Amanat Holdings PJSC

Consolidated financial statements
For the year ended 31 December 2018

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For the year ended 31 December 2018

Directors' Report

The Board of Directors of Amanat Holdings PJSC (the "Company") and its subsidiaries (the "Group") is pleased to submit the consolidated statement of financial position of the Group as at 31 December 2018 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended 31 December 2018.

Principal activities

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

Financial Results

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

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

Total net revenue grew to AED 104.4 million, a 21% increase compared to the same period in 2017. Share of profit from associates more than doubled to AED 57.2 million in 2018 from AED 23.0 million in 2017. Amanat has proactively supported its existing associate companies during 2018 in developing their individual propositions and the increase in the financial contribution from associates is testament to these value creation initiatives. In addition, revenues saw the benefit of a partial contribution from the subsidiaries which it acquired during the year, with net revenue from subsidiaries delivering AED 5.3 million. Particularly pleasing is the strong Q4 contribution from Middlesex University Dubai ("**MDX Dubai**") which was acquired in August 2018 and has generated AED 16.2 million in Q4 18.

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

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

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

In accordance with the Articles of Association of the Company, 10% of net profit for the period is transferred to the Legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid up share capital. Accordingly an amount of

AED 4.3 million has been transferred to legal reserve during the year. The legal reserve is not available for distribution.

The Board of Directors of the Company has approved in the meeting held on 10 February 2018 the audited 2018 financials. The Board has proposed a cash dividend of AED 0.015 per share which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

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

Outlook

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

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

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

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

Directors

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

Auditors

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

On behalf of the Board

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

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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 2018, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

Accounting for investment in Associates

Refer to note 4 of the consolidated financial statements

The Group has significant investments in associates.

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

Key audit matters (continued)

Accounting for investment in Associates

- The level of influence that the Group has over the investee, to determine whether it has control, significant influence or less than significant influence. This conclusion determines the classification of the investee as a subsidiary, associated undertaking, a form of a joint venture or another form of investment and the accounting treatment for the costs incurred as part of their investment;
- Determination of fair value of assets and liabilities at the date of investment and the resulting goodwill;
- The assessment of whether there are any internal and/or external triggers that necessitate an impairment review to be carried out on the investment; and
- Where such indicators exist, the determination of the recoverable amount of investment using a suitable valuation technique.

Our audit response

We reviewed for reasonableness management's assessment of the level of influence that the Group has over the investee by taking into consideration the Group's percentage holding in the investee directly or indirectly through subsidiaries, its representation on the board of directors of the investee and its ability to influence the operational and financial policies of the investee.

With respect to the provisional fair values ascribed to the identifiable assets and liabilities of Abu Dhabi University Holding LLC ("ADU") at acquisition, we performed the following procedures:

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

With respect to impairment triggers, we reviewed management's assessment for each investment, critically evaluated and challenged the assumptions made, checked the accuracy of source data used and independently assessed the internal and external factors which could trigger impairment. For investments which were tested for impairment, we assessed the methodologies used to generate the discounted cash flow model and the integrity and accuracy of the calculation. This involved using our

Key audit matters (continued)

Our audit response (continued)

valuation specialists to assist us in evaluating the assumptions applied and comparing the assumptions used to external data where applicable. The key assumptions include:

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

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

Accounting for the acquisition of subsidiaries

Refer to note 5 of the consolidated financial statements

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

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

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

Our audit response

Our audit procedures included the following:

- Inspecting the agreements related to the Acquisition and evaluating management's accounting treatment related to the acquisitions with reference to the terms set out in those agreements;

- We have assessed the valuation and accounting of the purchase consideration, including the contingent consideration as part of the Acquisition;

Key audit matters (continued)

Our audit response (continued)

- We noted that the Group's management performed a provisional purchase price allocation (PPA) in accordance with IFRS 3 Business Combinations as at the respective acquisition dates. We reviewed this provisional assessment for identification and fair valuation of the assets and liabilities the Group acquired including any fair value adjustments, evaluated and challenged the assumptions used in such calculations. A final PPA exercise will be conducted within 12 months of the respective acquisition dates; and

- We assessed the adequacy of the disclosures related to the Acquisition in the consolidated financial statements.

Other information

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

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

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

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

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

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

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

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

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 4 and 5 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2018;

- note 26 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, it's Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2018.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates
Date: 13 February 2019

Amanat Holdings PJSC
Consolidated statement of financial position
As at 31 December 2018

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

The notes on pages 17 to 62 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on 13/02/2019 and signed on its behalf by:

Chairman
Name: Hamad AlShamsi

Director
Name: Shamsheer Vayalil

The Independent auditors' report is set out on pages 4 - 10.

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Amanat Holdings PJSC

Consolidated statement of profit or loss
For the year ended 31 December 2018

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

The notes on pages 17 to 62 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 4 - 10.

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

Amanat Holdings PJSC

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

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

The notes on pages 17 to 62 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 4 - 10.

Amanat Holdings PJSC

Consolidated statement of changes in equity
For the year ended 31 December 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 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 17 to 62 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 4 - 10.

Consolidated statement of changes in equity *(continued)*
For the year ended 31 December 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 year	-	-	-	42,928	-	42,928	3,460	46,388
Transfer to legal reserves	-	(5,718)	-	(4,293)	10,011	-	-	-
Investments at fair value through other comprehensive income- net change in fair value	-	-	(11,481)	-	-	(11,481)	-	(11,481)
Dividend paid	-	-	-	(43,176)	-	(43,176)	(1,541)	(44,717)
Acquisition of subsidiary	-	-	-	-	-	-	26,547	26,547
As at 31 December 2018	2,500,000	-	(15,475)	38,635	23,142	2,546,302	30,244	2,576,546

The notes on pages 17 to 62 are an integral part of these consolidated financial statements.

The Independent auditors' report is set out on pages 4 - 10

Amanat Holdings PJSC

Consolidated statement of cash flows
For the year ended 31 December 2018

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

The notes on pages 17 to 62 are an integral part of these consolidated financial statements.
The Independent auditors' report is set out on pages 4 - 10.

1 BACKGROUND AND PRINCIPAL ACTIVITIES

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

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

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

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

1 BACKGROUND AND PRINCIPAL ACTIVITIES (*continued*)

Name	Legal ownership interest	Country of incorporation	Principal Activities
Subsidiaries / SPVs (continued)			
AHE Ethos Limited	*100%*	United Arab Emirates	Investment in companies in the field of healthcare.
AH Alpha Investments (Holdings) 3 Limited	*100%*	United Arab Emirates	Investment in education and commercial enterprises, development and management.
Loai Reda & Hakeem Company for Trading Ltd. ("LT")	*85.20%*	Kingdom of Saudi Arabia	Investment in companies in the field of healthcare.
WMCE Company W.L.L. ("WMCE")	*49.69%*	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Maternity Holding Company Ltd. ("MHC")	*74.13%*	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Royal Maternity Hospital Holding W.L.L. ("RMH")**	*69.36%*	Kingdom of Bahrain	Hospital and healthcare facilities in Kingdom of Bahrain
Middlesex Associates FZ-LLC ("Middlesex University")	*100.00%*	United Arab Emirates	Leading university providing tertiary education in the United Arab Emirates
Associates			
Sukoon International Holding Company	*33.25%*	Kingdom of Saudi Arabia	Long-term and critical healthcare
Taaleem Holdings PrJSC (Previously Madaares PrJSC)	*21.67%*	United Arab Emirates	Leading education provider in U.A.E
International Medical Center*	*13.18%*	Kingdom of Saudi Arabia	Hospital and healthcare facilities in KSA
Abu Dhabi University Holding LLC	*35%*	United Arab Emirates	Leading tertiary education provider in U.A.E

*Investment in International Medical Center is through the acquisition of Loai Reda & Hakeem Company for Trading Ltd (LT).
** Investment in Royal Maternity Hospital Holding W.L.L is through the acquisition of Maternity Holding Company Ltd. and WMCE Company W.L.L.

2 BASIS OF PREPARATION

a. Statement of compliance

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

2 BASIS OF PREPARATION *(continued)*

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investments at fair value through other comprehensive income that are measured at fair value.

c. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

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

d. Key accounting estimates and judgments

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

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

Information about Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements are as follows:

2 BASIS OF PREPARATION *(continued)*

d. Key accounting estimates and judgments *(continued)*

Business combination

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

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

Classification of lease arrangement

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

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

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

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

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

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

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor

2 BASIS OF PREPARATION *(continued)*

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

***IFRS 16 Leases** (continued)*

accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

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

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

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

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

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

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

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

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

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

Other standards

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

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

2 BASIS OF PREPARATION *(continued)*

f. Impairment assessment for impairment in associate

The Group applies significant judgement with respect to:

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

The methodologies adopted by the Group to assess impairment on in its investment in associates is detailed in note e) of these consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Adoption of new IFRS

The Group has adopted certain new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2018. These changes did not have a material impact on the Group's financial statements.

IFRS 9 Financial Instruments

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

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

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

Classification – Financial Assets

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a. Adoption of new IFRS *(continued)*

IFRS 9 Financial Instruments *(continued)*

Classification – Financial Assets (continued)

Available for sale assets

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

Amortised cost assets

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

1. Business model

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

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

2. Cash flow characteristics

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a. Adoption of new IFRS *(continued)*

IFRS 9 Financial Instruments *(continued)*

Impairment – Financial Assets

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

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

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

– 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

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

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

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

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

Classification – Financial Liabilities

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group has assessed that the new requirements under this standard have not had a material impact on its consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a. Basis of consolidation

Acquisition of subsidiaries

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

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

Subsidiaries

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

Non-controlling interest

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

Loss of control

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

Transactions eliminated on consolidation

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

Foreign operations:

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b. Investment in associates

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

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

c. Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

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

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

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Financial instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

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

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Financial instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

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

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

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

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

Financial assets –Policy applicable before 1 January 2018

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

- loans and receivables; and
- available for sale;

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Financial instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

Financial liabilities – Classification, subsequent measurement and gains and losses

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

iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv) Offsetting

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Impairment

i) Non derivative financial assets

Policy applicable from 1 January 2018

Financial instruments

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Impairment *(continued)*

i) Non derivative financial assets (continued)

Credit impaired financial assets:

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write offs

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

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

Policy applicable before 1 January 2018

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

Objective evidence that financial assets were impaired included:

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Impairment *(continued)*

i) Non derivative financial assets (continued)

Policy applicable before 1 January 2018 (continued)

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Impairment *(continued)*

ii) Non financial instrument

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

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

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

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

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

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

e. Fair value measurement

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to reflect

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e. Fair value measurement *(continued)*

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.

Fair value hierarchy

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

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

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

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

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

f. Cash and cash equivalents

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g. Property and equipment

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

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

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

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

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

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

h. Provisions

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i. Employee benefits

Short term employee benefits

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

Pension Obligations

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

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

End of service benefits

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

j. Interest income

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

k. Dividend income

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

l. Revenue recognition

Revenue recognition – Policy applicable from 1 January 2018

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

- Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.
- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l. Revenue recognition *(continued)*

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

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

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

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

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

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

Revenue recognition – Policy applicable before 1 January 2018

The Group recognized revenue based on the following criteria:

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m. Application of IAS 17

i) The Group as a lessor

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

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

ii) The Group as a lessee – Operating leases

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

n. Share Capital

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

4 INVESTMENT IN ASSOCIATES

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

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

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

a) Sukoon International Holding Company

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

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

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

4 INVESTMENT IN ASSOCIATES *(continued)*

a) Sukoon International Holding Company *(continued)*

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

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

b) Taaleem Holdings PrJSC

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

4 INVESTMENT IN ASSOCIATES *(continued)*

b) Taaleem Holdings PrJSC *(continued)*

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

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

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

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

4 INVESTMENT IN ASSOCIATES *(continued)*

c) International Medical Center

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

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

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

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

4 INVESTMENT IN ASSOCIATES *(continued)*

c) International Medical Center *(continued)*

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

d) Abu Dhabi University Holding LLC

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

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

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

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

4 INVESTMENT IN ASSOCIATES *(continued)*

d) Abu Dhabi University Holding LLC *(continued)*

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

5 ACQUISITION ACCOUNTING

a) Goodwill and intangible assets

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

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

b) Acquisition of subsidiaries

Middlesex Associates FZ-LLC

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

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

5 ACQUISITION ACCOUNTING *(continued)*

c) Acquisition of subsidiaries *(continued)*

Middlesex Associates FZ-LLC *(continued)*

i) Consideration transferred

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

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

ii) Contingent consideration

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

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

iii) Acquisition related costs

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

iv) Identifiable assets acquired and liabilities assumed

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

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

5 ACQUISITION ACCOUNTING *(continued)*

b) Acquisition of subsidiaries *(continued)*

Middlesex Associates FZ-LLC *(continued)*

v) Fair value measurement

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

vi) Goodwill and intangible assets

Goodwill arising from the acquisition has been recognized as follows:

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

Royal Maternity Hospital Holding W.L.L

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

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

i) Consideration transferred

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

	2018 AED'000
Cash	142,107

5 ACQUISITION ACCOUNTING *(continued)*

b) Acquisition of subsidiaries *(continued)*

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

ii) Acquisition related costs

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

iii) Identifiable assets acquired and liabilities assumed

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

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

iv) Fair value measurement

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

5 ACQUISITION ACCOUNTING *(continued)*

b) Acquisition of subsidiaries *(continued)*

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

v) Goodwill and intangible assets

Goodwill arising from the acquisition has been recognized as follows:

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

vi) Non-controlling interest

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

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

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

5 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 2018 AED'000
Balance as at 1 January 2018	**1,778**
Acquisition of subsidiary	
Middlesex University	-
Royal Maternity Hospital	**26,547**
Profit / (loss) for the period	
Royal Maternity Hospital	**(655)**
Loai Reda & Hakeem Company	**4,115**
Dividend paid	
Loai Reda & Hakeem Company	**(1,541)**
Balance as at 31 December 2018	**30,244**

6 FINANCE LEASE RECEIVABLE

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

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

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

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

6 FINANCE LEASE RECEIVABLE *(continued)*

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

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

7 PROPERTY AND EQUIPMENT

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

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

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

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

Net asset value

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

9 DEPOSITS AND PREPAYMENTS

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

10 OTHER ASSETS

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

11 CASH AND BANK BALANCES

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

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

12 SHARE CAPITAL

Authorised share capital

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

Issued share capital

As at 31 December 2018 the Company had 2,500,000,000 ordinary shares in issuance of AED 1 each. Holders of these ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

13 SHARE ISSUANCE RESERVE

	2018 AED'000	2017 AED'000
Amounts raised in initial public offering for related costs (AED 0.02 per share)	**50,000**	50,000
Less: Share issuance and IPO expenses incurred	**(44,282)**	(44,282)
Less: Transfer to legal reserve*	**(5,718)**	-
	-	5,718

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

14 TRADE AND OTHER PAYABLES

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

15 BORROWINGS

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

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

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

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

16 OTHER PAYABLES

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

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

17 END OF SERVICE BENIFITS

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

18 REVENUE

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

19 DIRECT COSTS

	2018 AED'000	2017 AED'000
Academic employee salaries and allowances	**11,193**	-
Royalty and profit sharing arrangements for academic services	**3,223**	-
Student related expenses	**3,350**	-

License, insurance and subscriptions for academic services	**559**	-
Agency and contract expenses	**173**	-
Other direct academic related expenses	**177**	-
	18,675	-

20 INTEREST INCOME ON DEPOSITS

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

21 OTHER OPERATING INCOME

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

22 EMPLOYEE RELATED EXPENSES

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

23 GENERAL AND ADMINISTRATIVE EXPENSES

	2018 AED'000	2017 AED'000
General and administrative expenses – *Company*	**16,786**	10,984

General and administrative expenses - *Subsidiaries*	**8,452**	-
Transaction related costs – *Company*	**10,645**	4,175
Rent expense – *Company*	**4,840**	3,752
Rent expense – *Subsidiaries*	**8,450**	-
	49,173	18,911

24 BASIC AND DILUTED EARNINGS PER SHARE

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

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

25 COMMITMENTS

Operating lease commitments – Group as lesse

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

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

Finance lease commitments – Group as lessor

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

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

26 RELATED PARTY TRANSACTIONS

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

26 RELATED PARTY TRANSACTIONS *(continued)*

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

Balances outstanding with related parties

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

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

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

Key managerial persons' remunerations

Director and key managerial persons' compensation comprised the following:

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

27 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

a. Credit risk

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and cause the Group to incur a financial loss. It arises principally from the Group's balances with banks and financial institutions, wakala deposits with financial institutions, finance lease receivables, trade and other receivable, deposits, other assets and due from related parties.

The Group manages its credit risk exposure through diversification of its investments and deposits to avoid concentration of risk with institutions or group of institutions in specific location or business.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

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

	979,380	1,771,901

Cash and bank

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

27 FINANCIAL RISK MANAGEMENT *(continued)*

a. Credit risk *(continued)*

Trade and other receivables

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

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

Movement in provision during the year

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

Aging analysis of gross outstanding receivables is presented below:

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

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

Finance lease receivables

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

27 FINANCIAL RISK MANAGEMENT *(continued)*

a. Credit risk *(continued)*

Finance lease receivables (continued)

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

Due from related parties and other receivables

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

b. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

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

c. Market risks

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

Currency risk

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

Interest rate risk

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

27 FINANCIAL RISK MANAGEMENT *(continued)*

c. Market risk *(continued)*

Interest rate risk (continued)

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

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

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

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

Equity price risk

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

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

d. Operational risk

Operational risk is the risk of a direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and

27 FINANCIAL RISK MANAGEMENT *(continued)*

d. Operational risk *(continued)*

liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations and are faced by all business entities.

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

The Group has established a framework of policies and procedures to identify, assess, control, manage and report risks. The Group's senior management identify and manage operational risk to reduce the likelihood of any operational losses. Compliance with policies and procedures is supported by periodic reviews undertaken by the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of Directors of the Group.

Capital management

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

Fair value Measurement

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

28 LEGAL RESERVE

As required by Article 239 of the U.A.E. Federal Law No. (2) of 2015, 10% of the profit for the year is transferred to the Legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid up share capital. During the year, an amount of AED 10,011 thousand (2017: AED 4,233 thousand) has been transferred to Legal reserve. The legal reserve is not available for distribution. During the year, Emirate's Securities and Commodity Authority ("SCA") has instructed the Group to transfer the balance in the share issuance reserve to legal reserve.

29 OPERATING SEGMENTS

The principal activities of the Group are to invest in companies and enterprises in the fields of education and healthcare and managing, developing and operating such companies and enterprises. The Group has investment in one subsidiary and one associate in Saudi Arabia in the field of healthcare, investments in two associates and one subsidiary in the field of Education in UAE and one investment in a subsidiary in the field of healthcare in the Kingdom of Bahrain as at 31 December 2018. The detailed information is disclosed in Notes 1, 4 and 5 of these consolidated financial statements.

30 DIVIDENDS

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

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

31 SUBSEQUENT EVENTS

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

32 COMPARATIVE FIGURES

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