPO expenses incurred	**(44,282)**	(44,282)
	5,718	5,718

12 TRADE AND OTHER PAYABLES

	2017 AED'000	2016 AED'000
Directors' remuneration payable	**2,000**	2,975
Sundry payables	**11,218**	2,387
Staff related provisions	**3,041**	3,960
Accrued expenses	**2,899**	5,360
	19,158	14,682

13 OTHER PAYABLES

	2017 AED'000	2016 AED'000
Due to NCI Shareholders of LT	**61,944**	61,944

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

14 INTEREST INCOME

	2017 AED'000	2016 AED'000
Profit on Wakala deposits	**10,464**	23,645
Interest on call and term deposits	**43,994**	38,295
Interest income from loan to Sukoon (Note 20)	**2,754**	287
	57,212	62,227

15 OTHER INCOME

	2017 AED'000	2016 AED'000
Recovery of funds in Escrow account held as contingent consideration (refer 15.1 below)	**6,796**	-
Others	**-**	393
	6,796	393

15.1 The purchase price for the acquisition of Sukoon in 2015 included a contingent consideration element fair valued at the time at AED 16.32 million, which had been deposited by the Group in an Escrow account as part of the acquisition agreement. The payment of this consideration was contingent on Sukoon recovering certain receivables within a stipulated period from the acquisition date, which expired during 2017. The income recognized in the statement of profit and loss for the recovery of the contingent consideration represents the extent to which the underlying receivables are still deemed to be recoverable. The balance of the contingent consideration recovered of AED 9.52 million has been reflected in the Group's equity-accounted share of Sukoon (note 5a).

16 EMPLOYEE RELATED EXPENSES

	2017 AED'000	2016 AED'000
Salaries, wages and other benefits	**20,714**	21,909
Provision for end of service benefits	**669**	630
Other staff costs	**3,703**	3,221
	25,086	25,760

17 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 **AED'000**	2016 AED'000
General and administrative expenses	**14,736**	16,852
Transaction related costs	**4,175**	7,552
Reversal of Directors' remuneration	**-**	(4,400)
	18,911	20,004

18 BASIC AND DILUTED EARNINGS PER SHARE

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

	2017	2016
Profit for the year attributable to owners of the Company (AED'000)	42,326	38,398
Number of ordinary shares ('000)	2,500,000	2,500,000
Earnings per share (AED)	0.0169	0.0154

19 OPERATING LEASES

At 31 December 2017, the future minimum lease payments for operating leases payable were as follows:

	2017 **AED'000**	2016 AED'000
Due in less than one year	**4,545**	2,338
Due between one and five years	**7,217**	-
Total minimum lease payments	**11,762**	2,338

20 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 a related party	**2017**	2016
	AED'000	AED'000
Expenses incurred on behalf of Sukoon	**1,058**	592
Expenses paid on behalf of Taaleem	**218**	-
Interest income earned from loan to Sukoon	**2,754**	287

Balances outstanding with related parties

	2017	2016
	AED'000	AED'000
Loan to related party*	-	34,395
	-	34,395

Due from related parties		
Interest accrued on loan to related party	-	287
Due from Sukoon	**1,058**	1,217
Due from Taaleem **	**16,469**	12,251
	17,527	13,755

* During 2016, the Group provided a term loan of AED 34.39 million to Sukoon to finance its operations and working capital requirements. The loan earned interest at 10% per annum and was agreed to mature in two years. The loan, along with the accrued interest was fully settled by Sukoon in cash during 2017.

** This balance includes AED 16.25 million of dividends receivable from Taaleem, which were received subsequent to the year end.

20 RELATED PARTY TRANSACTIONS *(continued)*

	2017 AED'000	2016 AED'000
Due to related parties		
Due to NCI Shareholders of LT *	**61,944**	61,944

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

Key managerial persons' remunerations

Director and key managerial persons' compensation comprised the following:

	2017 AED'000	2016 AED'000
Short–term benefits	**8,744**	10,779
Post–employment benefits	**225**	221

21 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

21 FINANCIAL RISK MANAGEMENT*(continued)*

c. Market risks

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will change because of changes in foreign exchange rates. The Group's foreign currency exposure arises principally from transactions denominated in Saudi Arabian Riyal ("SAR"). Since the SAR and AED are both pegged to the United State Dollar ("USD"), the Group has no significant exposure to currency risk.

Interest rate risk

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

Equity price risk

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

The Group's equity investment in Emirates NBD REIT is listed on the Nasdaq Dubai. A 5% increase in equity indices of the security at the reporting date would have increased other comprehensive income and equity by AED 1.64 million and an equal change in the opposite direction would have decreased other comprehensive income and equity by the same amount.

d. Operational risk

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

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

The Group has established a framework of policies and procedures to identify, assess, control, manage and report risks. The Group's senior management identify and manage operational risk to reduce the likelihood of any

21 FINANCIAL RISK MANAGEMENT (continued)

d. Operational risk *(continued)*

operational losses. Compliance with policies and procedures is supported by periodic reviews undertaken by the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of Directors of the Group.

Capital management

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

Fair value Measurement

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

22 STATUTORY RESERVE

In the year 2016, the shareholders approved in the Annual General Meeting held on 18 April 2016 to discontinue transfers to the statutory reserve and transfer the reserve to retained earnings. There was no transfer made during 2017.

23 LEGAL RESERVE

As required by Article 239 of the U.A.E. Federal Law No. (2) of 2015, 10% of the profit for the year is transferred to the Legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid up share capital. Accordingly, an amount of AED 4,233 thousand (2016: AED 3,840 thousand) has been transferred to Legal reserve during the year. The Legal reserve is not available for distribution.

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 investment in one subsidiary and one associate in Saudi Arabia in the field of healthcare and an investment in the field of Education in the UAE as at 31 December 2017. The detailed information is disclosed in Notes 4 and 5 of these consolidated financial statements

25 DIVIDENDS

A cash dividend of AED 0.015 per ordinary share was approved by the shareholders at the AGM on 25 April 2017, as proposed by Board of Directors in respect of 2016. This was paid in May 2017.

The Board of Directors have proposed a cash dividend of AED 0.015 per share for the financial year ended 31 December 2017.

26 COMPARATIVE FIGURES

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