Amanat Holdings PJSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Amanat

Directors' Report

The Board of Directors of Amanat Holdings PJSC (the "Company") is pleased to submit the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023. These statements comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, along with the related notes.

Principal Activities

The principal activities of the Company are to invest in companies and enterprises in the sectors of Education and Healthcare and to manage, develop, and operate such companies and enterprises.

Strategy Update

During 2023, the Group advanced its strategy to optimize shareholder value, leveraging its market leading platforms in the Healthcare and Education sectors.

At the Healthcare Platform, the Group successfully completed the acquisition of a majority stake in Sukoon International Holding Company (Sukoon) solidifying its position as the largest regional post-acute care (PAC) platform with 430 beds. Concurrently, on-going expansion projects in the Kingdom of Saudi Arabia (KSA) are underway to add an additional 195 beds. Other strategic initiatives include partnering with MADA International Holding in KSA, to participate in a 900-bed PAC Public-Private Partnership (PPP) tender in Riyadh and the Eastern Province and the award of an 80-bed three-year PPP project in the UAE. The Group aims to achieve a total of 1,000 PAC beds within the next three years, demonstrating its commitment to regional expansion and shareholder value creation.

At the Education Platform, Amanat's student and beneficiary bases increased to approximately 15,000 and 5,000, respectively. This progress was driven by robust organic growth at Middlesex University (MDX) and the recent acquisition of Human Development Company (HDC). The Group is also actively exploring expansion and M&A opportunities, particularly in the K-12 sector. Additionally, strategic geographic growth initiatives are being considered at MDX and HDC.

MSH Strategic Review

Following completion of a strategic review by an external consultant of Al Malaki Specialist Hospital, a revised long term business plan was prepared indicating a mid-term reduction in profitability due to delayed ramp-up of operations and wider challenging market conditions. Accordingly, as required by International Financial Reporting Standards ("IFRS"), an impairment analysis was performed utilizing the revised business plan, resulting in an Impairment charge of AED 95.1 million with AED 85.0 million attributable to equity holders of the Company.

Non-Cash Deferred Tax

Following the introduction of corporate taxation in the United Arab Emirates the Group has recorded a non-cash deferred taxation liability ("DTL") of AED 109.4 million in relation to DTL arising on historic business combinations concluded in the UAE. The DTL is non-cash in nature and no cash liability is expected to crystalise in the future and accordingly has been removed for the purpose of presentation of adjusted performance measures.

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Financial Results

The Group recorded revenues of AED 718.1 million in FY23, increasing by 40% when compared to the AED 513.1 million recorded in the prior year, mainly driven by robust student growth at MDX and the full year impact of the HDC acquisition. The consolidation of Sukoon following acquisition, and the steady ramp-up of long-term care operations in KSA also contributed to the growth.

The Group's EBITDA increased to AED 274.3 million from AED 188.4 million in the prior year driven by robust revenue growth and effective cost measures implemented across the Group.

The Group recorded adjusted profit before tax and zakat of AED 159.3 million for the financial year 2023 compared to AED 115.3 million in 2022 while adjusted profit attributable to equity holders of the Company amounted to AED 134.2 million for the financial year 2023 compared with AED 117.4 million in the prior year.

Overall net loss attributable to equity holders, including the recognition of non-cash deferred tax liabilities in relation to goodwill and intangible assets arising on business combinations and the non-cash impairment in relation to Malaki Specialist hospital was AED (53.2) million. The current year's results were also positively impacted by a one-off gain of AED 9.6 million from the disposal of Sukoon under a step-acquisition.

At the Education Platform, performance was primarily driven by a 18% growth in MDX student base and a 19% increase in the number of beneficiaries at HDC. The upside in HDC's performance is attributable to both organic growth and the launch of 6 new day care centers during 2023, bringing the overall number of day care centers to 28 increasing from 22 in December 2022.

Healthcare platform performance was partially impacted by the discontinuation of COVID-related Activity Based Mandate (ABM) program in the UAE during H2'23. However, this was partly alleviated through the implementation of cost mitigation measures with on-going initiatives to diversify revenue streams. Additionally, the consolidation of Sukoon and the ramp-up of operations in Dhahran, KSA, positively impacted performance.

Holding-level costs declined 8% to AED 37.9 million, mainly driven by manpower savings, whilst no transaction costs were incurred during the current year.

Finance income in 2023 reached AED 21.2 million, marking a 1.6x year-on-year increase. This growth was driven by a combination of higher cash balances and interest rates. However, this was partially offset by higher finance costs resulting from increased interest rates on the Group's external financing arrangements.

Total cash and bank balances stood at AED 582.3 million as of 31 December 2023, with AED 50 million allocated for the proposed dividend distribution, subject to shareholders' approval.

Total equity attributable to the owners of the Company on 31 December 2023 amounted to AED 2.6 billion prior to the proposed dividend.

As of 31 December 2023, Amanat's Assets Under Management (AUM) were AED 2.8 billion across 8 investments, 7 of which are classified as either majority or influential stakes.

In accordance with Article 241 of the UAE Federal Decree-Law No. 32 of 2021, 10% of profit for the year is required to be transferred to the statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid-up share capital. Accordingly, no amount was transferred to the statutory reserve during the year as the Company reported losses. The statutory reserve is not available for distribution.

The Board of Directors of the Company, by written resolution held on 28 March 2024, endorsed the audited consolidated financial statements of the Group for the year ended 31 December 2023 and recommended them for approval at the forthcoming General Assembly.

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Dividends

The Board of Directors is recommending for approval at the forthcoming General Assembly an AED 50 million cash dividend payout (AED 2 fils per share).

Outlook

Amanat's portfolio comprises market leading platforms across Healthcare and Education, each of which has clear growth strategies and pathways to monetisation.

At the Healthcare platform, the Company is on track to reach 1,000 beds by 2027, whilst at the Education platform it shall continue to grow through a combination of bolt-on-acquisitions and organic growth.

At the newly acquired HDC, expansions are in progress in KSA whilst concurrently exploring regional expansion opportunities.

Looking ahead, Amanat will continue to pursue further acquisitions and opportunities and drive organic growth as the Group prepares its world class platforms for monetization opportunities, creating value and delivering returns to the shareholders.

Board of Directors Reconstitution

A General Assembly was held on 20 November 2023, to reconstitute Amanat's Board of Directors, following the conclusion of their three-year term. Below is a list of the previous and current members at the Company.

Previous Board Members (Term ending on 14 November 2023)

Mr. Hamad Abdulla Alshamsi	Chairman
Dr. Ali Saeed Bin Harmal Aldhaheri	Vice Chairman
H.E Hamad Rashed Alnuaimi	Board Director
Mr. Dhafer Sahmi Al Ahbabi	Board Director
Mrs. Sara Khalil Nooruddin	Board Director
Ms. Elham Alqasim	Board Director
Mr. Khalaf Sultan Aldhaheri	Board Director

Board of Directors – Reconstituted (Elected on 20 November 2023)

Dr. Shamsheer Vayalil	Chairman
Mr. Abdulla Mohammed Hassan Alhosani	Vice Chairman
Mr. Hamad Abdulla Alshamsi	Board Director
Dr. Ali Saeed Bin Harmal Aldhaheri	Board Director
Mr. Dhafer Sahmi Al Ahbabi	Board Director
Mr. Omran Mohammedsaleh Alkhoori	Board Director
Mrs. Sara Khalil Nooruddin	Board Director

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Auditors

Ernst & Young were appointed as external auditors for the Company for the year ended 31 December 2023.

On behalf of the Board of Directors

Dr Shamsheer Vayalil - Chairman

Dubai, United Arab Emirates
28 March 2024

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AMANAT HOLDINGS PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Amanat Holdings PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "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 for the current year. This matter was 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 this matter. Our description of how our audit addressed this matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AMANAT HOLDINGS PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and other intangible assets with indefinite life	
As disclosed in Note 10 to the consolidated financial statements, the Group's consolidated statement of financial position as at 31 December 2023 includes AED 1,299,210 thousand (2022: AED 1,272,021 thousand) of goodwill and other intangible assets with indefinite life, representing 34% (2022: 35%) of the Group's total assets. In accordance with IFRS, these balances are allocated to Cash Generating Units (CGUs) which are tested annually for impairment, or whenever changes in circumstances or events indicate that the carrying amount of such intangible assets may not be recoverable. This is a key audit matter as determining whether the carrying values of goodwill and other intangible assets with indefinite life are recoverable requires management to make significant estimates concerning the expected future cash flows and associated discount rates and growth rates based on management's view of future business prospects.	We performed the following procedures: • Checked the mathematical accuracy of the impairment models used for impairment testing, and the extraction of inputs from source documents; • Reviewed the reasonableness of the key assumptions used in the impairment models, including specifically the operating cash flow projections, discount rates, and terminal growth rates; • Engaged our internal specialists to assist us in reviewing the methodologies applied including estimates and judgments made by management; • Considered the sensitivity of the impairment testing models to changes in key assumptions; • For intangible assets with an indefinite life other than goodwill, we reviewed, up to the date of issuance of these consolidated financial statements, that no significant changes have occurred to the basis of recognition of such assets; and • Assessed the adequacy of the related disclosures in the consolidated financial statements in line with the requirements of IFRSs.

Other Information

Other information consists of the information included in the Directors' Report and Annual Report other than the consolidated financial statements and our auditor's report thereon. We obtained the Directors' report prior to the date of this auditor's report, and we expect the Annual Report to be made available to us after the date of this auditor's report. Management is responsible for the other information and the Alternative Performance Measures disclosed in the consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information (continued)

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's 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 read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the 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 in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Decree Law No. (32) of 2021, 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.

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

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

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

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

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Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 control 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, actions taken to eliminate threats, or safeguards applied.

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AMANAT HOLDINGS PJSC (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2023:

i) the Group has maintained proper books of account;

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

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Articles of Association of the Company and the UAE Federal Decree Law No. (32) of 2021;

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

v) investments in shares and stocks during the year ended 31 December 2023 are disclosed in Notes 10, 11 and 12 to the consolidated financial statements;

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

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of the Articles of Association of the Company which would have a material impact on its activities or its consolidated financial position as at 31 December 2023; and

viii) no social contributions were made by the Group during the year.

For Ernst & Young

Signed by:
Wardah Ebrahim
Partner
Registration No: 1258

28 March 2024

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Revenue	4	**718,101**	513,101
Direct costs	4	**(389,916)**	(283,059)
GROSS PROFIT		**328,185**	230,042
General, selling and administrative expenses	5	**(224,006)**	(173,899)
Share of results of associates	11	**18,208**	25,076
Gain on disposal of an associate under step acquisition	11	**9,629**	-
Income from finance lease	9	**33,271**	33,693
Impairment of goodwill and property and equipment	8 & 10	**(95,091)**	-
Other operating income	6	**26,263**	14,086
OPERATING PROFIT		**96,459**	128,998
Finance income	7	**21,266**	13,152
Finance costs	7	**(46,731)**	(29,993)
PROFIT BEFORE TAX AND ZAKAT		**70,994**	112,157
Zakat and Income taxes	28	**(5,420)**	(435)
Deferred taxes	28	**(109,405)**	-
(LOSS) / PROFIT FOR THE YEAR		**(43,831)**	111,722
Attributable to:			
Equity holders of the Company		**(53,200)**	114,213
Non-controlling interests		**9,369**	(2,491)
		(43,831)	111,722
Basic and diluted (loss) / earnings per share (AED)	22	**(0.0214)**	0.0458

Alternative Performance Measures (Note 29)

	2023 AED'000	2022 AED'000
Earnings before interest, tax, depreciation and amortization (EBITDA)	**274,312**	188,371
Adjusted Profit before Tax and Zakat (Adjusted PBT)	**159,294**	115,346
Adjusted Profit for the year	**153,874**	114,911
Attributable to the equity holders of the Company		
Adjusted Profit for the year	**134,177**	117,402

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	***2023 AED'000***	*2022 AED'000*
(LOSS) / PROFIT FOR THE YEAR		**(43,831)**	111,722
Other comprehensive income / (loss)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Gain on cash flow hedge	25	**-**	3,236
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		**-**	3,236
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value of financial assets at FVOCI	12	**(662)**	(2,307)
Remeasurement gain / (loss) on employees' benefit obligations		**1,959**	(129)
Share of other comprehensive income of associates	11	**-**	343
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent years		**1,297**	(2,093)
Total other comprehensive income		**1,297**	1,143
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		**(42,534)**	112,865
Attributable to:			
Equity holders of the Company		**(52,623)**	115,408
Non-controlling interests	27	**10,089**	(2,543)
		(42,534)	112,865

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 AED'000	2022 AED'000 (Restated*)
ASSETS			
Non-current assets			
Property and equipment	8	**496,452**	276,573
Right-of-use assets	9	**183,223**	175,886
Goodwill and intangible assets	10	**1,446,625**	1,429,361
Investments in associates	11	**385,415**	515,726
Finance lease receivables	9	**358,665**	362,954
Financial assets at FVOCI	12	**35,115**	31,521
Other financial assets	25	**1,488**	5,158
Total non-current assets		**2,906,983**	2,797,179
Current assets			
Inventories		**7,763**	7,003
Finance lease receivables	9	**52,691**	51,933
Trade and other receivables	13	**251,394**	197,099
Due from related parties	14	**8,863**	2,727
Cash and bank balances	15	**582,250**	583,939
Total current assets		**902,961**	842,701
TOTAL ASSETS		**3,809,944**	3,639,880
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**2,500,000**	2,500,000
Share premium	16	**216**	2,073
Treasury shares	16	**(7,162)**	(33,605)
Statutory reserve	17	**69,656**	69,656
Fair value reserve of financial assets at FVOCI		**(24,499)**	(23,837)
Other reserves		**14,190**	(18,081)
Retained earnings		**62,820**	216,020
Total equity attributable to the equity holders of the Company		**2,615,221**	2,712,226
Non-controlling interests	27	**203,967**	28,000
Total equity		**2,819,188**	2,740,226
LIABILITIES			
Non-current liabilities			
Financing from banks	18	**308,882**	356,358
Lease liabilities	9	**164,241**	161,330
Other long-term payables	19	**3,439**	33,318
Due to a related party	14	**6,384**	5,780
Deferred tax liability	28	**109,405**	-
Provision for employees' end of service benefits	20	**44,756**	33,137
Total non-current liabilities		**637,107**	589,923
Current liabilities			
Bank overdraft	15	**17,145**	11,914
Financing from banks	18	**60,768**	69,282
Lease liabilities	9	**32,275**	27,672
Provisions, accounts and other payables	21	**196,461**	154,265
Contract liabilities	4	**47,000**	46,598
Total current liabilities		**353,649**	309,731
Total liabilities		**990,756**	899,654
TOTAL EQUITY AND LIABILITIES		**3,809,944**	3,639,880

These consolidated financial statements were approved by the Board of Directors on 28 March 2024 and signed on its behalf by:

Dr. Shamsheer Vayalil Parambath
Chairman

Mr. John Ireland
Chief Executive Officer

** Restated following the completion of purchase price allocation exercise in relation to the acquisition of Human Development Company LLC as permitted by IFRS. Refer to Note 10 for further details.*

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to the equity holders of the Company										
	Share capital AED'000	***Share premium AED'000***	***Treasury shares AED'000***	***Statutory reserve AED'000***	***Fair value reserve of financial assets at FVOCI AED'000***	***Cash flow hedge reserve AED'000***	***Other reserves AED'000***	***Retained earnings AED'000***	***Total AED'000***	***Non-controlling interests AED'000***	***Total AED'000***
As at 1 January 2023 (as previously reported)	2,500,000	2,073	(33,605)	69,656	(23,837)	-	(18,081)	216,020	2,712,226	34,098	2,746,324
Retrospective adjustment to non-controlling interests (Note 10)	-	-	-	-	-	-	-	-	-	(6,098)	(6,098)
As at 1 January 2023 (restated)	2,500,000	2,073	(33,605)	69,656	(23,837)	-	(18,081)	216,020	2,712,226	28,000	2,740,226
(Loss)/profit for the year	-	-	-	-	-	-	-	(53,200)	(53,200)	9,369	(43,831)
Other comprehensive (loss)/income	-	-	-	-	(662)	-	1,239	-	577	720	1,297
Total comprehensive (loss)/income	-	-	-	-	(662)	-	1,239	(53,200)	(52,623)	10,089	(42,534)
Treasury shares (Note 16)	-	(1,857)	26,443	-	-	-	-	-	24,586	-	24,586
Dividends (Note 23)	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Acquisition of a subsidiary (Note 10)	-	-	-	-	-	-	-	-	-	75,187	75,187
Partial disposal of a subsidiary (Note 10)	-	-	-	-	-	-	31,032	-	31,032	87,161	118,193
Contribution by non-controlling interests*	-	-	-	-	-	-	-	-	-	3,530	3,530
As at 31 December 2023	**2,500,000**	**216**	**(7,162)**	**69,656**	**(24,499)**	-	**14,190**	**62,820**	**2,615,221**	**203,967**	**2,819,188**

* During the year ended 31 December 2023, non-controlling interests in subsidiaries of the Group with direct ownership in Al Malaki Specialist Hospital made an additional capital contribution of AED 3,530 thousand.

	Attributable to the equity holders of the Company										
	Share capital AED'000	*Share premium AED'000*	*Treasury shares AED'000*	*Statutory reserve AED'000*	*Fair value reserve of financial assets at FVOCI AED'000*	*Cash flow hedge reserve AED'000*	*Other reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total AED'000*
As at 1 January 2022	2,500,000	2,877	(12,711)	58,235	(21,530)	(1,646)	(18,347)	263,228	2,770,106	(1,346)	2,768,760
Profit/(loss) for the year	-	-	-	-	-	-	-	114,213	114,213	(2,491)	111,722
Other comprehensive (loss)/income	-	-	-	-	(2,307)	3,236	266	-	1,195	(52)	1,143
Total comprehensive (loss)/income	-	-	-	-	(2,307)	3,236	266	114,213	115,408	(2,543)	112,865
Gain on ineffective hedge recycled to profit or loss	-	-	-	-	-	(1,590)	-	-	(1,590)	-	(1,590)
Treasury shares (Note 16)	-	(804)	(20,894)	-	-	-	-	-	(21,698)	-	(21,698)
Dividends (Note 23)	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Transfer to statutory reserve (Note 17)	-	-	-	11,421	-	-	-	(11,421)	-	-	-
Acquisition of a subsidiary (Note 10) (restated)	-	-	-	-	-	-	-	-	-	21,692	21,692
Contribution by non-controlling interests*	-	-	-	-	-	-	-	-	-	10,197	10,197
As at 31 December 2022 (restated)	2,500,000	2,073	(33,605)	69,656	(23,837)	-	(18,081)	216,020	2,712,226	28,000	2,740,226

* During the year ended 31 December 2022, subsidiaries of the Group with direct ownership in Al Malaki Specialist Hospital W.L.L, resolved to increase their share capital. As per the terms of the capital increase, non-controlling interests contributed AED 10,197 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	***2023*** ***AED'000***	*2022* *AED'000*
OPERATING ACTIVITIES			
Profit before tax and zakat		**70,994**	112,157
Adjustments:			
Share of results of associates	11	**(18,208)**	(25,076)
Gain on disposal of an associate under step acquisition	11	**(9,629)**	-
Dividend income from financial asset at FVOCI	6	**(1,059)**	(1,258)
Depreciation of property and equipment	8	**39,981**	28,293
Depreciation of right-of-use assets	9	**28,393**	19,537
Amortization of intangible assets	10	**11,388**	8,543
Loss on disposal and write-off of property and equipment		**44**	368
Gain on derivative instrument	6	**(1,373)**	(3,568)
Gain on modification and termination of leases		-	(2,940)
Allowance for expected credit losses, net of reversal	13	**3,815**	2,541
Provision for employees' end of service benefits	20	**11,922**	9,884
Reversal of expected credit loss on lease receivables	9	-	(2,660)
Hedge ineffectiveness and others	7	**(1,129)**	(1,719)
Income from finance lease	9	**(33,271)**	(33,693)
Finance income	7	**(20,137)**	(11,433)
Finance costs	7	**46,731**	29,993
Impairment of goodwill and property and equipment	8&10	**95,091**	-
		223,553	128,969
Working capital changes:			
Inventories		**2,124**	322
Trade and other receivables		**(13,016)**	(16,102)
Due from related parties		**2,659**	(498)
Provisions, accounts and other payables and contract liabilities		**445**	(6,876)
Due to a related party		**604**	551
Cash from operations		**216,369**	106,366
Employees' end of service benefits paid	20	**(7,994)**	(4,672)
Lease payments received	9	**36,802**	42,284
Payment of lease liabilities	9	**(39,697)**	(24,055)
Net cash flows from operating activities		**205,480**	119,923
INVESTING ACTIVITIES			
Acquisition of property and equipment	8	**(91,396)**	(19,409)
Acquisition of a subsidiary, net of cash acquired	10	**44,232**	(204,278)
Settlement of deferred and contingent considerations		**(14,920)**	(3,983)
Changes in Sharia compliant term deposits		**(105,692)**	447,692
Changes in bank term deposits		**40,000**	79,107
Interest received on Sharia compliant term deposits		**14,121**	10,207
Interest received on bank term deposits		**2,074**	159
Proceeds from capital reduction	14	-	7,466
Dividend received from an associate	11	**8,750**	15,750
Dividend received from a financial asset at FVOCI		**1,059**	1,258
Net cash flows (used in) / from investing activities		**(101,772)**	333,969
FINANCING ACTIVITIES			
Proceeds from bank financing		**15,964**	4,870
Repayment of bank financing		**(72,503)**	(45,984)
Movements in revolving bank facilities, net		-	8,160
Acquisition of treasury shares, net		**24,586**	(21,698)
Net change in cash balances held with a third party and others		**(24,443)**	11,893
Capital contribution by non-controlling interests	27	**3,530**	10,197
Dividend paid	23	**(100,000)**	(150,000)
Finance costs paid		**(31,084)**	(17,575)
Dividend paid to previous shareholder of a subsidiary	10	**(16,813)**	-
Net cash flows used in financing activities		**(200,763)**	(200,137)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(97,055)**	253,755
Cash and cash equivalents at 1 January		**346,315**	92,560
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**249,260**	346,315
Non-cash transactions			
Disposal of an associate under a step acquisition	10	**140,648**	-
Additions to right-of-use assets	9	**40,346**	49,100
Additions to lease liabilities	9	**40,406**	54,668
Lease remeasurement	9	-	26,578

The attached notes 1 to 29 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Amanat Holdings PJSC (the "Company") was incorporated on 17 November 2014 and is registered as a Public Joint Stock Company listed on the Dubai Financial Market under the UAE Federal Decree-Law No. 32 of 2021. The registered office of the Company is One Central, The Offices 5, Level 1 Unit 107 and 108, Dubai, United Arab Emirates.

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

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

Name	*Equity interest*		*Country of incorporation*	*Principal activities*
	2023	*2022*		
WMCE Company W.L.L. ("WMCE")	**50.32%**	49.69%	Kingdom of Bahrain	Investment in companies in the field of healthcare.
Maternity Holding Company Ltd. ("MHC")	**74.23%**	74.13%	Cayman Islands	Investment in companies in the field of healthcare.
Al Malaki Specialist Hospital W.L.L ("MSH")*	**69.45%**	69.24%	Kingdom of Bahrain	Hospital and healthcare facilities in the Kingdom of Bahrain
Middlesex Associates FZ-LLC ("Middlesex University")	**100%**	100%	United Arab Emirates	Leading university providing tertiary education in the United Arab Emirates
HC Investments 1 Holdings Limited ("HC 1")	**85.11%**	100%	United Arab Emirates	Holding company
CMRC Limited ("CMRC")	**85.11%**	100%	Cyprus	Holding company
Cambridge Medical & Rehabilitation Centre LLC** ("CMRC UAE")	**85.11%**	100%	United Arab Emirates	Healthcare services
CMRC Saudi Arabia LLC** ("CMRC KSA")	**85.11%**	100%	Kingdom of Saudi Arabia	Healthcare services
TVM KSA Acquisition 1 Limited**	**85.11%**	100%	Cyprus	Holding company
Sukoon International Holding Company*** ("Sukoon")	**69.63%**	-	Kingdom of Saudi Arabia	Long-term and critical healthcare
Human Development Company LLC ("HDC")	**60%**	60%	Kingdom of Saudi Arabia	Special education and care needs
Human Rehabilitation Company LLC****	**60%**	60%	Kingdom of Saudi Arabia	Special education and care needs and rehabilitation services

1 CORPORATE INFORMATION (continued)

* Investment in MSH is held via MHC and WMCE. In 2022, Royal Hospital for Women and Children W.L.L. changed its legal name to Al Malaki Specialist Hospital W.L.L.

** Investments are held via CMRC Limited.

*** During the year ended 31 December 2023, the Group increased its effective economic stake in Sukoon to 69.63% from 33.25% previously following the completion of a step acquisition. Refer to Note 10 for further details.

**** Investment held via Human Development Company LLC.

The Group holds numerous other subsidiaries that are mainly investment vehicles and are non-operational.

The Group has interests in the following associates as disclosed further in Note 11:

Name	*Equity interest*		*Country of incorporation*	*Principal Activities*
	2023	*2022*		
NEMA Holding Company LLC*	**35%**	35%	United Arab Emirates	Leading tertiary education provider in the United Arab Emirates
Sukoon International Holding Company **	-	33.25%	Kingdom of Saudi Arabia	Long-term and critical healthcare

* In 2022, Abu Dhabi University Holding LLC changed its legal name to NEMA Holding Company LLC.

** Refer to Note 10 in relation to increase in effective economic stake in Sukoon.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-Law No. 32 of 2021.

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 BASIS OF CONSOLIDATION (continued)

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

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

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

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

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

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

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a) Business combinations and goodwill

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

a) Business combinations and goodwill (continued)

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

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

b) Investments in associates

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

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

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Fair value measurement

The Group measures financial instruments such as financial assets at FVOCI, derivative financial instruments and contingent consideration at fair value at each reporting date.

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) Fair value measurement (continued)

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

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

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

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

e) Revenue

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

Tuition fees
Revenue from tuition fees is recognised over the period of each academic term and is reduced by scholarships awarded to students during that period.

Healthcare services
Revenue from healthcare services related to in-patient care and rehabilitation is recognised over time on a straight-line basis, reflective of the fact that the customer simultaneously receives and consumes the benefits from such services provided to them. All other healthcare services are recognised at the point in time when the services are rendered.

Joint services agreements (Schools)
Share of revenue from joint services agreements, net of associated costs, is recognized on a straight-line basis over the period of each academic term.

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) Government grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all related conditions. Grants are recognised in the consolidated statement of profit or loss over the period necessary to match them with the expense that they are intended to compensate.

g) Value added tax

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

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

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

h) Foreign currencies

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

Transactions and balances

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

h) Foreign currencies (continued)

Group companies

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

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

i) Cash dividend

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

j) Property and equipment

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

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

➢ Leasehold improvements	Shorter of asset life and lease term
➢ Buildings	10 to 40 years
➢ Medical equipment	5 to 15 years
➢ Academic equipment	3 years
➢ Furniture and fixtures	5 to 10 years
➢ Other assets	3 to 7 years

No depreciation is charged on land and capital work in progress.

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

k) Leases

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

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

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

➢ Buildings and offices	3 to 10 years
➢ Leasehold land	45 years
➢ Vehicles	3 years

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

k) Leases (continued)

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

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

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

l) Borrowing costs

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

m) Financial instruments – initial recognition and subsequent measurement

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

i) Financial assets

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

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

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

The Group elected to irrevocably classify its listed and unquoted equity investments under this category.

Financial assets designated at fair value through profit or loss (equity instruments)
The Group, upon vesting of allotted equity warrants, recognizes a derivative asset at fair value through profit or loss in the consolidated statement of financial position with the corresponding impact in the consolidated statement of profit or loss including any subsequent changes in fair value. Upon exercise, the derivative asset is subsequently reclassified to equity instruments at FVOCI.

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

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

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

ii) Financial liabilities

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

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

The Group's financial liabilities include accounts and other payables, lease liabilities, due to related parties, loans and borrowings and other long-term liabilities.

Subsequent measurement

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement (continued)

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

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

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

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

iii) Offsetting of financial instruments

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

n) Impairment of non-financial assets

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Impairment of non-financial assets (continued)

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

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

o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average basis. Net realisable value is the estimated selling price for inventories less estimated costs of completion and cost necessary to make the sale. Write-down of inventories to net realisable value is recognised in the consolidated statement of profit or loss and other comprehensive income.

p) Cash and bank balances

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and on hand and term deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, net of outstanding bank overdrafts and excludes cash balances held with third party and bank financing service reserve account.

q) Provisions, contingent assets and liabilities

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

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

Contingent assets and liabilities
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

r) Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

s) Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The Group’s intangible assets are amortised on a straight-line basis over useful economic lives of the assets (refer to Note 10 for further details).

➢ Agreements with joint ventures	4 years
➢ Expat student relationships	14 years
➢ Other agreement	30 years
➢ Brand names	10 - 25 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

t) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

t) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses interest rate swap contracts as hedges of its exposure to interest rate risk in relation to its variable interest-bearing financing from banks. The ineffective portion, if any, relating to interest rate swap contracts is recognised as expense.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to consolidated statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect consolidated statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to consolidated statement of profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

u) Tax and Zakat

Zakat
The Group is subject to Zakat on the computed Zakat base in accordance with the regulations of Zakat, Tax and Customs Authority (Formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA") in the Kingdom of Saudi Arabia which is subject to interpretations. Group’s Zakat is charged to the consolidated statement of profit or loss and other comprehensive income.

The Group’s management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Tax and Zakat returns with respect to applicable pronouncements and interpretation in subsequent periods.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

u) Tax and Zakat (continued)

Deferred taxes
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Where the manner in which the Group recovers (settles) the carrying amount of an asset (liability) affects the tax rate applicable on such recovery (settlement) and/or the tax base of the asset (liability), the Group measures deferred tax liabilities and deferred tax assets using the tax rate and the tax base that are consistent with the expected manner of recovery or settlement i.e via sale or use. In addition, deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

These amendments had no impact on the consolidated financial statements of the Group as it did not have any insurance contracts in scope for IFRS 17 as at the reporting date.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the consolidated financial statements of the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if and when they become applicable.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year (i.e. AED 2,966 million).

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

2.5 CLIMATE-RELATED MATTERS

The Group will consider climate-related matters in estimates and assumptions, where appropriate, in compliance with the requirements of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) which are effective for annual periods beginning on or after 1 January 2024. The Group is currently assessing the potential impact from climate-related matters on its consolidated financial statements and is closely monitoring relevant changes and developments, such as new climate-related legislation.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group's lease contracts include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal periods as part of the lease term for leases of campus building and offices with shorter remaining non-cancellable period (i.e., one year). The Group typically exercises its option to renew these leases because there will be a significant negative effect on the business if a replacement asset is not readily available and with significant costs to be incurred. The renewal periods for leases of land, buildings with longer remaining non-cancellable periods (i.e., 7 to 40 years from the reporting date) are not included part of the lease terms as they are not reasonably certain to be exercised.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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

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

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

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

Allowance for expected credit losses of fee receivables
The Group uses a provision matrix to calculate ECLs for fee receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 25.5.

4 REVENUE & DIRECT COSTS

4.1 Disaggregated revenue and cost information

Education revenue is related to services rendered in the United Arab Emirates and the Kingdom of Saudi Arabia. Healthcare revenue is related to services rendered in the United Arab Emirates, the Kingdom of Saudi Arabia and the Kingdom of Bahrain.

	For the year ended 31 December 2023		
Segments	***Education AED'000***	***Healthcare AED'000***	***Total AED'000***
Type of goods or service			
Healthcare and medical services	**-**	**380,281**	**380,281**
Tuition fees, net of scholarship awarded	**182,572**	**-**	**182,572**
Special education and care needs services	**124,743**	**-**	**124,743**
Administrative and other service fees from students	**18,728**	**-**	**18,728**
Share of revenue from joint services agreements	**11,777**	**-**	**11,777**
Total revenue	**337,820**	**380,281**	**718,101**

	For the year ended 31 December 2023		
Segments	***Education AED'000***	***Healthcare AED'000***	***Total AED'000***
Timing of revenue recognition			
Services transferred over time	**331,726**	**316,150**	**647,876**
Services transferred at a point in time	**6,094**	**64,131**	**70,225**
Total revenue	**337,820**	**380,281**	**718,101**
Direct costs	**(161,023)**	**(228,893)**	**(389,916)**

	For the year ended 31 December 2022		
Segments	*Education AED'000*	*Healthcare AED'000*	*Total AED'000*
Type of goods or service			
Healthcare and medical services	-	334,081	334,081
Tuition fees, net of scholarship awarded	144,076	-	144,076
Special education and care needs services	24,741	-	24,741
Administrative and other service fees from students	5,950	-	5,950
Share of revenue from joint services agreements	4,253	-	4,253
Total revenue	179,020	334,081	513,101
Timing of revenue recognition			
Services transferred over time	175,807	273,545	449,352
Services transferred at a point in time	3,213	60,536	63,749
Total revenue	179,020	334,081	513,101
Direct costs	(86,329)	(196,730)	(283,059)

4 REVENUE & DIRECT COSTS (continued)

4.2 Contract balances

	2023 **AED'000**	2022 AED'000 (Restated)
Trade receivables, net (Note 13)	**204,100**	150,409
Contract liabilities (see below)	**47,000**	46,598
Accrued share of revenue from joint services agreements (Note 13)	**7,723**	8,922
Amounts due under joint services agreements (Note 13)	**2,311**	6,211

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days from the date of service. In 2023, AED 6,155 thousand was recognised as allowance for expected credit losses on trade receivables in the consolidated statement of profit or loss (2022: AED 4,854 thousand) (Note 5 and Note 13).

Contract liabilities

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

4.3 Performance obligations

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

Education services

The performance obligation is satisfied over time on a straight-line basis over the academic period of the course that students are enrolled in and payment is generally due between 30 and 180 days of the invoice or based on an agreed payment plan.

Healthcare services

The performance obligation for in-patient services of CMRC and Sukoon is satisfied over time on a straight-line basis because the customer simultaneously receives and consumes the benefits provided to them and payment is generally due between 0 and 90 days from invoice date.

The performance obligation of other healthcare services is satisfied at a point in time when the service is rendered and payment is generally due between 0 and 90 days from invoice date.

4.4 Direct costs

	2023 **AED'000**	2022 AED'000
Salaries and employee related costs	**241,264**	158,539
Medical consumables, equipment and other related costs	**47,290**	43,327
Depreciation of property and equipment (Note 8)	**27,247**	17,910
Royalty and profit-sharing arrangements for academic services	**23,994**	18,431
Depreciation of right-of-use assets (Note 9)	**19,694**	16,853
Student related expenses	**13,170**	7,686
Leases (Note 9)	**260**	685
Other direct costs	**16,997**	19,628
	389,916	283,059

5 GENERAL, SELLING AND ADMINISTRATIVE EXPENSES

General, selling and administrative expenses mainly include the following:

	2023 ***AED'000***	*2022* *AED'000*
Employee related expenses	**110,119**	87,660
Legal and professional fees	**18,446**	9,177
Depreciation of property and equipment (Note 8)	**12,734**	10,383
Marketing and communications	**12,373**	10,517
Amortization of intangible assets (Note 10)	**11,388**	8,543
Depreciation of right-of-use assets (Note 9)	**8,699**	2,684
IT expenses	**7,429**	5,168
Expected credit losses on trade receivables (Note 4.2 & 13)	**6,155**	4,854
Board and committee remuneration (Note 14)	**1,954**	3,812
Portfolio management expenses	**2,380**	1,176
Leases (Note 9)	**2,017**	1,937
Transaction related costs	**1,547**	5,260
Other expenses	**28,765**	22,728
	224,006	173,899

General, selling and administrative expenses are incurred as follows:

	2023 ***AED'000***	*2022* *AED'000*
Holding Company expenses		
Head office expenses	**37,921**	41,425
Amortization of intangible assets (Note 10)	**5,888**	4,500
Portfolio management expenses	**2,380**	1,176
Transaction related costs	**-**	5,260
Subsidiaries' expenses	**177,817**	121,538
	224,006	173,899

6 OTHER OPERATING INCOME

	2023 ***AED'000***	*2022* *AED'000*
Grant income*	**15,473**	1,718
Dividend income from financial asset at FVOCI	**1,059**	1,258
Gain on derivative instrument	**1,373**	3,568
Gain on termination of leases	**-**	1,271
Other income	**8,358**	6,271
	26,263	14,086

* Represents contribution provided to the Group's subsidiary, Human Development Company LLC, from the Ministry of Human Resources and Social Development of the Kingdom of Saudi Arabia.

7 FINANCE INCOME AND FINANCE COSTS

7.1 Finance income

	2023	*2022*
	AED'000	*AED'000*
Income on term deposits*	**20,137**	11,433
Gain on hedge ineffectiveness	**-**	1,590
Others	**1,129**	129
	21,266	13,152

* Includes income on Sharia compliant deposits of AED 18,245 thousand and income on non-Sharia compliant deposits of AED 1,892 thousand (2022: AED 8,601 thousand and AED 2,832 thousand, respectively).

7.2 Finance costs

	2023	*2022*
	AED'000	*AED'000*
Finance costs on financing from banks	**31,410**	21,389
Finance costs on lease liabilities (Note 9)	**11,396**	7,504
Finance costs on bank overdraft	**1,484**	555
Amortization of loan arrangement fees	**550**	545
Others	**1,891**	-
	46,731	29,993

8 PROPERTY AND EQUIPMENT

	Land and buildings (2) AED'000	*Leasehold improvements AED'000*	*Medical equipment AED'000*	*Academic equipment AED'000*	*Furniture and fixtures AED'000*	*Other assets AED'000*	*Capital work in progress (3) AED'000*	*Total AED'000*
Cost:								
At 1 January 2022	174,717	86,666	44,774	8,616	11,798	24,134	535	351,240
Additions	458	4,761	4,860	680	1,846	1,373	5,431	19,409
Acquisition of a subsidiary (Note 10) (restated)	-	14,578	5,308	-	9,464	12,836	17,374	59,560
Write-offs	-	(1,584)	-	(5)	(333)	-	-	(1,922)
Disposals	(409)	-	(75)	-	(117)	(11)	-	(612)
Transfers	-	139	100	-	81	33	(353)	-
At 31 December 2022 (restated)	174,766	104,560	54,967	9,291	22,739	38,365	22,987	427,675
Additions	18	2,840	4,363	694	1,172	5,436	76,873	91,396
Acquisition of a subsidiary (Note 10)	232,317	750	51,980	-	14,637	24,429	5,465	329,578
Write-offs	-	-	-	(18)	-	-	-	(18)
Disposals	-	-	(5,510)	-	(204)	(3,284)	-	(8,998)
Transfers	-	15,746	1,281	-	3,728	276	(21,031)	-
At 31 December 2023	**407,101**	**123,896**	**107,081**	**9,967**	**42,072**	**65,222**	**84,294**	**839,633**
Depreciation and impairment:								
At 1 January 2022	17,362	31,388	23,813	6,068	7,356	14,447	-	100,434
Acquisition of a subsidiary (Note 10)	-	7,253	1,739	-	6,295	9,254	-	24,541
Charge for the year (4)	8,384	7,066	6,873	854	1,728	3,388	-	28,293
Write-offs	-	(1,437)	-	(5)	(227)	-	-	(1,669)
Disposals	(307)	-	(71)	-	(109)	(10)	-	(497)
At 31 December 2022	25,439	44,270	32,354	6,917	15,043	27,079	-	151,102
Acquisition of a subsidiary (Note 10)	49,985	750	46,078	-	14,170	17,047	-	128,030
Charge for the year (4)	11,894	9,422	8,829	927	3,520	5,389	-	39,981
Impairment (Note 10)	30,274	-	2,096	-	138	532	-	33,040
Write-offs	-	-	-	(7)	-	-	-	(7)
Disposals	-	-	(5,503)	-	(157)	(3,305)	-	(8,965)
At 31 December 2023	**117,592**	**54,442**	**83,854**	**7,837**	**32,714**	**46,742**	-	**343,181**
Net carrying amounts:								
At 31 December 2023	**289,509**	**69,454**	**23,227**	**2,130**	**9,358**	**18,480**	**84,294**	**496,452**
At 31 December 2022 (restated)	149,327	60,290	22,613	2,374	7,696	11,286	22,987	276,573

8 PROPERTY AND EQUIPMENT (continued)

(1) During the year ended 31 December 2023, an impairment charge of AED 33,040 thousand was allocated against Property and Equipment balances at Al Malaki Specialist Hospital. Refer to Note 10 for further details.

(2) Land and buildings include a building constructed on long-term leasehold land in Bahrain with a carrying amount of AED 62,900 thousand (2022: AED 99,269 thousand).

(3) Capital work in progress includes on-going Group's expansion projects in the Kingdom of Saudi Arabia.

(4) Depreciation charge for the year has been allocated to the consolidated statement of profit or loss as follows:

	2023 AED'000	*2022 AED'000*
Direct costs (Note 4.4)	**27,247**	17,910
General, selling and administrative expenses (Note 5)	**12,734**	10,383
	39,981	28,293

The cost of fully depreciated assets still in use as at 31 December 2023 is AED 106,359 thousand (2022: AED 36,542 thousand).

9 LEASES

9.1 Group as lessee

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

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

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

	Leasehold land AED'000	*Buildings and offices AED'000*	*Vehicles AED'000*	*Total AED'000*
As at 1 January 2022	17,078	100,522	228	117,828
Acquisition of a subsidiary (Note 10)	-	38,157	-	38,157
Additions	-	48,749	351	49,100
Termination (1)	-	(34,676)	(26)	(34,702)
Modification (2)	-	25,040	-	25,040
Depreciation	(430)	(18,889)	(218)	(19,537)
As at 31 December 2022	16,648	158,903	335	175,886
Additions	-	39,913	433	40,346
Termination	-	(4,616)	-	(4,616)
Depreciation	(430)	(27,779)	(184)	(28,393)
As at 31 December 2023	**16,218**	**166,421**	**584**	**183,223**

9 LEASES (continued)

9.1 Group as lessee (continued)

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

	2023 AED'000	*2022 AED'000 (Restated)*
As at 1 January	**189,002**	124,241
Acquisition of a subsidiary (Note 10)	**-**	37,975
Additions	**40,406**	54,668
Accretion of interest (Note 7.2)	**11,396**	7,504
Termination	**(4,591)**	(36,280)
Modification	**-**	24,949
Payments	**(39,697)**	(24,055)
As at 31 December	**196,516**	189,002
Current	**32,275**	27,672
Non-current	**164,241**	161,330

(1) During the year ended 31 December 2022, a subsidiary of the Group, Middlesex Associates FZ-L.L.C, renegotiated its existing lease agreements in relation to the University's campus at Knowledge Village Park, consequently entering into new and amended lease agreements and recognizing the associated right-of-use assets and lease liabilities, while also terminating certain of the existing agreements and derecognizing the associated right-of-use assets and lease liabilities. In addition, for a few leases, the Group has adjusted for lease modifications.

(2) During the year ended 31 December 2022, a subsidiary of the Group, Cambridge Medical and Rehabilitation Center L.L.C, entered into a lease amendment agreement in relation to its healthcare facility in Al Ain whereby the lease period was extended to 30 years from 15 years with revised lease payments. The subsidiary remeasured the lease liability to reflect changes to the lease payments and recognised an amount AED 26.5 million as lease liability with a corresponding adjustment to the right-of-use asset.

The maturity analysis of lease liabilities is disclosed in Note 25.5.

The following are the amounts recognised in the consolidated statement of profit or loss with respect to leases:

	2023 AED'000	*2022 AED'000*
Depreciation expense of right-of-use assets – direct (Note 4.4)	**19,694**	16,853
Depreciation expense of right-of-use assets – indirect (Note 5)	**8,699**	2,684
Interest expense on lease liabilities (Note 7.2)	**11,396**	7,504
Expense relating to short-term leases – direct (Note 4.4)	**260**	685
Expense relating to short-term leases – indirect (Note 5)	**2,017**	1,937
Total amount recognised in the consolidated statement of profit or loss	**42,066**	29,663

The Group had total cash outflows for leases of AED 39,697 thousand during 2023 (2022: AED 24,055 thousand). The Group had non-cash additions to right-of-use assets and lease liabilities of AED 40,346 thousand and AED 40,406 thousand, respectively (2022: AED 49,100 thousand and AED 54,668 thousand, respectively). There are no leases that have not yet commenced at the reporting date.

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

The Group's lease contracts contain extension and termination options, which are further discussed in Note 3.

9 LEASES (continued)

9.2 Group as lessor

In 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.

Transaction costs amounting to AED 15 million are capitalised as part of the net investment in the lease. The net investment in the lease represents the present value of minimum lease payments discounted at the implicit lease rate and is recorded net of any advance lease instalments 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 prices. The contractually agreed exercise time frame for the put and call options is 27 September 2024 until 26 March 2026 and 27 June 2023 until 26 March 2024 respectively. As of the date of consolidated financial statements signing, no notification has been received from the lessee of any intent to exercise the call option.
In addition, out of a total contractual additional financing limit of AED 45 million as per the original lease agreement, the lessee has utilised an amount of AED 32.9 million. Management is currently not aware of any intention by the lessee to expand the leased asset.

At 31 December 2023 and 2022, the Group performed an ECL assessment of its lease receivables and concluded that no allowance for expected credit losses is required to be recognised.

The following table provides the movement in finance lease receivables:

	2023	*2022*
	AED'000	*AED'000*
At 1 January	**414,887**	420,818
Lease payments received	**(36,802)**	(42,284)
Finance lease income	**33,271**	33,693
Reversal of allowance for expected credit loss (Note 25)	**-**	2,660
At 31 December	**411,356**	414,887

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

Gross investment in finance lease receivables

	2023	*2022*
	AED'000	*AED'000*
Less than one year	**54,799**	54,894
Between one and five years	**152,059**	149,812
More than five years	**633,643**	672,514
	840,501	877,220
Unearned finance income	**(429,145)**	(462,333)
Net investment in finance lease receivables	**411,356**	414,887

9 LEASES (continued)

9.2 Group as lessor (continued)

Net investment in finance lease receivables

	2023 *AED'000*	*2022* *AED'000*
Less than one year	**52,691**	51,933
Between one and five years	**117,515**	115,785
More than five years	**241,150**	247,169
	411,356	414,887
Current	**52,691**	51,933
Non-current	**358,665**	362,954

10 BUSINESS COMBINATIONS

Intangible assets acquired through business combinations are as follows:

	Goodwill *AED'000*	*Agreements and student relationship with definite useful lives* *AED'000*	*Agreement with indefinite useful life* *AED'000*	*Brand names with definite useful lives* *AED'000*	*Total* *AED'000*
Cost:					
At 1 January 2022	515,278	133,300	560,867	39,668	1,249,113
Acquisition of a subsidiary (4) (restated)	215,837	7,714	-	3,798	227,349
At 31 December 2022 (restated)	731,115	141,014	560,867	43,466	1,476,462
Acquisition of a subsidiary (3.2)	89,240	-	-	-	89,240
At 31 December 2023	**820,355**	**141,014**	**560,867**	**43,466**	**1,565,702**
Amortisation and impairment:					
At 1 January 2022	19,961	15,233	-	3,364	38,558
Amortisation (Note 5)	-	4,500	-	4,043	8,543
At 31 December 2022	19,961	19,733	-	7,407	47,101
Amortisation (Note 5)	-	5,667	-	4,258	9,925
Impairment (5)	62,051	-	-	-	62,051
At 31 December 2023	**82,012**	**25,400**	-	**11,665**	**119,077**
Carrying amounts					
At 31 December 2023	**738,343**	**115,614**	**560,867**	**31,801**	**1,446,625**
At 31 December 2022 (restated)	711,154	121,281	560,867	36,059	1,429,361

10 BUSINESS COMBINATIONS (continued)

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

	2023 ***AED'000***	*2022* *AED'000* *(Restated)*
Middlesex University (1)	**276,770**	276,770
Al Malaki Specialist Hospital (2)	**-**	62,051
HC Investments 1 Holdings Limited (3)	**245,736**	156,496
Human Development Company (4)	**215,837**	215,837
	738,343	711,154

(1) Middlesex Associates FZ-LLC

On 2 August 2018, the Group acquired 100% of the shares and voting interests in Middlesex Associates FZ-LLC ("Middlesex University") for a total consideration of AED 418,902 thousand.

Fair value measurement

Management had engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IFRS 3 whereby a separately identifiable intangible asset was identified in relation to an agreement the subsidiary has entered into with Middlesex UK, which was estimated to have a fair value of AED 133,300 thousand at the acquisition date and a useful life of 30 years from the date of acquisition. Accordingly, AED 133,300 thousand was reduced from the initially recognised amount of goodwill resulting in adjusted goodwill of AED 276,770 thousand at acquisition.

(2) Al Malaki Specialist Hospital W.L.L

On 16 August 2018, the Group acquired 69.24% of the shares and voting interests in Al Malaki Specialist Hospital W.L.L ("MSH") for a total cash consideration of AED 142,107 thousand. During 2022, the Group had acquired additional shares through a cash contribution of AED 23.9 million, increasing its effective shareholding to 69.45% from 69.24% held previously and the related legal formalities were completed during the year ended 31 December 2023.

Fair value measurement

Management had engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IFRS 3 whereby no separately identifiable assets had been identified and the entire difference between the total consideration and identified net assets at the date of acquisition of AED 82,012 thousand was accounted for as goodwill. In 2021, the Group has recognized an impairment against goodwill of AED 19,961 thousand and a further impairment of AED 62,051 thousand against the remaining balance has been recorded during the year ended 31 December 2023. Refer to Note 10 (5) for further details.

(3) HC Investments 1 Holdings Limited

Goodwill arising on business combinations in HC Investments 1 Holdings Limited is related to the following sub-cash generating units:

	2023 ***AED'000***	*2022* *AED'000*
CMRC Limited (3.1)	**156,496**	156,496
Sukoon International Holding Company (3.2)	**89,240**	-
	245,736	156,496

10 BUSINESS COMBINATIONS (continued)

(3) HC Investments 1 Holdings Limited (continued)

(3.1) CMRC Limited

On 28 February 2021, the Group, through its intermediary holding company, HC Investments 1 Holdings Limited (“HC 1”), acquired 100% of the voting shares in CMRC Limited (“CMRC”), an unlisted holding company based in Cyprus with a 100% effective shareholding in two operating subsidiaries: Cambridge Medical & Rehabilitation Centre LLC that provides healthcare services in the United Arab Emirates and CMRC Saudi Arabia LLC that provides healthcare services in the Kingdom of Saudi Arabia for a total cash consideration of AED 863,953 thousand in addition to a deferred consideration of AED 7,350 thousand which has been fully settled as at 31 December 2023 (2022: AED 6,433 thousand settled).

During the year ended 31 December 2023, the Company transferred 15.31% of its interests in HC 1 to certain shareholders of Sukoon, reducing its effective ownership in HC 1 from 100% previously to 84.69% (Refer to Note 3.2 below). In addition, on 25 October 2023, the Company made an additional cash contribution of AED 25 million which was utilized for on-going expansion projects in the Kingdom of Saudi Arabia, and accordingly, the effective interest in CMRC increased to 85.11% as of 31 December 2023.

Fair value measurement
Management had engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IFRS 3 whereby separately identifiable intangible assets have been identified in relation to an indefinite agreement with an insurance provider with an acquisition-date estimated fair value of AED 560,867 thousand as well as brand name with an acquisition-date estimated fair value of AED 39,668 thousand and an expected useful life of 10 years. Accordingly, AED 600,535 thousand was reduced from the initially recognised amount of goodwill resulting in adjusted goodwill of AED 156,496 thousand at acquisition. including additional consideration.

(3.2) Sukoon International Holding Company

On 14 April 2023, upon satisfaction of all conditions precedent stipulated in the sale and purchase agreement, the Company increased its effective interest in Sukoon International Holding Company and its subsidiary (collectively “Sukoon”), previously accounted for as an associate, from 33.25% to 69.28%. Sukoon is a closed joint stock company based in the Kingdom of Saudi Arabia that provides long-term medical and nursing care.

The increase in the effective interest in Sukoon was transacted via a non-cash share swap agreement between the Company and certain shareholders of Sukoon resulting in the Company effectively transferring 15.31% of its interest held in HC 1 to certain shareholders of Sukoon. Following the additional cash contribution of AED 25 million mentioned above, the Company’s effective interest in Sukoon increased to 69.63% from 69.28% previously.

Consideration transferred and resulting equity adjustment
The acquisition has been accounted for using the acquisition method under IFRS 3 *Business Combinations* with a deemed acquisition date of 30 April 2023, assessed as the practicable effective date of acquisition. The purchase consideration has been determined as the aggregate of the fair value of the previously held 33.25% interest in Sukoon (Note 11) and the fair value of the 15.31% shareholding in HC 1 disposed of. The difference between the carrying amount and the fair value of the previously held 15.31% interest in HC 1 measured at AED 31,032 thousand at the transaction date has been recognized directly in equity representing a transaction between equity owners.

Fair value measurement
The Group measured the fair value of the identifiable assets and liabilities acquired of Sukoon on a provisional basis as permitted under IFRS 3, in addition to recording a provision of AED 1,463 thousand in relation to amortization of potential intangible assets during the year ended 31 December 2023 (Note 5). The Group has engaged an independent expert to provide support with respect to the purchase price allocation exercise and the determination of the fair values of identifiable assets acquired and liabilities assumed under IFRS 3. If new information obtained within one year from 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 at the date of acquisition, then the accounting for the acquisition will be revised.

10 BUSINESS COMBINATIONS (continued)

(3) HC Investments 1 Holdings Limited (continued)

(3.2) Sukoon International Holding Company (continued)

Fair value measurement (continued)
The provisional fair values of the identifiable assets and liabilities as at the deemed date of acquisition are as follows:

	30 April 2023 *AED'000* *(Unaudited)*
Assets	
Property and equipment	**201,548**
Inventories	**2,884**
Trade and other receivables, net	**41,937**
Due from related parties	**45**
Cash and bank balances	**44,232**
	290,646
Liabilities	
Trade and other payables	**(36,208)**
Provision for employees' end of service benefits	**(9,650)**
	(45,858)
Total identifiable net assets at provisional fair values	**244,788**
Non-controlling interests at the proportionate share of the identifiable net assets	**(75,187)**
Goodwill arising on acquisition (provisional)	**89,240**
Purchase consideration	**258,841**
The purchase consideration comprises of the following:	
Fair value of previously held interest in Sukoon (Note 11)	**140,648**
Fair value of HC 1 shares transferred	**118,193**
Purchase consideration	**258,841**

Analysis of cash flows on acquisition
The acquisition of Sukoon represents a non-cash transaction, and accordingly, the cash and bank balances of AED 44,232 thousand acquired with the subsidiary have been reflected under investing activities in the consolidated statement of cash flows.

Impact of the acquisition on the Group's results
The consolidated financial statements include the results of Sukoon from 1 May 2023 to 31 December 2023, the deemed date of acquisition being 30 April 2023. Transactions related to the subsidiary between 14 April 2023, date of acquisition, and 30 April 2023 are not material to the Group.

From the date of acquisition, Sukoon has contributed AED 60,692 thousand of revenue, AED 7,638 thousand of profit and AED 5,300 thousand of profit attributable to equity holders of the Company. If the acquisition had taken place at the beginning of the year, the revenue contribution would have been AED 87,516 thousand, the profit contribution for the year would have been AED 8,618 thousand and the profit contribution attributable to equity holders of the Company would have been AED 5,979 thousand (excluding transaction related costs).

Cumulative transaction costs of AED 3,728 thousand have been recognized in profit or loss in relation to the acquisition, with AED 1,542 thousand recognized during the year ended 31 December 2023 (2022: AED 1,219 thousand).

10 BUSINESS COMBINATIONS (continued)

(4) Human Development Company LLC

On 27 October 2022, the Group acquired 60% of the voting shares of Human Development Company LLC ("HDC"), an unlisted holding company based in the Kingdom of Saudi Arabia and its 100% subsidiary, Human Rehabilitation Company LLC, both of which are engaged in the provision of special education and care needs services, for a total cash consideration of AED 215,723 thousand in addition to contingent consideration of up to AED 46,602 thousand payable in two tranches of AED 14,499 thousand and AED 32,103 thousand in 2023 and 2024, respectively, and dependent on financial performance. During the year ended 31 December 2023, AED 14,089 thousand has been settled towards the contractually agreed contingent consideration in relation to the financial performance of 2022.

The acquisition was accounted for using the acquisition method under IFRS 3 Business Combinations. During the year ended 31 December 2022, the consolidated financial statements include the results of HDC and its subsidiary from 1 November 2022 to 31 December 2022. Transactions between 27 October 2022 and 31 October 2022 were not material to the Group.

As at the acquisition date, the fair value of the contingent consideration was estimated to be AED 46,002 thousand on an undiscounted basis or AED 44,165 thousand on a discounted basis and was calculated based on a probability assessment utilizing multiple performance scenarios over the performance period.

During the year ended 31 December 2022, HDC contributed AED 30,956 thousand of revenue, AED 12,241 thousand of profit and AED 7,345 thousand of profit attributable to equity holders of the Company. If the acquisition had taken place at the beginning of the year, the revenue contribution would have been AED 124,653 thousand, the profit contribution for the year would have been AED 47,899 thousand and the profit contribution attributable to equity holders of the Company would have been AED 28,739 thousand (excluding transaction related costs).

Transaction costs of AED 3,471 thousand were expensed in 2022 and included in general, selling and administrative expenses in the consolidated statement of profit or loss and were part of operating cash flows in the consolidated statement of cash flows.

Fair value measurement
Management had measured the fair values of identifiable assets and liabilities of the subsidiary on a provisional basis as permitted under IFRS 3 and had engaged an independent expert to perform a purchase price allocation exercise and the determination of the fair values of identifiable assets acquired and liabilities assumed under IFRS 3.

During the year ended 31 December 2023, the purchase price allocation exercise was completed whereby separately identifiable intangible assets have been identified in relation to agreements with joint ventures, expat student relationships and brand name with acquisition-date estimated fair values of AED 2,492 thousand, AED 5,222 thousand and AED 3,798 thousand, respectively, and estimated useful lives of 4 years, 14 years and 25 years, respectively. In addition, the acquisition-date fair values of the identifiable assets acquired, liabilities assumed and non-controlling interests in the acquiree have been adjusted (refer below) based on information obtained by the Group about facts and circumstances that existed as of the acquisition date, which also includes dividends due to the previous shareholder of HDC of AED 16,813 thousand as per the shareholders' agreement in relation to the pre-acquisition period, which was fully settled during the year.

As a result of the above, the initially recognized provisional amount of goodwill at acquisition of AED 218,203 thousand has been remeasured to AED 215,837 thousand.

10 BUSINESS COMBINATIONS (continued)

(4) Human Development Company LLC (continued)

Fair value measurement (continued)

The following table summarizes the retrospective adjustments made to the provisional amounts of assets, liabilities and non-controlling interests at the acquisition date and their impact on the Group's previously reported line items in the consolidated statement of financial position at 31 December 2022.

Consolidated statement of financial position at 31 December 2022	*As previously reported AED'000*	*Retrospective adjustments AED'000*	*As restated AED'000*
Assets			
Property and equipment	271,872	4,701	276,573
Goodwill and intangible assets	1,420,215	9,146	1,429,361
Total non-current assets	2,783,332	13,847	2,797,179
Trade and other receivables	201,999	(4,900)	197,099
Total current assets	847,601	(4,900)	842,701
Total assets	3,630,933	8,947	3,639,880
Liabilities			
Lease liabilities	163,375	(2,045)	161,330
Provision for employees' end of service benefits	32,900	237	33,137
Total non-current liabilities	591,731	(1,808)	589,923
Lease liabilities	26,968	704	27,672
Provisions, accounts and other payables	138,084	16,181	154,265
Contract liabilities	46,630	(32)	46,598
Total current liabilities	292,878	16,853	309,731
Total liabilities	884,609	15,045	899,654
Equity			
Non-controlling interests	34,098	(6,098)	28,000
Total equity	2,746,324	(6,098)	2,740,226

The above adjustments did not have any impact on the previously reported profit or loss, cash flows, and equity attributable to the equity holders of the Company.

10 BUSINESS COMBINATIONS (continued)

(4) Human Development Company LLC (continued)

The fair values of the identifiable assets and liabilities as at the deemed date of acquisition are as follows:

	1 November 2022 AED'000 (Restated)
Assets	
Property and equipment	**35,019**
Right-of-use assets	**38,157**
Cash and bank	**11,445**
Inventories	**551**
Due from related parties	**1,616**
Trade and other receivables	**76,043**
	162,831
Liabilities	
Provisions, accounts and other payables	**(50,478)**
Lease liabilities	**(37,975)**
Financing from banks	**(15,165)**
Provision for employees' end of service benefits	**(4,982)**
	(108,600)
Total identifiable net assets at fair value	**54,231**
Non-controlling interests at the proportionate share of the identifiable net assets	**(21,692)**
Goodwill and other intangible assets arising on acquisition	**227,349**
Contingent consideration (discounted)	**(44,165)**
Purchase consideration transferred	**215,723**
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	**11,445**
Cash paid	**(215,723)**
Net cash flow on acquisition	**(204,278)**

10 BUSINESS COMBINATIONS (continued)

(5) Goodwill impairment assessment

Middlesex Associates FZ-LLC

Management has performed an impairment test on goodwill as at 31 December 2023. The recoverable amount of the CGU has been determined at 31 December 2023 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent projections for the next five years. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates.

The pre-tax discount rate applied to the cash flow projections is 10.9% (2022: 11.4%). Based on the analysis performed, no impairment to goodwill has been identified.

Al Malaki Specialist Hospital W.L.L

Management has performed an impairment test on goodwill as at 31 December 2023. The recoverable amount of the CGU has been determined at 31 December 2023 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent projections for the next five years. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates.

The pre-tax discount rate applied to the cash flow projections is 12.3% (2022: 12.3%). Based on the analysis performed, an impairment of AED 95,091 thousand was identified of which an amount of AED 62,051 thousand was allocated against the carrying amount of the related goodwill balance and the remaining amount of AED 33,040 thousand was allocated against the Property and Equipment balances of Al Malaki Specialist Hospital. Total impairment charge attributable to equity holders amounts to AED 84,997 thousand.

HC Investments 1 Holdings Limited

Management has performed an impairment test on goodwill balances related to the following CGUs as at 31 December 2023 as follows:

i) CMRC Limited

The recoverable amount of the CGU has been determined at 31 December 2023 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent projections for the next five years. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates.

The pre-tax discount rate applied to the cash flow projections ranges from 10.8% - 11.9% (2022: 10.5% - 11.0%). Based on the analysis performed, no impairment to goodwill has been identified.

ii) Sukoon International Holding Company

The recoverable amount of the CGU has been determined at 31 December 2023 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent projections for the next five years. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates.

The pre-tax discount rate applied to the cash flow projections is 11.9% (2022: n/a). Based on the analysis performed, no impairment to goodwill has been identified.

Human Development Company LLC

Management has performed an impairment test on goodwill as at 31 December 2023. The recoverable amount of the CGU has been determined at 31 December 2023 based on a value in use calculation using cash flow projections. The cash flows are derived from the most recent projections for the next five years. Cash flows beyond the 5-year period are extrapolated using a growth rate, which management believes approximates the long-term average growth rate for the industry in which the cash-generating unit operates.

The pre-tax discount rate applied to the cash flow projections is 12.2% (2022: n/a). Based on the analysis performed, no impairment to goodwill has been identified.

10 BUSINESS COMBINATIONS (continued)

(5) Goodwill impairment assessment (continued)

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

Revenue

Middlesex Associates FZ-LLC

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

Al Malaki Specialist Hospital W.L.L

Revenue is mainly determined based on the number of consultations, deliveries and surgeries at the hospital. Management took into consideration the growth in the number of services it provided from start of operations in April 2019 as well as market research and the future outlook of the industry in Bahrain and applied estimates based on expected demand for the hospital's services, both locally and regionally. A reasonable decrease of 5% to the expected number of consultations, deliveries and surgeries would result in a further impairment to property and equipment of AED 39,948 thousand.

HC Investments 1 Holdings Limited

i) CMRC Limited

Revenue is mainly determined based on the number of in-patients and out-patients at the various hospitals. Management took into consideration estimates for future expected patients and the future outlook of the industry and applied estimates based on expected demand for the hospitals' services, both in the UAE and KSA. A reasonable decrease of 5% in the expected number of patients is not expected to result in any impairment to goodwill.

ii) Sukooon International Holding Company

Revenue is mainly determined based on the number of in-patients and out-patients. Management took into consideration estimates for future expected patients and the future outlook of the industry and applied estimates based on expected demand for the hospitals' services in KSA. A reasonable decrease of 5% in the expected number of patients is not expected to result in any impairment to goodwill.

Human Development Company LLC

Revenue is mainly determined based on the number of students enrolled at the rehabilitation centers. Management took into consideration the historical growth in student numbers and applied estimates for future growth in the number of rehabilitation centers and underlying student enrolments. A reasonable decrease of 5% in the expected number of students is not expected to result in any impairment to goodwill.

Discount rate

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC) of each individual CGU. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment from a willing market participant and the cost of debt is based on an estimate of debt available to willing market participants. Segment-specific risk is incorporated by applying individual beta factors.

Any reasonable rise of 0.25% in the discount rate is not expected to result in any impairment to goodwill related to Middlesex Associates FZ-LLC, CMRC Limited, Sukoon International Holding Company or Human Development Company LLC but in a further impairment of AED 2,155 thousand for Al Malaki Specialist Hospital.

Growth rate

The growth rate represents management's best estimate of the applicable market growth rate for the industry segments in which it operates. In 2023 and 2022, management utilized growth rates ranging between 2% and 3%.

Any reasonable decrease in the growth rate by 0.5% is not expected to result in any impairment to goodwill related to Middlesex Associates FZ-LLC, CMRC Limited, Sukoon International Holding Company and Human Development Company LLC but in a further impairment of AED 3,239 thousand to property and equipment related to Al Malaki Specialist Hospital W.L.L.

11 INVESTMENTS IN ASSOCIATES

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

	2023 ***AED'000***	*2022* *AED'000*
NEMA Holding Company LLC ("NEMA") (1)	**385,415**	385,034
Sukoon International Holding Company (2)	-	130,692
	385,415	515,726

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

	Year ended 31 December 2023		
	Sukoon ***AED'000***	***NEMA*** ***AED'000***	***Total*** ***AED'000***
At 1 January 2023	**130,692**	**385,034**	**515,726**
Share of results	**327**	**20,881**	**21,208**
Amortization of PPA assets	**-**	**(3,000)**	**(3,000)**
Share of results in profit or loss	**327**	**17,881**	**18,208**
Dividends*	**-**	**(17,500)**	**(17,500)**
Disposal of an associate under a step acquisition (2)	**(131,019)**	**-**	**(131,019)**
At 31 December 2023	**-**	**385,415**	**385,415**

* During the year ended 31 December 2023, the Group has received AED 8,750 thousand of dividends out of AED 17,500 thousand of dividends due to the Group as declared by NEMA (refer to Note 14).

	Year ended 31 December 2022		
	Sukoon *AED'000*	*NEMA* *AED'000*	*Total* *AED'000*
At 1 January 2022	129,170	376,887	506,057
Share of results	1,179	26,897	28,076
Amortization of PPA assets	-	(3,000)	(3,000)
Share of results in profit or loss	1,179	23,897	25,076
Share of other comprehensive income	343	-	343
Dividends received	-	(15,750)	(15,750)
At 31 December 2022	130,692	385,034	515,726

11 INVESTMENTS IN ASSOCIATES (continued)

(1) NEMA Holding Company LLC ("NEMA")

The Group has a 35% interest in NEMA Holding Company LLC, acquired on 6 March 2018. NEMA is involved in the provision of tertiary education and vocational services in Abu Dhabi, United Arab Emirates. NEMA is a private entity that is not listed on any public exchange. The Group's interest in NEMA is accounted for using the equity method in the consolidated financial statements.

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

	2023 AED'000	*2022 AED'000*
Current assets	**203,104**	213,300
Non-current assets	**1,149,038**	1,164,013
Current liabilities	**(184,806)**	(172,882)
Non-current liabilities	**(419,127)**	(465,884)
Equity attributable to the equity holders of NEMA	**748,209**	738,547
Group's share in net assets at 35% (2022: 35%)	**261,873**	258,492
Goodwill and intangibles at acquisition	**131,194**	131,194
Costs of acquisition capitalised	**9,380**	9,380
Amortization of PPA assets	**(17,032)**	(14,032)
Group's carrying amount of the investment	**385,415**	385,034

	2023 AED'000	*2022 AED'000*
Revenue	**509,263**	481,723
Profit	**59,661**	76,847
Group's share of profit at 35% (2022: 35%)*	**20,881**	26,897

* 2022 includes the Group's share of transaction costs amounting to AED 1,697 thousand in relation to the acquisition of a 100% stake in LIWA College of Technology by NEMA.

(2) Sukoon International Holding Company ("Sukoon")

On 14 April 2023, the Company completed the non-cash share swap agreement with certain shareholders of Sukoon to obtain control over the investee (Note 10). The transaction has been accounted for as a 'Step Acquisition' under IFRS 3 *Business Combinations*, and accordingly, the Group remeasured the previously held investment in Sukoon at its acquisition-date fair value and recognised the resulting gain in profit or loss as follows:

	2023 AED'000 (Unaudited)
Acquisition-date fair value	**140,648**
Net carrying value of the investment at the date of disposal	**(131,019)**
Gain on disposal recognized in profit or loss	**9,629**

11 INVESTMENTS IN ASSOCIATES (continued)

(2) Sukoon International Holding Company ("Sukoon") (continued)

Prior to disposal, the Group had a 33.25% interest in Sukoon International Holding Company, which provides medical and healthcare services in Jeddah, KSA. Sukoon is a private entity that is not listed on any public exchange. The Group's interest in Sukoon was accounted for using the equity method in the consolidated financial statements up to the date of disposal.

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

	2023	*2022*
	AED'000	*AED'000*
Current assets	**-**	87,946
Non-current assets	**-**	197,408
Current liabilities	**-**	(32,347)
Non-current liabilities	**-**	(9,201)
Equity	**-**	243,806
Group's share in net assets at 33.25%	**-**	81,067
Goodwill, intangible and other fair value adjustments	**-**	61,692
Elimination of profit on sale of IMC shares	**-**	(19,851)
Costs of acquisition capitalised	**-**	5,064
Amortisation of PPA assets	**-**	(1,576)
Other adjustments	**-**	4,296
Group's carrying amount of the investment as an associate	**-**	130,692

	2023	*2022*
	AED'000	*AED'000*
Revenue	**26,823**	80,729
Profit	**980**	3,546
Group's share of profit at 33.25% (2022: 33.25%)*	**327**	1,179

* 2023 includes the Group's share of profit from 1 January 2023 to 30 April 2023 (Refer to Note 10).

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	2023 AED'000	*2022 AED'000*
Emirates NBD REIT Limited – quoted (1)	**12,250**	12,912
BEGiN – unquoted (2)	**22,865**	18,609
At 31 December	**35,115**	31,521

The movement in the financial assets at FVOCI during the year was as follows:

	2023 AED'000	*2022 AED'000*
At 1 January	**31,521**	33,828
Net change in fair value	**(662)**	(2,307)
BEGiN vested warrants exercised (2)	**4,256**	-
At 31 December	**35,115**	31,521

(1) The investment consists of a 3.60% shareholding in a quoted equity investment made by the Group in Emirates NBD REIT Limited, which is listed on the NASDAQ Dubai exchange.

(2) The investment consists of a shareholding of approximately 1% in a US-based leading education technology company. During the year, the Group exercised 344,958 of the total vested warrants of 400,596 as of 31 December 2023 (2022: 289,320), and accordingly, an amount of AED 4,256 thousand has been reclassified from derivative instruments to financial assets at FVOCI. The remaining vested warrants are classified as derivative instruments at fair value and will be reclassified as equity instruments at FVOCI once exercised.

13 TRADE AND OTHER RECEIVABLES

	2023 AED'000	*2022 AED'000 (Restated)*
Trade receivables	**247,422**	180,288
Less: allowance for expected credit losses	**(43,322)**	(29,879)
	204,100	150,409
Prepayments	**12,492**	12,051
Refundable deposits	**8,235**	5,915
Accrued share of revenue from joint services agreements	**7,723**	8,922
Accrued income on term deposits	**7,332**	3,209
Advances to suppliers	**3,867**	5,193
Amounts due under joint services agreements	**2,311**	6,211
Other receivables	**5,334**	5,189
	251,394	197,099

The movement in the allowance for expected credit losses is as follows:

	2023 AED'000	*2022 AED'000*
At 1 January	**29,879**	17,122
Acquired through business combination (Note 10)	**11,688**	10,349
Charge for the year (Note 5)	**6,155**	4,854
Reversal	**(2,340)**	(2,313)
Write-offs	**(2,060)**	(133)
At 31 December	**43,322**	29,879

Information regarding the Group's credit exposures is disclosed in Note 25.

14 RELATED PARTY TRANSACTIONS

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

Balances with related parties

	2023	*2022*
	AED'000	*AED'000*
Due from related parties		
Associates		
NEMA (Note 11)	**8,750**	-
Sukoon*	**-**	204
Other related parties	**113**	2,523
	8,863	2,727

	2023	*2022*
	AED'000	*AED'000*
Due to a related party		
Other related party – non-current	**6,384**	5,780

	2023	*2022*
	AED'000	*AED'000*
Transactions with related parties		
Key management personnel		
Management fee**	**2,262**	2,555

* During the year ended 31 December 2022, the Group received AED 7,466 thousand of proceeds in relation to a 2020 capital reduction at Sukoon.

** Management fee expense is included under share of results of an associate for services provided by a key management member of the Company to the associate. The above management fee represents the Group's share of the expense.

There were no other material transactions with related parties during the years ended 31 December 2023 and 2022. Dividend received from associates is disclosed in Note 11.

Key management personnel remuneration

Group key management personnel remuneration including board remuneration disclosed in Note 5, comprise the following:

	2023	*2022*
	AED'000	*AED'000*
Short-term benefits	**24,424**	24,153
Post-employment benefits	**1,245**	1,096
Board and committee remuneration (Note 5)	**1,954**	3,812

The amounts disclosed above are the amounts recognised as expense during the year related to key management personnel.

15 CASH AND BANK BALANCES

Cash and bank balances in the consolidated statement of financial position comprise the following:

	2023 ***AED'000***	*2022* *AED'000*
Cash on hand	**5,232**	544
Current accounts with banks	**128,975**	150,785
Cash balance held with a third party (Note 16.2)	**26,949**	2,506
Bank financing service reserve account	**3,896**	3,896
Shariah compliant term deposits	**337,198**	386,208
Non-Sharia compliant term deposits	**80,000**	40,000
Cash and bank balances	**582,250**	583,939

Cash and cash equivalents in the consolidated statement of cash flows comprise the following:

	2023 ***AED'000***	*2022* *AED'000*
Cash and bank balances	**582,250**	583,939
Less:		
Cash balance held with a third party (Note 16.2)	**(26,949)**	(2,506)
Bank financing service reserve account	**(3,896)**	(3,896)
Shariah compliant term deposits (with initial maturity of more than 3 months)	**(285,000)**	(179,308)
Non-Sharia compliant term deposits (with initial maturity of more than 3 months)	**-**	(40,000)
Bank overdraft (Note 25.2)	**(17,145)**	(11,914)
Cash and cash equivalents	**249,260**	346,315

During the year ended 31 December 2023, the Group earned an aggregate profit/interest of AED 20,137 thousand on its term deposits (2022: AED 11,433 thousand) (Note 7.1).

16 SHARE CAPITAL AND TREASURY SHARES

16.1 Share capital

The share capital of the Company is AED 2.5 billion (2022: AED 2.5 billion).

As at 31 December 2023 and 2022, the Company had 2,500,000,000 ordinary shares in issuance of AED 1 each which were fully paid up. Holders of these ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

16.2 Treasury shares

In 2020, the Company engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. At 31 December 2023, the Market Maker held 7,162,079 (2022: 33,605,357) of Amanat's shares on behalf of the Company, which are classified under equity as treasury shares at par value at 31 December 2023. A cumulative gain of AED 216 thousand has been recognised at 31 December 2023 as Share Premium under equity out of which a net loss of AED 1,857 thousand (2022: net loss of AED 804 thousand) is from the net disposal of shares during the year. At the end of the contract term with the Market Maker, the Company will have the option to either transfer the outstanding shares under its name or dispose of the shares in the market.

17 STATUTORY RESERVE

As required by Article 241 of the UAE Federal Decree-Law No. 32 of 2021, 10% of the profit for the year is required to be transferred to the statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid-up share capital. There were no transfers made to the statutory reserve during 2023 as the Company reported losses (2022: AED 11,421 thousand transferred to the statutory reserve). The statutory reserve is not available for distribution.

18 FINANCING FROM BANKS

	2023 AED'000	*2022 AED'000*
Term loan (1)	**65,706**	70,089
Revolving bank facilities (2)	**11,897**	23,325
Musharaka financing facility (3)	**293,623**	334,125
Less: loan arrangement fees (3)	**(1,576)**	(1,899)
	292,047	332,226
	369,650	425,640
Current	**60,768**	69,282
Non-current	**308,882**	356,358

(1) During 2022, a subsidiary of the Group, Al Malaki Specialist Hospital W.L.L, signed an amended bank facility offer letter in relation to the subsidiary's bank borrowings and overdraft facility. In accordance with the amended terms, principal repayments for the year 2022 were reduced from AED 15.6 million to AED 5.8 million and the remaining principal repayments were realigned, with the final loan repayment date extended to September 2027 from June 2026. As at 31 December 2023, the bank overdraft was partially settled with AED 3.3 million of unutilized facility available, while the bank borrowings facility has been entirely utilised. In addition, a moratorium on covenant testing was agreed for the financial years 2022 and 2023. This loan incurs interest at market rates. The facility is secured against a corporate guarantee from the Company.

(2) As at 31 December 2023, the carrying amount represents revolving bank facilities utilized by the Group's subsidiary, HDC, to finance short term working capital requirements, where required. The loan facilities have a maturity ranging between 6 to 12 months and accrue profit at competitive market rates.

(3) In 2021, the Group obtained a Musharaka term facility of AED 405,000 thousand to finance the acquisition of CMRC. The facility is repayable in quarterly principal instalments of AED 10,125 thousand each plus profit, with profit accruing at market rates, over a period of 7 years with a 30% balloon payment to be made along with the last instalment. The facility is secured against corporate guarantees from the Company and CMRC Limited and its subsidiaries, 100% pledge over the shares of CMRC Limited and its subsidiaries and an assignment of dividends of CMRC Saudi Arabia LLC.

Arrangement fees of AED 2,746 thousand were paid by the Group, which are being amortised over the facility term of 7 years.

The Group is required to maintain certain financial covenants at the level of CMRC UAE, which are all met at the reporting date.

19 OTHER LONG-TERM PAYABLES

	2023 AED'000	*2022 AED'000*
Contingent consideration (Note 10)	**-**	29,782
Unamortised rent incentive – non-current portion	**3,439**	3,536
	3,439	33,318

20 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2023 AED'000	*2022 AED'000 (Restated)*
Balance as at 1 January	**33,137**	22,814
Acquisition of a subsidiary (Note 10)	**9,650**	4,982
Charge for the year	**11,922**	9,884
Remeasurements	**(1,959)**	129
Payments made during the year	**(7,994)**	(4,672)
Balance as at 31 December	**44,756**	33,137

21 PROVISIONS, ACCOUNTS AND OTHER PAYABLES

	2023 AED'000	*2022 AED'000 (Restated)*
Accounts payable	**41,636**	24,162
Contingent consideration (Note 10)	**31,861**	14,383
Staff related accruals	**21,460**	19,758
Zakat provision	**17,634**	1,934
VAT payables	**14,212**	19,661
Customer deposits	**4,183**	2,977
Directors' and committee remuneration payable	**1,854**	3,698
Provisions, other accruals and payables*	**63,621**	67,692
	196,461	154,265

*In the normal course of business, the Company and its subsidiaries receive inquiries from governmental and regulatory authorities in the geographies in which they operate. Should the Group assess that it is probable that the outcome of such inquiries may result in a financial outflow, and a reliable estimate can be made of the amount of that obligation, a provision is recognised. The determination of the value of any future outflows and the timing of such outflows, involves the use of estimates and the application of judgement as the outcome is inherently uncertain.

In accordance with the above, a provision has been recorded in 2022 for a notice of inquiry received by the Group from a governmental authority. This provision has been recorded based on management's best estimate of the likely outcome of such inquiries and based on expert external advice. Such provisions are included as part of 'Provisions, other accruals and payables' and are not material to the overall consolidated financial statements as assessed by management.

The Company has utilised the exemption available under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and disclosed such provisions within provisions, other accruals and payables in the consolidated statement of financial position.

22 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the (loss)/profit attributable to the equity holders of the Company for the year and the weighted average number of ordinary shares outstanding during the year.

	2023	*2022*
(Loss)/profit for the year attributable to equity holders of the Company (AED'000)	**(53,200)**	114,213
Weighted average number of ordinary shares ('000)*	**2,488,103**	2,492,052
Basic and diluted (loss)/earnings per share (AED)	**(0.0214)**	0.0458

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares during the year.

23 DIVIDENDS

On 17 April 2023, a cash dividend of AED 100,000 thousand equivalent to AED 0.04 per ordinary share (2022: AED 150,000 thousand equivalent to AED 0.06 per ordinary share) was approved by the shareholders at the Annual General Assembly and was fully settled in May 2023.

Subsequent to the year ended 31 December 2023, the Board of Directors during its meeting held on 28th March 2024, proposed a cash dividend of AED 50 million equivalent to AED 0.02 per ordinary share, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

24 COMMITMENTS AND CONTINGENCIES

Below are details of the Group's contingent liabilities and capital commitments at the reporting date.

	2023 AED'000	*2022 AED'000*
Bank guarantees	**6,907**	4,595
Capital commitments *	**65,498**	8,604

* Include commitments related to the on-going expansion projects of HC 1 in the Kingdom of Saudi Arabia

Below are details of the Group's share of an associate's contingent liabilities at the reporting date.

	2023 AED'000	*2022 AED'000*
Bank guarantees	**36,855**	20,899

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

25.1 Financial assets

	2023 *AED'000*	*2022* *AED'000* *(Restated)*
Equity instruments designated at FVOCI		
Listed equity investment	**12,250**	12,912
Non-listed equity investment	**22,865**	18,609
	35,115	31,521
Derivatives not designated as hedging instruments at fair value		
Interest rate swap	**804**	1,590
Warrants	**684**	3,568
	1,488	5,158
Debt instruments at amortised cost		
Trade and other receivables (excluding prepayments & advances)	**235,035**	179,855
Finance lease receivables	**411,356**	414,887
Due from related parties	**8,863**	2,727
	655,254	597,469
Total financial assets*	**691,857**	634,148
Total current	**296,589**	234,515
Total non-current	**395,268**	399,633

* Financial assets, other than cash and bank balances

25.2 Financial liabilities

	2023 *AED'000*	*2022* *AED'000* *(Restated)*
Interest-bearing loans and borrowings		
Lease liabilities	**196,516**	189,002
Bank overdraft	**17,145**	11,914
Financing from banks (net of arrangement fees)	**369,650**	425,640
	583,311	626,556
Financial liabilities at amortised cost		
Accounts and other payables (excluding contingent consideration and staff related accruals)	**115,724**	98,529
Due to related parties	**6,384**	5,780
	122,108	104,309

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.2 Financial liabilities (continued)

	2023 AED'000	*2022 AED'000 (Restated)*
Financial liabilities at fair value through profit or loss		
Contingent consideration	**31,861**	44,165
Total financial liabilities	**737,280**	775,030
Total current	**254,334**	218,244
Total non-current	**482,946**	556,786

25.3 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 25.5.

Derivative designated as hedging instrument

Cash flow hedge – Interest rate swap
At 31 December 2023, the Group has an interest rate swap agreement in place with a notional amount of USD 50,997,141 (equivalent to AED 187,312,500) (2022: AED 187,312,500) whereby the Group pays an agreed rate of interest fixed on a quarterly basis and receives a capped interest at a variable rate equal to 3-month USD LIBOR on the notional amount. The swap is being used to hedge the exposure to changes in variable interest rates of the bank financing obtained for the acquisition of CMRC (Note 18).

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap closely match the terms of the hedged item (i.e., maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

Management assessed the effectiveness of the hedge instrument based on the above criteria and concluded that the hedge is ineffective as at 31 December 2023 and 2022. Accordingly, the Group had reclassified the cumulative fair value gain of the derivative instrument of AED 1,590 thousand in consolidated statement of profit or loss from cash flow hedge reserve in 2022 and continues to account for the change in fair value in the hedging instrument in profit or loss during the year ended 31 December 2023.

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.4 Fair values

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

The fair value of the Group's financial assets and liabilities approximate their book values as at 31 December 2023 and 2022 based on management's assessment and as follows:

- Management assessed that the fair values of cash and bank balances, trade and other receivables, provisions, accounts and other payables, due from and to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The quoted financial asset at FVOCI is carried at fair value using quoted price and there is an active market for it.
- The unquoted financial asset at FVOCI is carried at fair value using the latest transaction price.
- Management assessed that the book value of long-term borrowings as at 31 December 2023 approximates their fair values due to the fact that they bear variable interest rates that reflect current market interest rates for similar borrowings. As a result, the values of the future discounted cash flows on those borrowings are not significantly different from their current book values.
- Management assessed that the book value of the finance lease receivables approximates its fair value as the balance has been discounted using an appropriate discount factor.

The Group's quoted financial asset at FVOCI is carried at fair value using level 1 valuation method. The Group's unquoted financial asset at FVOCI is carried at fair value using level 2 valuation method. There have been no reclassifications made between the valuation levels during the current or previous years.

25.5 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise provisions, accounts and other payables, financing from banks, due to related parties, and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, finance lease receivables, due from related parties and bank balances that derive directly from its operations. The Group also holds investments in financial assets.

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

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

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

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

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

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

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2023 and 2022 is the carrying amounts of the financial assets disclosed in Note 25.1.

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.5 Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

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

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

Trade receivables
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Education sector
Trade receivables of the education sector relate to amounts receivable by Middlesex University and HDC from students and government ministries for providing academic and special education services, accordingly.

Middlesex extends a credit period of 30 days to its debtors and no interest is charged on overdue receivables. Outstanding receivables are regularly monitored. At 31 December 2023 and 2022, there was no concentration risk related to the trade receivables of the education sector.

HDC extends a credit period of 45 to 180 days to its debtors and no interest is charged on overdue receivables. Outstanding receivables are regularly monitored. At 31 December 2023, HDC had 1 customer (2022: 1 customers) that accounted for approximately 98% (2022: 87%) of the total HDC trade receivables outstanding and 20 % (2022: 52%) of the Group's gross trade receivables outstanding.

Healthcare sector
Trade receivables of the healthcare sector relate to amounts receivable by the subsidiaries HC 1 (CMRC UAE, CMRC KSA and Sukoon) and MSH mainly from governmental authorities and reputable insurance companies operating in the respective countries. At 31 December 2023, the Group had 10 customers (2022: 11) that accounted for approximately 92% (2022: 94%) of the total healthcare trade receivables outstanding and 46% (2022: 37%) of the Group's gross trade receivables outstanding.

Impairment
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off when considered unrecoverable. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2023			***Days past due***			
	Total AED'000	***Not past due AED'000***	***0-60 days AED'000***	***61-120 days AED'000***	***121-365 days AED'000***	***>365 days AED'000***
Expected credit loss rate		**-**	**6%**	**4%**	**16%**	**89%**
Estimated total gross carrying amount at default	**247,422**	**81,107**	**53,853**	**25,873**	**51,476**	**35,113**
Expected credit loss	**43,322**	**-**	**2,976**	**1,154**	**7,982**	**31,210**

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.5 Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables (continued)

Impairment (continued)

31 December 2022 (Restated)

			Days past due			
	Total AED'000	*Not past due AED'000*	*0-60 days AED'000*	*61-120 days AED'000*	*121-365 days AED'000*	*>365 days AED'000*
Expected credit loss rate		-	3%	85%	63%	78%
Estimated total gross carrying amount at default	180,288	71,798	70,304	4,154	15,797	18,235
Expected credit loss	29,879	-	2,320	3,511	9,910	14,138

Finance lease receivables

As described in Note 9, the Group entered into a finance lease arrangement as a lessor. The Group's maximum exposure to credit risk on its finance lease receivable is best represented by its carrying value at the reporting date. Prior to entering into this contract, the Group performed the necessary diligence on the credit worthiness of the counter party (lessee) and the quality and performance of the underlying asset. The Group constantly monitors the credit risk on its finance lease receivable.

The agreement grants protective rights to the Group in an event of default allowing it to terminate the contract and physically repossess the property. Such protective rights, in addition to other guarantees as mentioned in Note 9, limit the amount of credit risk on the exposure since it is covered by the fair value of the underlying property.

Due from related parties

Balances due from related parties are settled on an as requested basis, and accordingly, the Group considers these balances to be fully recoverable.

Liquidity risk

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

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

31 December 2023

	On demand AED'000	***Less than 3 months AED'000***	***3 to 12 months AED'000***	***1 to 5 years AED'000***	***After 5 years AED'000***	***Total AED'000***
Accounts and other payables	**-**	**103,317**	**12,407**	**-**	**-**	**115,724**
Contingent consideration	**-**	**-**	**31,861**	**-**	**-**	**31,861**
Lease liabilities	**-**	**12,762**	**19,703**	**85,358**	**139,353**	**257,176**
Financing from banks	**1,461**	**19,400**	**79,919**	**355,526**	**-**	**456,306**
Bank overdraft	**17,145**	**-**	**-**	**-**	**-**	**17,145**
Due to a related party	**-**	**-**	**-**	**6,384**	**-**	**6,384**
	18,606	**135,479**	**143,890**	**447,268**	**139,353**	**884,596**

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.5 Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

31 December 2022 (Restated)

	On demand AED'000	*Less than 3 months AED'000*	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*After 5 years AED'000*	*Total AED'000*
Accounts and other payables	-	74,445	34,296	-	-	108,741
Lease liabilities	-	5,483	18,858	103,726	229,317	357,384
Financing from banks	-	18,368	79,673	437,854	-	535,895
Contingent consideration	-	-	14,383	31,854	-	46,237
Bank overdraft	11,914	-	-	-	-	11,914
Due to a related party	-	-	-	5,780	-	5,780
	11,914	98,296	147,210	579,214	229,317	1,065,951

Market risk

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

Currency risk

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

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's deposits earn interest/profit at fixed rates, hence any changes in interest/profit rate will not have an impact on the consolidated statement of profit or loss of the Group. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

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

	2023 AED'000	*2022 AED'000*
Fixed rate instruments – assets		
Shariah compliant and non-shariah compliant term deposits with banks	**417,198**	426,208
Variable rate instruments – liabilities		
Term loan facility	**(65,706)**	(70,089)
Revolving bank facilities	**(11,897)**	(23,325)
Musharaka financing facility	**(293,623)**	(334,125)
Bank overdraft	**(17,145)**	(11,914)
	(388,371)	(439,453)

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

An increase of 0.5% in interest rates with all other variables held constant would decrease the Group's profit and equity by AED 1,797 thousand (2022: AED 2,022 thousand).

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.5 Financial instruments risk management objectives and policies (continued)

Market risk (continued)

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 equity holders of the Company by AED 613 thousand (2022: AED 646 thousand) and an equal change in the opposite direction would have decreased other comprehensive income and equity by the same amount.

At the reporting date, the exposure to non-listed equity investments at fair value through OCI was AED 22,865 thousand (2022: AED 18,609 thousand).

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

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

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

Capital management
The Group's capital management policy is governed by the Board of Directors of the Company. The Company's objectives of managing capital are to ensure the Company's ability to continue as a going concern and increase the net worth of the Company and shareholders' interests so as to maintain the confidence of its investors, creditors and the market and to sustain future development of the business. For the purpose of the Group's capital management, capital includes share capital, share premium, treasury shares and all other equity reserves attributable to the equity holders of the Company.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'debt' divided by total capital plus debt.

The Group includes within net (cash) / debt, interest bearing loans and borrowings excluding lease liabilities, less cash and bank balances.

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.5 Financial instruments risk management objectives and policies (continued)

Capital management (continued)

	2023 AED'000	*2022 AED'000 (Restated)*
Interest-bearing loans and borrowings (exc. lease liabilities) (Note 25.2)	**386,795**	437,554
Less: cash and bank balances	**(582,250)**	(583,939)
Net cash	**(195,455)**	(146,385)
Equity	**2,819,188**	2,740,226
Equity and debt	**3,205,983**	3,177,780
Gearing ratio	**12%**	14%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current year.

No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

26 SEGMENT INFORMATION

The principal activities of the Group are to invest in the fields of education and healthcare and managing, developing and operating such companies and enterprises.

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

	Investments AED'000	***Education AED'000***	***Healthcare AED'000***	***Total AED'000***	***Eliminations AED'000***	***Consolidated AED'000***
31 December 2023						
Revenue	**-**	**337,820**	**380,281**	**718,101**	**-**	**718,101**
Direct costs	**(2,295)**	**(161,023)**	**(229,788)**	**(393,106)**	**3,190**	**(389,916)**
General, selling and administrative expenses	**(39,544)**	**(85,219)**	**(104,440)**	**(229,203)**	**5,197**	**(224,006)**
Share of results of associates	**-**	**17,881**	**327**	**18,208**	**-**	**18,208**
Gain on disposal of an associate under step-acquisition	**-**	**-**	**9,629**	**9,629**	**-**	**9,629**
Income from finance lease	**-**	**33,271**	**-**	**33,271**	**-**	**33,271**
Impairment of goodwill and property and equipment	**-**	**-**	**(95,091)**	**(95,091)**	**-**	**(95,091)**
Other operating income	**17,047**	**18,513**	**2,368**	**37,928**	**(11,665)**	**26,263**
Finance income	**19,041**	**2,159**	**1,814**	**23,014**	**(1,748)**	**21,266**
Finance costs	**(1,527)**	**(6,503)**	**(43,727)**	**(51,757)**	**5,026**	**(46,731)**
Zakat and Income taxes	**-**	**(2,698)**	**(2,722)**	**(5,420)**	**-**	**(5,420)**
Deferred taxes	**(109,405)**	**-**	**-**	**(109,405)**	**-**	**(109,405)**
Segment results	**(116,683)**	**154,201**	**(81,349)**	**(43,831)**	**-**	**(43,831)**

26 SEGMENT INFORMATION (continued)

	Investments AED'000	***Education AED'000***	***Healthcare AED'000***	***Total AED'000***	***Eliminations AED'000***	***Consolidated AED'000***
31 December 2023						
Segment profit/(loss) attributable to:						
Equity holders of the Company	**(116,683)**	**130,244**	**(66,761)**	**(53,200)**	**-**	**(53,200)**
Non-controlling interests	**-**	**23,957**	**(14,588)**	**9,369**	**-**	**9,369**
Total assets	**503,809**	**1,804,655**	**1,594,870**	**3,903,334**	**(93,390)**	**3,809,944**
Total liabilities	**(169,998)**	**(211,768)**	**(702,440)**	**(1,084,206)**	**93,450**	**(990,756)**
Capital expenditure	**(97)**	**(24,909)**	**(66,390)**	**(91,396)**	**-**	**(91,396)**
Depreciation and amortization	**4,068**	**29,896**	**48,988**	**82,952**	**(3,190)**	**79,762**

	Investments AED'000	*Education AED'000*	*Healthcare AED'000*	*Total AED'000*	*Eliminations AED'000*	*Consolidated AED'000*
31 December 2022						
Revenue	-	179,020	334,081	513,101	-	513,101
Direct costs	(2,295)	(86,329)	(197,592)	(286,216)	3,157	(283,059)
General, selling and administrative expenses	(47,861)	(48,913)	(79,482)	(176,256)	2,357	(173,899)
Share of results of associates	-	23,897	1,179	25,076	-	25,076
Income from finance lease	-	33,693	-	33,693	-	33,693
Other operating income	15,345	3,528	4,005	22,878	(8,792)	14,086
Finance income	12,222	340	2,204	14,766	(1,614)	13,152
Finance costs	(2,068)	(2,659)	(30,158)	(34,885)	4,892	(29,993)
Zakat	-	(435)	-	(435)	-	(435)
Segment results	(24,657)	102,142	34,237	111,722	-	111,722
Segment profit/(loss) attributable to:						
Equity holders of the Company	(24,657)	97,246	41,624	114,213	-	114,213
Non-controlling interests	-	4,896	(7,387)	(2,491)	-	(2,491)
Total assets (restated)	572,745	1,757,773	1,549,745	3,880,263	(240,383)	3,639,880
Total liabilities (restated)	(509,155)	(237,573)	(663,077)	(1,409,805)	510,151	(899,654)
Capital expenditure	(1,490)	(6,701)	(11,218)	(19,409)	-	(19,409)
Depreciation and amortization	4,723	20,932	33,875	59,530	(3,157)	56,373

27 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of the subsidiaries that have material non-controlling interests are provided below:

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

Subsidiaries	***Non-controlling interests***	
	2023	*2022*
Al Malaki Specialist Hospital W.L.L	**30.55%**	30.76%
Human Development Company LLC	**40%**	40%
HC Investments 1 Holdings Limited		
CMRC Limited	**14.89%**	-
Sukoon International Holding Company	**30.37%**	-

Accumulated balances of non-controlling interests:

	2023	*2022*
	AED'000	*AED'000*
		(Restated)
Al Malaki Specialist Hospital W.L.L	**(13,539)**	1,463
Human Development Company LLC	**51,014**	26,537
HC Investments 1 Holdings Limited		
(i) CMRC Limited	**88,767**	-
(ii) Sukoon International Holding Company	**77,725**	-
Total equity	**203,967**	28,000

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

(a) Al Malaki Specialist Hospital W.L.L

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

	2023	*2022*
	AED'000	*AED'000*
Revenue	**38,347**	36,324
Costs and expenses	**(87,803)**	(53,104)
Other income	**700**	1,408
Finance costs	**(11,859)**	(8,644)
Loss for the year	**(60,615)**	(24,016)
Attributable to non-controlling interests	**(18,532)**	(7,388)

Summarised statement of financial position as at 31 December:

	2023	*2022*
	AED'000	*AED'000*
Non-current assets	**84,865**	125,947
Current assets	**12,856**	26,336
Non-current liabilities	**(89,848)**	(105,221)
Current liabilities	**(52,189)**	(42,306)
Total (deficit) / equity	**(44,316)**	4,756
Attributable to non-controlling interests	**(13,539)**	1,463

27 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

(2) Summarised financial information of the subsidiaries before inter-company eliminations (continued)

(a) Al Malaki Specialist Hospital W.L.L (continued)

Summarised cash flow information for the year ended 31 December:

	2023 AED'000	*2022 AED'000*
Operating	**(4,321)**	(8,182)
Investing	**(1,279)**	(1,945)
Financing	**341**	18,921
Net (decrease) / increase in cash and cash equivalents	**(5,259)**	8,794

(b) Human Development Company LLC

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

	2023 AED'000	*2022* AED'000*
Revenue	**162,238**	30,956
Costs and expenses	**(110,519)**	(19,523)
Other income	**15,473**	1,904
Finance costs	**(4,601)**	(661)
Zakat	**(2,698)**	(435)
Profit for the year / period	**59,893**	12,241
Total comprehensive income	**61,194**	12,112
Attributable to non-controlling interests	**24,477**	4,845

* This represents the summarised consolidated statement of profit or loss for the period from 1 November 2022 to 31 December 2022.

Summarised consolidated statement of financial position as at 31 December:

	2023 AED'000	*2022 AED'000 (Restated)*
Non-current assets	**96,968**	73,967
Current assets	**118,318**	103,922
Non-current liabilities	**(41,930)**	(35,111)
Current liabilities	**(45,815)**	(76,432)
Total equity	**127,541**	66,346
Attributable to non-controlling interests	**51,014**	26,537

27 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

(2) Summarised financial information of the subsidiaries before inter-company eliminations (continued)

(b) Human Development Company LLC (continued)

Summarised consolidated statement of cash flow information for the year ended 31 December:

	2023 *AED'000*	*2022** *AED'000*
Operating	**60,246**	(3,357)
Investing	**(35,835)**	(2,664)
Financing	**(24,583)**	7,973
Net (decrease)/increase in cash and cash equivalents	**(172)**	1,952

* This represents the summarised consolidated statement of cash flows for the period from 1 November 2022 to 31 December 2022.

(c) HC Investments 1 Holdings Limited

Summarised consolidated statement of profit or loss for the period from 1 May 2023 to 31 December 2023:

	1 May 2023 to 31 December 2023		
	CMRC *AED'000*	*Sukoon* *AED'000*	*Total* *AED'000*
Revenue	**181,942**	**60,027**	**241,969**
Costs and expenses	**(151,157)**	**(51,384)**	**(202,541)**
Other income	**1,671**	**-**	**1,671**
Finance income	**719**	**736**	**1,455**
Finance costs	**(21,763)**	**(343)**	**(22,106)**
Tax and zakat	**(834)**	**(1,398)**	**(2,232)**
Profit for the period	**10,578**	**7,638**	**18,216**
Total comprehensive income	**10,578**	**8,297**	**18,875**
Attributable to non-controlling interests	**1,606**	**2,538**	**4,144**

Summarised consolidated statement of financial position as at 31 December:

	2023		
	CMRC *AED'000*	*Sukoon* *AED'000*	*Total* *AED'000*
Non-current assets	**1,121,324**	**222,046**	**1,343,370**
Current assets	**133,514**	**76,409**	**209,923**
Non-current liabilities	**(409,593)**	**(9,311)**	**(418,904)**
Current liabilities	**(98,044)**	**(36,060)**	**(134,104)**
Total equity	**747,201**	**253,084**	**1,000,285**
Attributable to non-controlling interests	**88,767**	**77,725**	**166,492**

27 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

(2) Summarised financial information of the subsidiaries before inter-company eliminations (continued)

(c) HC Investments 1 Holdings Limited (continued)

Summarised consolidated statement of cash flow information for the period from 1 May 2023 to 31 December 2023:

	1 May 2023 to 31 December 2023		
	CMRC AED'000	***Sukoon AED'000***	***Total AED'000***
Operating	**95,152**	**2,123**	**97,275**
Investing	**(28,827)**	**(27,808)**	**(56,635)**
Financing	**(21,607)**	**(14)**	**(21,621)**
Net increase / (decrease) in cash and cash equivalents	**44,718**	**(25,699)**	**19,019**

(3) Movements in non-controlling interests

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

	Non-controlling interests	
	2023 AED'000	*2022 AED'000 (Restated)*
Balance as at 1 January	**28,000**	(1,346)
Acquisition of a subsidiary (Note 10)	**162,348**	21,692
Shareholder contribution in subsidiary	**3,530**	10,197
Total comprehensive income/(loss) for the year	**10,089**	(2,543)
Balance as at 31 December	**203,967**	28,000

28 TAXES AND ZAKAT

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the consolidated financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered for the financial year ended 31 December 2023. Accordingly, the Group has recorded a deferred tax liability of AED 109,405 thousand as at 31 December 2023.

28 TAXES AND ZAKAT (continued)

The deferred tax expense for the year ended 31 December 2023 of AED 109,405 thousand relates to the initial recognition of a deferred tax liability in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and attributable to certain UAE-based Group entities. While the PPA adjustments relate to corporate transactions completed in prior accounting periods, the deferred tax liability arises due to the introduction of the UAE CT Law in the UAE, and on the basis that the UAE-based entities to which those PPA adjustments are attributed should be subject to UAE CT in the future.

The Group's subsidiaries in Kingdom of Saudi Arabia and Cyprus are subject to taxation. Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years. The current income tax and Zakat arising from the operations of these subsidiaries amounted to AED 5,420 thousand for the year ended 31 December 2023 (2022: AED 435 thousand).

29 ALTERNATIVE PERFORMANCE MEASURES

Management considers the use of non-IFRS Alternative Performance Measures (APMs) to be key in understanding the Group's financial performance as well as assisting in forecasting the performance of future periods.

The presentation of APMs has limitations as analytical tools and should not be considered in isolation or as a substitute for related financial measures prepared in accordance with IFRS.

In presenting the APMs management adjusts for certain items that vary between periods and for which the adjustment facilitates comparability between periods.

A reconciliation of the APMs utilised to the most directly reconcilable line items in the consolidated statement of profit or loss is provided below and may differ from similarly titled measures used by other entities.

(a) Adjusted profit before Tax and Zakat

This APM represents the reported profit before Tax and Zakat adjusted for income/expense related to:

- gain on disposal of an associate under step-acquisition;
- impairment charges;
- transaction related costs;
- gain on derivative instrument;
- other one-off non-recurring items

(b) Adjusted profit

This APM represents adjusted profit before Tax and Zakat adjusted for Zakat and Income taxes

(c) Adjusted profit attributable to equity holders

This APM represents adjusted profit adjusted for non-controlling interest's share of income/expenses

(d) Earnings before interest, tax, depreciation and amortization (EBITDA)

This APM represents the reported profit before Tax and Zakat adjusted for income/expense related to:

- gain on disposal of an associate under step-acquisition;
- impairment charges;
- depreciation and amortization;
- purchase price amortisation of associates
- transaction related costs;
- finance costs and income;
- gain on derivative instrument;
- non-controlling interests;
- other one-off non-recurring items

29 ALTERNATIVE PERFORMANCE MEASURES (continued)

(e) Reconciliation

The APMs and their reconciliations to the measures reported in the consolidated statement of profit or loss are as follows:

	2023 ***AED'000***	*2022* *AED'000*
PROFIT BEFORE TAX AND ZAKAT	**70,994**	112,157
Add/(deduct):		
Transaction related costs (Note 5 & 11)	**1,547**	6,957
Gain on disposal of an associate under step-acquisition	**(9,629)**	-
One-off non-recurring items	**1,291**	(3,768)
Impairment of goodwill and property and equipment	**95,091**	-
Adjusted Profit before Tax and Zakat	**159,294**	115,346
Add/(deduct):		
Zakat and Income Taxes	**(5,420)**	(435)
Adjusted Profit	**153,874**	114,911
Add/(deduct):		
Transaction related costs related to NCI (Note 5 & 11)	**(234)**	-
Impairment of goodwill and property and equipment related to NCI	**(10,094)**	-
Non-controlling interests (Note 27)	**(9,369)**	2,491
Adjusted Profit attributable to Equity holders	**134,177**	117,402
Add:		
Depreciation and amortization	**79,762**	56,373
Purchase price amortisation of associates	**3,000**	3,000
Zakat and Income Taxes	**5,420**	435
Finance income	**(21,266)**	(13,152)
Finance costs	**46,731**	29,993
Transaction related costs related to NCI (Note 5 & 11)	**234**	-
Impairment of goodwill and property and equipment related to NCI	**10,094**	-
Non-controlling interest (Note 27)	**9,369**	(2,491)
Transaction related costs (Note 5 & 11)	**(1,547)**	(6,957)
Gain on disposal of an associate under step-acquisition	**9,629**	-
One-off non-recurring items	**(1,291)**	3,768
Earnings before interest, tax, depreciation and amortization	**274,312**	188,371

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