Oman Education & Training Investment Holding Co. SAOG and its Subsidiaries

Report and consolidated financial statements for the year ended 31 August 2014

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and its Subsidiaries

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Independent auditor's report
to the shareholders of
Oman Education & Training Investment Holding Co. SAOG
and its subsidiaries

We have audited the accompanying financial statements of **Oman Education & Training Investment Holding Co. SAOG** (the "Parent Company") and **Oman Education & Training Investment Holding Co. SAOG and its subsidiaries** (the "Group"), which comprise of the consolidated statement of financial position as at 31 August 2014, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 3 to 46.

Board of Directors' responsibility for the financial statements

Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended and the Rules and Guidelines on disclosure issued by the Capital Market Authority and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Oman Education & Training Investment Holding Co. SAOG and the Group** as of 31 August 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Also, in our opinion, the financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended and the Rules and Guidelines on disclosure issued by the Capital Market Authority.

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
27 October 2014

Signed by
Alfred Strolla
Partner

Oman Education & Training Investment Holding Co. SAOG and its Subsidiaries

Consolidated statement of financial position at 31 August 2014

		31 August 2014		31 August 2013	
			Parent		Parent
	Notes	Group	Company	Group	Company
ASSETS		RO	RO	RO	RO
Non-current assets					
Property and equipment	5	37,134,098	21,953	34,702,813	1,284,309
Investment in subsidiaries	6	-	6,894,050	-	6,299,200
Total non-current assets		37,134,098	6,916,003	34,702,813	7,583,509
Current assets					
Inventories	7	145,599	-	102,938	3,954
Trade and other receivables	8	3,759,323	2,422,300	2,691,736	1,492,271
Bank balances and cash	9	650,672	11,554	939,730	8,372
Total current assets		4,555,594	2,433,854	3,734,404	1,504,597
Total assets		41,689,692	9,349,857	38,437,217	9,088,106
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	7,000,000	7,000,000	7,000,000	7,000,000
Statutory reserve	11	1,143,700	1,085,928	1,049,341	1,003,383
Property revaluation reserve		5,752,166	-	5,180,223	-
Retained earnings		1,374,818	804,330	875,586	411,426
		15,270,684	8,890,258	14,105,150	8,414,809
Non-controlling interest		1,824	-	1,595	-
Total equity		15,272,508	8,890,258	14,106,745	8,414,809
Non-current liabilities					
Deferred grants related to assets	12	17,542,696	-	16,477,851	-
Term loan	13	3,104,153	-	2,433,164	-
Deferred tax liability	14	913,367	-	706,464	-
End of service benefits	15	866,454	24,616	690,441	60,917
Students' deposits		152,973	-	103,788	-
Notes payable		15,926	-	23,888	-
Total non-current liabilities		22,595,569	24,616	20,435,596	60,917

Oman Education & Training Investment Holding Co. SAOG and its Subsidiaries

Consolidated statement of financial position at 31 August 2014 (continued)

		31 August 2014		31 August 2013	
	Notes	Group RO	Parent Company RO	Group RO	Parent Company RO
Current liabilities					
Banks borrowings	**16**	**916,667**	**-**	1,458,145	206,672
Current portion of term loan	**13**	**950,000**	**-**	625,000	-
Trade and other payables	**17**	**1,833,037**	**434,983**	1,811,731	405,708
Provision for income tax	**14**	**121,911**	**-**	-	-
Total current liabilities		**3,821,615**	**434,983**	3,894,876	612,380
Total liabilities		**26,417,184**	**459,599**	24,330,472	673,297
Total equity and liabilities		**41,689,692**	**9,349,857**	38,437,217	9,088,106
Net assets per share	**18**	**0.218**	**0.127**	0.202	0.120

Mahmoud bin Mohd. Al Jarwani
Chairman

Jamal bin Said bin Rajab Al-Ojaili
Vice Chairman

The accompanying information form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2014

	Notes	31 August 2014 Group RO	31 August 2014 Parent Company RO	Period from 1 October 2012 to 31 August 2013 Group RO	Period from 1 October 2012 to 31 August 2013 Parent Company RO
Income					
Tuition fee		**12,867,176**	**697,912**	11,023,889	1,098,578
Other income	**19**	**1,519,378**	**1,446,182**	1,326,534	1,355,172
Total income		**14,386,554**	**2,144,094**	12,350,423	2,453,750
Expenses					
Salaries and related costs	**20**	**(8,598,483)**	**(930,531)**	(7,347,428)	(1,279,905)
Administrative and other operating expenses	**21**	**(3,378,749)**	**(341,187)**	(3,134,368)	(437,118)
Depreciation of property and equipment	**5**	**(1,229,833)**	**(41,666)**	(1,135,069)	(71,282)
Total expenses		**(13,207,065)**	**(1,313,384)**	(11,616,865)	(1,788,305)
Profit for the year / period from operations		**1,179,489**	**830,710**	733,558	665,445
Release of grants related to assets	**12**	**230,573**	**-**	211,655	-
Finance costs		**(215,485)**	**(5,261)**	(158,940)	(7,116)
Profit for the year / period before tax		**1,194,577**	**825,449**	786,273	658,329
Income tax	**14**	**(250,814)**	**-**	-	-
Profit for the year / period		**943,763**	**825,449**	786,273	658,329
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Surplus on revaluation of land	**5**	**650,000**	**-**	-	-
Less: Income tax effect		**(78,000)**	**-**	-	-
Other comprehensive income for the year / period		**572,000**	**-**	-	-
Total comprehensive income for the period / year		**1,515,763**	**825,449**	786,273	658,329
Profit attributable to:					
Equity holder of the parent		**943,591**	**825,449**	786,140	658,329
Non-controlling interest		**172**	**-**	133	-
		943,763	**825,449**	786,273	658,329
Total comprehensive income for the period / year attributable to:					
Equity holder of the parent		**1,515,534**	**825,449**	786,140	658,329
Non-controlling interest		**229**	**-**	133	-
		1,515,763	**825,449**	786,273	658,329
Earnings per share	**22**	**0.013**	**0.012**	0.011	0.009

The accompanying information form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 August 2014

Group	Share capital RO	Statutory reserve RO	Property revaluation reserve RO	Retained earnings RO	Total RO	Non Controlling Interest RO	Total equity RO
	Equity attributable to equity holders of the parent company						
At 1 October 2012	7,000,000	970,727	5,180,223	168,060	13,319,010	1,462	13,320,472
Profit for the period	-	-	-	786,140	786,140	133	786,273
Transfer to statutory	-	78,614	-	(78,614)	-	-	-
At 1 September 2013	**7,000,000**	**1,049,341**	**5,180,223**	**875,586**	**14,105,150**	**1,595**	**14,106,745**
Profit for the year	**-**	**-**	**-**	**943,591**	**943,591**	**172**	**943,763**
Transfer to statutory	**-**	**94,359**	**-**	**(94,359)**	**-**	**-**	**-**
Revaluation	**-**	**-**	**571,943**	**-**	**571,943**	**57**	**572,000**
Dividend paid	**-**	**-**	**-**	**(350,000)**	**(350,000)**	**-**	**(350,000)**
At 31 August 2014	**7,000,000**	**1,143,700**	**5,752,166**	**1,374,818**	**15,270,684**	**1,824**	**15,272,508**

The accompanying information form an integral part of these consolidated financial statements.

Oman Education & Training Investment Holding Co. SAOG and its Subsidiaries

Consolidated statement of changes in equity
for the Year ended 31 August 2014 (continued)

Parent	**Share capital RO**	**Statutory reserve RO**	**Property revaluation reserve RO**	**Retained earnings / accumulated losses RO**	**Total RO**
At 1 October 2012	7,000,000	937,550	-	(181,070)	7,756,480
Profit for the period	-	-	-	658,329	658,329
Transfer to statutory reserve	-	65,833	-	(65,833)	-
At 1 September 2013	**7,000,000**	**1,003,383**	**-**	**411,426**	**8,414,809**
Profit for the year	**-**	**-**	**-**	**825,449**	**825,449**
Transfer to statutory reserve	**-**	**82,545**	**-**	**(82,545)**	**-**
Dividend paid	**-**	**-**	**-**	**(350,000)**	**(350,000)**
At 31 August 2014	**7,000,000**	**1,085,928**	**-**	**804,330**	**8,890,258**

The accompanying information form an integral part of these consolidated financial statements.

Oman Education & Training Investment Holding Co. SAOG and its Subsidiaries

Consolidated statement of cash flows for the year ended 31 August 2014

	31 August 2014		Period from 1 October 2012 to 31 August 2013	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
Operating activities				
Profit for the year / period before tax	**1,194,577**	**825,449**	786,273	658,329
Adjustments for:				
Depreciation of property and equipment	**1,229,833**	**41,666**	1,135,069	71,282
Provision for end of service benefits	**232,313**	**(33,997)**	208,533	24,077
Interest income	**(3,508)**	-	(3,084)	-
Finance costs	**215,485**	**5,261**	158,940	7,116
Loss on revaluation of land	-	-	-	-
Write-off of property and equipment	**89,036**	-		
Gain on disposal of property and equipment	**(6,175)**	-		
Deferred Government grant related to assets	**(230,573)**	-	(211,655)	-
Allowance for impaired debts	**121,479**	**(47,000)**	22,009	22,009
Allowance for slow moving and obsolete Inventories	**10,953**	-	-	-
Allowance for impaired debts written off	-	-	-	-
Dividend income	-	**(1,338,621)**	-	(1,151,498)
Operating profit / (loss) from operating activities before changes in working capital	**2,853,420**	**(547,242)**	2,096,085	(368,685)
Movement in working capital:				
Inventories	**(53,614)**	**3,954**	19,468	688
Trade and other receivables	**(1,189,066)**	**(695,906)**	(1,168,609)	33,717
Students' deposits	**49,185**	-	(32,517)	-
Notes payable	**(7,962)**	-	-	-
Trade and other payables	**21,305**	**29,275**	(445,043)	(179,874)
Cash from / (used in) operations	**1,673,268**	**(1,209,919)**	469,384	(514,154)
End of service benefits paid	**(56,300)**	**(2,304)**	(86,148)	(25,127)
Cash from / (used in) operating activities	**1,616,968**	**(1,212,223)**	383,236	(539,281)
Investing activities				
Purchase of property and equipment	**(3,100,178)**	**(48,650)**	(1,726,566)	(25,795)
Transfer of property and equipment	-	**1,269,340**	-	-
Fixed deposits	-	-	-	-
Interest received	**3,508**	-	3,084	-
Proceeds from disposals of property and equipment	**6,199**	-	-	-
Investment in a subsidiary	-	**(594,850)**	-	-
Dividend received	-	**1,151,498**	-	461,552
Government grant received	**1,295,418**	-	67,156	-
Cash (used in) / from investing activities	**(1,795,053)**	**1,777,338**	(1,656,326)	435,757

Consolidated statement of cash flows
for the year ended 31 August 2014 (continued)

	31 August 2014		Period from 1 October 2012 to 31 August 2013	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Financing activities				
Term loan received	**1,620,990**	**-**	1,025,627	-
Repayment of term loan	**(625,000)**	**-**	(250,000)	-
Short term loans paid	**(500,000)**	**-**	-	-
Dividend paid	**(350,000)**	**(350,000)**	-	-
Finance costs paid	**(215,485)**	**(5,261)**	(158,940)	(7,116)
Cash (used in) / from financing activities	**(69,495)**	**(355,261)**	616,687	(7,116)
Change in cash and cash equivalents	**(247,580)**	**209,854**	(656,403)	(110,640)
Cash and cash equivalents at the beginning of the period / year	**731,585**	**(198,300)**	1,387,988	(87,660)
Cash and cash equivalents at the end of the year / period (Note 9)	**484,005**	**11,554**	731,585	(198,300)

1. General

Oman Education & Training Investment Holding Co. SAOG ("the parent company") is an Omani Joint Stock Company incorporated in the Sultanate of Oman on 9 November 1998 under a trade license issued by the Ministry of Commerce & Industry. The Company's Head Office is located at Sohar and its registered address is at P O Box 44, Sohar, Postal Code 311, Sultanate of Oman.

The principal activity of the Group is providing educational services.

During September 2013, an extraordinary general meeting was held for the purpose of separating the school activity from the parent company, accordingly a separate entity was established on 19 March 2014 namely Sohar International School LLC ("School") under a license from Ministry of Commerce and Industry. The assets and liabilities related to the school activity were transferred from the parent company to the School and the net assets charged to the current account of the parent company and the share capital.

These financial statements are presented in Rials Omani (RO) since that is the currency of the country in which the majority of the Group's transactions are denominated.

2. Adoption of new and revised international financial reporting standards (IFRS)

For the year ended 31 August 2014, the Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the period beginning on 1 September 2013.

2.1 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.
IFRS 10: Consolidated Financial Statements	IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities.
IFRS 11: Joint arrangements	IFRS 11, replaces IAS 31 Interest in Joint Ventures and guidance contained in a related interpretation.

2. Adoption of new and revised international financial reporting standards (IFRS) (continued)

2.1 Standards and Interpretations adopted with no effect on the financial statements (continued)

IFRS 12: Disclosure of Interests in Other Entities	IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and / or unconsolidated structured entities.
IFRS 13: Fair Value Measurement	IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements.
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	The amendments introduce new terminology, whose use is not mandatory, for the statement of profit or loss and other comprehensive income and income statement.
Annual Improvements 2009-2011 Cycle	Makes amendments to the following standards: IAS 1 - Clarification of the requirements for comparative information IAS 16 - Classification of servicing equipment IAS 32 - Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes IAS 34 - Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments.
IFRIC 20: Stripping Costs In the Production Phase of a Surface Mine.	IFRIC 20 addresses the diversity in practice in accounting for benefits accruing to the entity from the surface mine stripping activity.
IAS 19 Employee Benefits (as revised in 2011)	IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits.

2. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 Standards and Interpretations in issue not yet effective

At the date of authorisation of these consolidated financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New IFRS and relevant amendments	**Effective for annual periods beginning on or after**
IFRS 9: Financial Instruments (as revised in 2010 *to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements)*	January 2015
Amendment to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements, to *provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries.*	January 2014
IAS 32: Financial instruments: presentation, *Offsetting Financial Assets and Financial Liabilities: to clarify certain aspects because of diversity in application of the requirements on offsetting.*	January 2014
IAS 36: impairment of assets, Recoverable Amount Disclosures for Non-Financial Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used.	January 2014
IAS 39: Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.	January 2014
IFRS 15: Revenue from Contracts with Customers provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: (1) identify the contract with the customer (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contracts (5) recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	January 2017

2. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 Standards and Interpretations in issue not yet effective (continued)

New IFRS and relevant amendments	Effective for annual periods beginning on or after
IFRS 9: Financial Instruments (as revised in 2010 to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements)	January 2018
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.	July 2014
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: - apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 - disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).	January 2016

2. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 Standards and Interpretations in issue not yet effective (continued)

New IFRS and relevant amendments	Effective for annual periods beginning on or after
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to: - clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. - introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated - add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.	January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to: - include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16 - introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales - clarify that produce growing on bearer plants remains within the scope of IAS 41.	January 2016

2. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 Standards and Interpretations in issue not yet effective (continued)

New IFRS and relevant amendments	Effective for annual periods beginning on or after
Annual Improvements 2010-2012 Cycle	July 2014
IFRS 2 Share-based Payment - Definition of vesting condition IFRS 3 Business Combination - Accounting for contingent consideration in a business combination IFRS 8 Operating Segments - Aggregation of operating segments, Reconciliation of the total of the reportable segments' assets to the entity's assets IFRS 13 Fair Value Measurement - Short-term receivables and payables IAS 16 Property, Plant and Equipment - Revaluation method - proportionate restatement of accumulated depreciation IAS 24 Related Party Disclosures - Key management personnel services IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated amortization	
Annual Improvements 2011-2013 Cycle	July 2014
IFRS 1 First-time Adoption of International Financial Reporting Standards - Meaning of 'effective IFRSs' IFRS 3 Business Combinations - Scope exceptions for joint ventures IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception) IAS 40 Investment Property - Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property	
New Interpretations and amendments to Interpretations:	
IFRIC 21 – Levies	January 2014

The directors anticipate that the adoption of the above standards and interpretations in future periods will have no material impact on the financial statements of the Group in the period of initial application.

3. Summary of significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), and comply with the disclosure requirements set out in the Rules for Disclosure and Proformas issued by the Capital Market Authority and the requirements of the Commercial Companies Law of 1974, as amended.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the measurement of certain non-current assets.

A summary of significant accounting policies, which have been consistently applied by the Group and are consistent with those used in the previous periods, is set out below:

Basis of consolidation

The consolidated financial statements comprise those of Oman Education & Training Investment Company SAOG and its subsidiaries as at 31 August. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

Subsidiaries are all entities (including special purpose entities) over which the Group exercises control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date on which control is transferred out of the Group. All intercompany balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

3. Summary of significant accounting policies (continued)

Basis of consolidation

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

As a result of IFRS 10 (2011), the Group has changed its accounting policy, as mentioned above, for determining whether it has control over and consequently whether it consolidates its subsidiaries. In accordance with the transitional provisions of IFRS 10 (2011), the Directors reassessed the control conclusion for its subsidiary at 1 September 2013 and concluded that there is no change in control over subsidiaries as per the new control model defined in IFRS 10.

The subsidiary companies controlled by the Parent Company are as following:

Name of Subsidiary	Proportion of ownership interest	Principal activity
Sohar University LLC	99.99%	Education and Training Investments
Modern Catering Company LLC	99.93%	Catering, cleaning and maintenance
Sohar Transportation and Shipping Services LLC	99.93%	Transportation (not yet operational)
Sohar International School LLC	99%	Education

Property and equipment

Property and equipment other than land is stated at cost less accumulated depreciation and any identified impairment loss.

Land is measured at fair value less impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation increase arising is credited to the revaluation reserve net of related income tax, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation is charged to the income statement to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

3. Summary of significant accounting policies (continued)

Property and equipment (continued)

Depreciation is charged so as to write off the cost of assets, except land, over their estimated useful lives, using the straight line method, on the following bases:

	Years
Permanent buildings	40
Furniture, fixtures and equipment	5
Motor vehicles	5
Library books	5
Computers	5
Others	5
Porta-cabins	6.7

The gain or loss on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the net book value of the asset and is recognized in the statement of profit or loss and other comprehensive income.

Capital work-in-progress

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

Investment in subsidiaries

Investments in subsidiaries are carried in the financial statements of the Parent Company at cost less any impairment.

Grants related to assets

Subsidies were granted by the Government of the Sultanate of Oman and the Private Sector towards the purchase and construction of property and equipment. The subsidy was credited to deferred grants related to assets and is recognized in the statement of profit or loss and other comprehensive income over the useful life of property and equipment which were financed by the subsidy.

Impairment

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3. Summary of significant accounting policies (continued)

Impairment (continued)

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

Inventories

Inventories at the reporting date consist of books, stationery and consumable items, and are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized on the Group's statement of financial position when the Group has become a party to the contractual provisions of the instrument.

The principal financial assets are cash and bank balances and trade and other receivables.

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The principal financial liabilities are term loans, bank overdraft, student's deposit, notes payable and trade and other payables.

Borrowings are recognized initially at cost, less attributable transactions costs. Subsequent to initial recognition, borrowings are stated at amortised cost with the difference between cost and redemption value recognized in the profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables are initially measured at their fair value and subsequently measured at amortised cost, using the effective interest method.

3. Summary of significant accounting policies (continued)

Employee benefits

Termination benefits for Omani employees are contributed in accordance with the terms of the Social Securities Law of 1991.

Provision for non-Omani employees has been made for termination gratuities, leave pay and passage accordance with the terms of the Labour Law of the Sultanate of Oman and is based on the current remuneration and cumulative years of service at the reporting date.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Deferred government grant

Interest subsidy is recognised in the statement of financial position initially as a deferred Government grant and is amortised over the life of the loan based on the effective interest method in the same years in which the interest expense is incurred.

Taxation

Income tax is calculated as per the fiscal regulations of the Sultanate of Oman

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefits will be realized.

3. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. However borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Tuition fee is recognized over the year of instruction.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Gains and losses arising from foreign currency transactions are included in the profit or loss.

Cash and cash equivalents

For the purpose of cash and cash equivalents, cash and cash equivalents consist of bank balances and cash with a maturity of less than three months from the date of placement, net of outstanding bank overdrafts.

Directors' remuneration

Directors' remuneration is computed in accordance with the provisions of the Commercial Companies Law and the requirements of Capital Market Authority and is charged in the statement of profit or loss and other comprehensive income.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements, as per IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

Key sources of estimation uncertainty

The following are 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.

Useful lives of property and equipment
Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Allowance for impaired students' receivables
Allowance for impaired students' receivables is based on management's best estimates of recoverability of the amounts due along with the number of days for which such debts are due.

Allowance for slow moving and obsolete inventories
Allowance for slow moving and obsolete inventories is based on management's assessment of various factors such as the usability and normal wear and tear using best estimates.

5. Property and equipment

Group	Freehold land RO	Permanent buildings RO	Furniture fixtures and equipment RO	Motor vehicles RO	Library books RO	Computers RO	Others RO	Porta-cabins RO	Capital work-in-progress RO	Total RO
Cost or valuation										
At 1 October 2012	6,985,001	17,126,629	2,136,449	206,235	278,700	1,110,549	935,728	396,896	10,433,644	39,609,831
Additions	-	-	168,749	19,199	17,283	139,593	334,380	1,016	1,046,346	1,726,566
Transfers	-	-	472,698	-	-	258,663	-	-	(731,361)	-
At 1 September 2013	**6,985,001**	**17,126,629**	**2,777,896**	**225,434**	**295,983**	**1,508,805**	**1,270,108**	**397,912**	**10,748,629**	**41,336,397**
Additions	**-**	**-**	**214,741**	**58,465**	**23,280**	**65,354**	**115,831**	**-**	**2,622,507**	**3,100,178**
Revaluation	**650,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**650,000**
Disposals	**-**	**-**	**(34,403)**	**(13,500)**	**-**	**-**	**(558)**	**-**	**-**	**(48,461)**
Transfers	**-**	**-**	**69,000**	**-**	**-**	**15,520**	**-**	**-**	**(84,520)**	**-**
Write off	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(89,036)**	**(89,036)**
At 31 August 2014	**7,635,001**	**17,126,629**	**3,027,234**	**270,399**	**319,263**	**1,589,679**	**1,385,381**	**397,912**	**13,197,580**	**44,949,078**
Depreciation										
At 1 October 2012	-	1,918,146	1,575,082	170,683	226,559	719,946	622,036	255,346	10,717	5,498,515
Charge for the period	-	391,083	255,619	21,460	21,869	219,309	178,692	47,037	-	1,135,069
At 1 September 2013	**-**	**2,309,229**	**1,830,701**	**192,143**	**248,428**	**939,255**	**800,728**	**302,383**	**10,717**	**6,633,584**
Charge for the year	**-**	**428,157**	**308,630**	**18,737**	**21,994**	**154,076**	**251,608**	**46,631**	**-**	**1,229,833**
Disposals	**-**	**-**	**(34,383)**	**(13,498)**	**-**	**-**	**(556)**	**-**	**-**	**(48,437)**
Transfers	**-**	**-**	**-**	**-**	**-**	**55,120**	**(55,120)**	**-**	**-**	**-**
At 31 August 2014	**-**	**2,737,386**	**2,104,948**	**197,382**	**270,422**	**1,148,451**	**996,660**	**349,014**	**10,717**	**7,814,980**
Carrying value										
At 31 August 2014	**7,635,001**	**14,389,243**	**922,286**	**73,017**	**48,841**	**441,228**	**388,721**	**48,898**	**13,186,863**	**37,134,098**
At 31 August 2013	6,985,001	14,817,400	947,195	33,291	47,555	569,550	469,380	95,529	10,737,912	34,702,813

The term loan, bank borrowings and Government grant are secured by a charge over the entire property and equipment. Capital work-in-progress represents the infrastructure, buildings and software installation.

5. Property and equipment (continued)

Parent company	Freehold land RO	Permanent buildings RO	Furniture fixtures and equipment RO	Motor vehicles RO	Library books RO	Computers RO	Others RO	Porta-cabins RO	Capital work-in-progress RO	Total RO
Cost or valuation										
At 1 October 2012	635,000	600,318	186,192	48,909	3,973	104,636	20,752	107,382	-	1,707,162
Additions	-	-	6,373	-	-	14,208	246	1,016	3,952	25,795
At 1 September 2013	**635,000**	**600,318**	**192,565**	**48,909**	**3,973**	**118,844**	**20,998**	**108,398**	**3,952**	**1,732,957**
Additions	**-**	**-**	**17,405**	**7,093**	**-**	**8,104**	**-**	**-**	**16,048**	**48,650**
Transfers	**(635,000)**	**(600,318)**	**(192,828)**	**(42,034)**	**(3,973)**	**(122,845)**	**(20,998)**	**(108,398)**	**(20,000)**	**(1,746,394)**
At 31 August 2014	**-**	**-**	**17,142**	**13,968**	**-**	**4,103**	**-**	**-**	**-**	**35,213**
Depreciation										
At 1 October 2012	-	73,434	152,378	43,555	3,726	44,837	7,772	51,664	-	377,366
Charge for the period	-	13,895	17,347	2,786	245	18,260	3,826	14,923	-	71,282
At 1 September 2013	-	**87,329**	**169,725**	**46,341**	**3,971**	**63,097**	**11,598**	**66,587**	-	**448,648**
Charge for the year	-	**7,507**	**9,852**	**3,004**	**-**	**11,157**	**2,083**	**8,063**	-	**41,666**
Transfers	-	**(94,836)**	**(175,095)**	**(42,034)**	**(3,971)**	**(72,787)**	**(13,681)**	**(74,650)**	-	**(477,054)**
At 31 August 2014	**-**	**-**	**4,482**	**7,311**	**-**	**1,467**	**-**	**-**	**-**	**13,260**
Carrying amount										
At 31 August 2014	**-**	**-**	**12,660**	**6,657**	**-**	**2,636**	**-**	**-**	**-**	**21,953**
At 31 August 2013	635,000	512,989	22,840	2,568	2	55,747	9,400	41,811	3,952	1,284,309

Certain permanent buildings were erected on a land hired from Government of Oman.

5. Property and equipment (continued)

Freehold land was revalued at its open market value (Level 2 fair value hierarchy) by an independent professional valuer as of 5 August 2014 (previously revalued in September 2012 and November 2011). There has been no change to the valuation technique during the year. The surplus arising on revaluation has been taken to revaluation reserve included as a separate component of equity.

If land was measured using the cost model, the carrying amounts would be as follows:

	31 August 2014		31 August 2013	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost	**1,660,800**	**832,339**	1,660,800	832,339

The revaluation surplus, net of tax effect, has been recognized in equity. The revaluation reserve is not available for distribution.

6. Investment in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries listed in the following table. All of the subsidiaries are incorporated in the Sultanate of Oman.

Subsidiary companies	**Country of Incorporation**	**Principal activity**	**Proportion held (%)**	**Carrying value**	**Proportion held (%)**	**Carrying value**
			31 August 2014		31 August 2013	
				RO		RO
Sohar University LLC	Sultanate of Oman	Education	**99.99**	**5,999,400**	99.99	5,999,400
Modern Catering Co. LLC	Sultanate of Oman	Catering and cleaning	**99.93**	**249,750**	99.93	149,900
Sohar International School LLC	Sultanate of Oman	Education	**99**	**495,000**	-	-
Sohar Transportation and Shipping Services LLC	Sultanate of Oman	Transport	**99.93**	**149,900**	99.93	149,900
				6,894,050		6,299,200

7. Inventories

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Inventories	**206,293**	**-**	152,679	3,954
Less: allowance for slow-moving and obsolete inventories	**(60,694)**	**-**	(49,741)	-
	145,599	**-**	102,938	3,954

Movements in the provision for slow moving and obsolete inventory:

At 1 September / October	**49,741**	**-**	49,741	-
Charge for the year / period	**10,953**	**-**	-	-
At 31 August	**60,694**	**-**	49,741	-

8. Trade and other receivables

Students' receivables	**3,608,655**	**-**	3,359,568	172,237
Less: allowance for impaired students' receivables (Note 8.a)	**(1,240,477)**	-	(1,118,998)	(47,000)
Net students' receivables	**2,368,178**	**-**	2,240,570	125,237
Prepaid expenses	**142,564**	**1,894**	103,652	12,329
Due from employees	**29,402**	**2,130**	24,946	3,879
Due from related parties (Note 23)	**-**	**1,078,255**	-	197,928
Dividend receivable	**-**	**1,338,621**	-	1,151,498
Other receivables	**94,103**	**1,400**	82,023	1,400
	266,069	**2,422,300**	210,621	1,367,034
Advance to suppliers	**1,125,876**	**-**	241,345	-
Less: allowance for impaired debts	**(800)**	**-**	(800)	-
	1,125,076	**-**	240,545	-
	3,759,323	**2,422,300**	2,691,736	1,492,271

8. Trade and other receivables (continued)

a. Movements in the allowance for impaired students' receivables were as follows:

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At 1 September / October	**1,118,998**	**47,000**	1,096,989	24,991
Charge for the year / period	**121,479**	**-**	22,009	22,009
Transfer during the year / period	**-**	**(47,000)**	-	-
At 31 August	**1,240,477**	**-**	1,118,998	47,000

9. Bank balances and cash

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Cash on hand	**17,050**	**-**	23,269	8,372
Banks balances: current accounts	**633,622**	**11,554**	916,461	-
Cash and bank balances	**650,672**	**11,554**	939,730	8,372
Banks overdrafts (Note 16)	**(166,667)**	**-**	(208,145)	(206,672)
Cash and cash equivalents	**484,005**	**11,554**	731,585	(198,300)

10. Share capital

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Authorized share capital				
100,000,000 shares of RO 0.100 each (2013 – 100,000,000 share of RO 0.100 each)	**10,000,000**	**10,000,000**	10,000,000	10,000,000
Issued and paid up share capital				
70,000,000 shares of RO 0.100 each (2013 – 70,000,000 shares of RO 0.100 each)	**7,000,000**	**7,000,000**	7,000,000	7,000,000

At the reporting date the following shareholders held 10% or more of the Parent Company's shares:

	31 August 2014		31 August 2013	
	RO	**%**	RO	%
Global Financial Investments Co. SAOG	**26,376,662**	**37.68**	26,376,662	37.68
Suleiman bin Ahmed Saeid Al Hoqani	**12,242,376**	**17.49**	12,348,809	17.64
First National LLC	**10,284,105**	**14.69**	10,495,355	14.99
Legal heirs of Said bin Mohammed Rajab Al- Ojaili	**8,408,896**	**12.01**	8,408,896	12.01

11. Statutory reserve

The statutory reserve, which is not available for distribution is calculated in accordance with Article 106 of the Commercial Companies Law. The annual appropriation must be 10% of the net profit for the period until such time as the reserve amounts to at least one third of the share capital.

12. Deferred government grants related to assets

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At 1 September / 1 October	**16,477,851**	**-**	16,622,350	-
Received during the year / period	**1,295,418**	**-**	67,156	-
Release to income during the year / period	**(230,573)**	**-**	(211,655)	-
At 31 August	**17,542,696**	**-**	16,477,851	-

According to the Board of Higher Education decision No. 3/2003 dated 3 March 2003, the Group was granted a Government subsidy of RO 1,407,500 towards financing part of buildings and other installation’s costs which are required for the Group. The Group had received the full amount of the subsidy.

According to the Ministry of Higher Education letter No. 807/2007 dated 6 November 2007, the Group has been granted a conditional Government grant related to assets amounting to RO 1,592,500. This grant was received and recognized during the year 2011. The grant is managed by Oman Development Bank SAOC against a management fee of RO 7,962 per annum. Group has issued postdated cheques for the management fees which appear as notes payable in the statement of financial position.

The deferred government grant related to assets includes an amount of RO 75,000 received from a private individual for the construction of a mosque. This mosque will be constructed at the time of construction of the adjacent university building.

According to the Royal deed by His Majesty and the Board of Higher Education letter No. 55/2/3/2007 dated 24 January 2007, the Group was granted a conditional government grant of RO 17,000,000 towards the infrastructure, buildings, laboratories and main educational halls. This grant is receivable subject to the fulfillment of the conditions of the grant.

13. Term loan

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Term loan	**4,054,153**	**-**	3,058,164	-
Current portion	**(950,000)**	**-**	(625,000)	-
Long term portion	**3,104,153**	**-**	2,433,164	-

Term loan represents the loan granted by Bank Sohar SAOG at the interest rate of 5% per annum fixed for the first 2 years and thereafter to be reviewed annually. The loan is repayable in 12 semi-annual installment commencing from April 2013. The loan is secured by a mortgage over the Group's property and equipment.

Maturity of the term loan:

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Within one year	**950,000**	**-**	625,000	-
Between 1 and 2 years	**1,175,000**	**-**	950,000	-
Between 2 and 5 years	**1,929,153**	**-**	1,483,164	-
At 31 August	**4,054,153**	**-**	3,058,164	-

14. Taxation

In accordance with the Ministerial Decision No. 11/2008, the Group had obtained an income tax exemption certificate for five years, for Sohar University and Sohar International School's activities, effective September 2003. In 2013, the Group applied for an extension in the exemption for additional five years starting from September 2008 which was granted by the Tax Authorities during the year. For the financial year ending 31 August 2014 the Group has become taxable since the expiry of second exemption period in 2013.

Notes to the consolidated financial statements for the period ended 31 August 2014 (continued)

14. Taxation (continued)

	31 August 2014		31 August 2013	
	Group RO	**Parent Company**	Group RO	Parent Company
Statement of profit or loss and other comprehensive income				
Current year	**121,911**	-	-	-
Deferred tax	**128,903**	-	-	-
Tax expense for the year	**250,814**	-	-	-
Deferred tax on land revaluation recognised in equity	**78,000**	-	-	-
Statement of financial position				
Non-current liability				
Deferred tax	**913,367**	-	706,464	-
Current liability				
Current year	**121,911**	-	-	-

Income tax is provided as per the provisions of the "Law of Income Tax on Companies" in Oman after adjusting the items which are non-assessable or disallowed. Income tax is calculated @ 12% on the adjusted taxable income after deducting the statutory exemption of RO 30,000.

The reconciliation between tax based on accounting profit and tax charge in the statement of profit or loss and other comprehensive income is as follows:

Group	**31 August 2014 RO**	31 August 2013 RO
Profit before tax	**1,194,577**	-
Tax @ 12% (after deducting the basic exemption of RO 30,000)	**139,749**	-
Add : tax on items disallowed	**153,823**	-
Less: tax on exempt income	**(171,661)**	-
Current year tax expense	**121,911**	-

There was no tax on parent company due to net taxable loss during the year.

14. Taxation (continued)

Deferred tax

The deferred tax is recognised on the temporary difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Recognised deferred tax (liabilities) / asset are attributable to the following items:

Group	At 1 September 2013 RO	Recognised in the statement of profit or loss and other comprehensive income RO	**At 31 August 2014 RO**
Land revaluation reserve (Note 5)	(706,464)	**(78,000)**	**(784,464)**
Provision	-	**150,501**	**150,501**
Property and equipment	-	**(279,404)**	**(279,404)**
Net deferred tax liability	(706,464)	**(206,903)**	**(913,367)**

15. End of service benefits

	31 August 2014		31 August 2013	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 September / October	**690,441**	**60,917**	568,056	61,967
Charge during the year / period	**232,313**	**23,805**	208,533	24,077
Transfer to school	**-**	**(57,802)**	-	-
Paid during the year / period	**(56,300)**	**(2,304)**	(86,148)	(25,127)
At 31 August	**866,454**	**24,616**	690,441	60,917

16. Bank borrowings

	31 August 2014		31 August 2013	
		Parent		Parent
	Group	Company	Group	Company
	RO	RO	RO	RO
Bank overdraft (a)	**166,667**	**-**	208,145	206,672
Short term loans (b)	**750,000**	**-**	1,250,000	-
	916,667	**-**	1,458,145	206,672

(a) Bank overdraft carries an interest rate of 5.75% to 8% per annum (31 August 2013: 5.75% to 8% per annum) and is payable on demand.

(b) Short term loans carries an interest rate of 5.5% to 6.25% (31 August 2013: 5.5% to 6.25%). The loans are secured by a mortgage over Group's property and equipment

17. Trade and other payables

	31 August 2014		31 August 2013	
		Parent		Parent
	Group	Company	Group	Company
	RO	RO	RO	RO
Trade payables	**447,777**	**-**	545,875	11,705
Accrued expenses	**574,012**	**25,789**	407,101	16,609
Advance tuition fees	**293,305**	**-**	296,983	52,099
Provision for leave pay and passage	**261,257**	**15,003**	232,929	75,132
Research grant (note 17(a))	**114,673**	**-**	141,308	-
Students' deposits	**52,363**	**-**	98,291	-
Retention payables	**49,706**	**-**	33,261	-
Notes payable	**7,962**	**-**	7,962	-
Due to related parties (note 23)	**-**	**394,191**	-	249,858
Other payables	**31,982**	**-**	48,021	305
	1,833,037	**434,983**	1,811,731	405,708

17. Trade and other payables (continued)

The Group has received research grant jointly from The Research Council of Oman (TRC), Qatar National Research Fund (QNRF) and certain other entities for carrying out educational research work. Movement in the research grant is as follows:

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At 1 September / October	**141,308**	**-**	28,650	-
Received during the year / period	**174,112**	**-**	291,844	-
Paid during the year / period	**(200,747)**	**-**	(179,186)	-
At 31 August	**114,673**	**-**	141,308	-

18. Net assets per share

Net assets per share is calculated by dividing the net assets at the year / period end attributable to shareholders of Parent Company, by the number of shares outstanding as follows:

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
Net assets (RO)	**15,270,684**	**8,890,258**	14,105,150	8,414,809
Number of ordinary shares	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Net assets per share (RO)	**0.218**	**0.127**	0.202	0.120

19. Other income

	31 August 2014		Period from 1 October 2012 to 31 August 2013	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Students' accommodation	**752,989**	**-**	626,832	-
Students' transportation	**607,189**	**98,553**	545,588	149,661
Gain on disposal of property and equipment	**6,175**	**-**	-	-
Interest income	**3,508**	**-**	3,084	-
Dividend income	**-**	**1,338,621**	-	1,151,498
Other income	**149,517**	**9,008**	151,030	54,013
	1,519,378	**1,446,182**	1,326,534	1,355,172

20. Salaries and related costs

Salaries and allowances	**6,871,182**	**802,055**	5,997,001	1,117,830
Employee's bonus	**120,000**	-	-	-
Leave pay	**748,522**	**33,343**	571,064	24,459
Social security	**235,390**	**22,147**	167,015	23,841
End of service benefits (Note 15)	**232,313**	**23,805**	208,534	24,078
Air passage	**187,845**	**28,985**	200,188	57,624
Legal cases	**605**	**-**	28,804	4,613
Other costs	**202,626**	**20,196**	174,822	27,460
	8,598,483	**930,531**	7,347,428	1,279,905

21. Administrative and other operating expenses

	31 August 2014		Period from 1 October 2012 to 31 August 2013	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Students' transportation	**781,550**	**143,164**	736,515	220,207
Repairs and maintenance	**281,584**	**2,789**	422,809	10,368
Utilities	**310,825**	**5,880**	277,923	8,100
Rent	**474,260**	**9,192**	218,871	7,634
Teaching material	**182,763**	**17,775**	173,129	27,765
Scholarship	**77,889**	**-**	167,398	-
Cleaning expenses	**86,007**	**12,013**	146,493	15,528
Advertising and marketing	**132,900**	**9,733**	137,644	7,126
Communication	**144,010**	**4,567**	87,354	8,100
Entertainment	**49,439**	**5,251**	69,783	3,866
Travel allowances	**26,039**	**5,060**	67,586	10,961
Printing and stationery	**73,548**	**12,261**	62,070	12,130
Graduation expenses	**48,451**	**-**	54,715	-
Contractor settlement	**11,820**	**-**	50,348	-
Collaboration fees	**11,916**	**4,204**	47,957	4,853
Security and safety	**37,097**	**-**	34,378	-
Summer school expenses	**2,880**	**-**	20,775	-
Insurance	**34,427**	**14,410**	20,065	8,655
In-house conferences	**12,421**	**-**	18,006	-
MSM membership	**10,150**	**10,150**	6,562	6,562
Allowance for impaired debts (Note 8(a))	**121,479**	**-**	22,009	22,009
Legal, consultancies and professional fees	**99,764**	**29,570**	68,911	6,495
Vehicle expenses and Conveyance	**31,911**	**4,989**	27,018	5,029
Board of directors and audit Committee's sitting fees	**39,700**	**39,700**	31,400	31,400
Board of governance sitting fees	**23,725**	**-**	33,475	-
Continue education center Expenses	**85,699**	**-**	46,835	-
Write-off of property and equipment	**89,036**	**-**	-	-
Allowance for slow moving and obsolete inventories (Note 7)	**10,953**	**-**	-	-
Miscellaneous expenses	**86,506**	**10,479**	84,339	20,330
	3,378,749	**341,187**	3,134,368	437,118

22. Earnings per share

	31 August 2014		Period from 1 October 2012 to 31 August 2013	
	Group	**Parent Company**	Group	Parent Company
Profit for the year / period (RO)	**943,591**	**825,449**	786,140	658,329
Weighted average number of shares on issue	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Earnings per share – (RO)	**0.013**	**0.012**	0.011	0.009

The earning per share is calculated by dividing the profit for the year / period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the year / period.

23. Related parties

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

The Group entered into transactions in the ordinary course of business with related parties.

(a) At 31 August balances with related parties were as follows:

	31 August 2014		Period from 1 October 2012 to 31 August 2013	
	RO	**RO**	RO	RO
	Group	**Parent Company**	Group	Parent Company
Due from related parties:				
Sohar International School LLC	**-**	**645,427**	-	-
Sohar University LLC	**-**	**432,828**	-	197,928
	-	**1,078,255**	-	197,928
Due to a related party:				
Sohar Transportation and Maintenance and Services LLC	**-**	**149.096**	-	149.521
Modern Catering Company LLC	**-**	**245,095**	-	100,337
	-	**394,191**	-	249,858

23. Related parties (continued)

(b) During the year / period transactions with the related parties are as follows:

	31 August 2014		31 August 2013	
	Major shareholders	**Other Related parties**	Major shareholders	Other related parties
Rent	**24,266**	**-**	19,360	-

Outstanding balances at the year / period end arise in the normal course of business. For the year ended 31 August 2014, the Group has not recorded any impairment of amounts owed by related parties.

Compensation of key management personnel

Key management personnel are those persons having direct authority and responsibility for planning, directing and controlling the activities of the Group.

	31 August 2014 RO	Period from 1 October 2012 to 31 August 2013 RO
Salaries and allowances of key management personnel	**275,068**	290,790
Sitting fee – Board of directors and audit committee	**39,700**	31,400
Sitting fee – Board of governors	**23,725**	33,475

24. Contingencies and commitments

	31 August 2014 RO	31 August 2013 RO
Capital commitments for acquisition of property and equipment	**10,886,062**	828,378

Contingencies

There have been legal cases filed against the Group and as of the report date no results came out so as to specify the contingencies might be effecting the position of the outstanding liabilities. Adequate provisions have been created as per the management best estimation.

25. Financial risk management

Overview

Financial instruments consist of financial assets and liabilities. The principal financial assets and liabilities carried on the statement of financial position includes cash and bank balances, trade and other receivables, term loan, bank borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and balances with banks.

Exposure to credit risk

The carrying amount of each financial asset in the statement of financial position represents the maximum exposure to credit risk.

The Group's bank accounts are placed with reputed financial institutions.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each student. The Group has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables. Management regularly reviews these balances whose recoverability is in doubt.

The Group establishes a provision for impairment that represents its estimate of potential losses in respect of trade and other receivables. The main components of this loss are a specific loss component that relates to individual exposures and a collective loss component established for similar assets in respect of any potential losses that may have been incurred but not yet identified. The collective loss provision is determined based on historical data of payment statistics for similar financial assets.

25. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The exposure to credit risk at the reporting date was on account of:

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Students' receivables	**3,608,655**	**-**	3,359,568	172,237
Other receivables	**1,248,581**	**2,420,406**	347,514	1,354,705
Bank balances	**633,622**	**11,554**	916,461	-
	5,490,858	**2,431,960**	4,623,543	1,526,942

The exposure to credit risk for trade receivables at the reporting date by major customers was:

	31 August 2014		31 August 2013	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Ministry of Higher Education	**1,780,500**	**-**	1,719,760	-
Others	**1,828,155**	**-**	1,639,808	172,237
	3,608,655	**-**	3,359,568	172,237

25. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The age of students' receivables and related impairment loss at the reporting date was:

Group	31 August 2014		31 August 2013	
	Gross RO	Impairment RO	Gross RO	Impairment RO
Past due from 1st academic semester	**309,797**	**-**	154,451	-
Past due from 2nd academic semester	**1,540,043**	**-**	1,817,574	-
Past due for summer academic semester	**505,870**	**-**	159,462	-
Past due more than 365 days	**1,252,945**	**1,240,477**	1,228,081	1,118,998
	3,608,655	**1,240,477**	3,359,568	1,118,998

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

Parent	31 August 2014		31 August 2013	
	Gross RO	Impairment RO	Gross RO	Impairment RO
Past due from 1st academic semester	**-**	**-**	25,237	-
Past due from 2nd academic semester	**-**	**-**	100,000	-
Past due more than 365 days	**-**	**-**	47,000	47,000
	-	**-**	172,237	47,000

25. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible that it will 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.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group has access to credit facilities.

The following are the maturities of the financial liabilities:

31 August 2014

Group	Carrying amount RO	6 months or less RO	6 - 12 months RO	1 - 2 years RO	More than 2 years RO
Term loan	**4,054,153**	**375,000**	**575,000**	**1,175,000**	**1,929,153**
Bank borrowings	**916,667**	**916,667**	**-**	**-**	**-**
Trade payables	**447,777**	**447,777**	**-**	**-**	**-**
Accrued expenses	**574,012**	**574,012**	**-**	**-**	**-**
Advance tuition fees	**293,305**	**293,305**	**-**	**-**	**-**
Provision for leave pay and passage	**261,257**	**261,257**	**-**	**-**	**-**
Students' deposits	**205,336**	**52,363**		**76,487**	**76,486**
Research grant	**114,673**	**114,673**	**-**	**-**	**-**
Retention payable	**49,706**	**49,706**	**-**	**-**	**-**
Notes payable	**23,888**	**7,962**	**-**	**7,962**	**7,964**
Other payables	**31,982**	**31,982**	**-**	**-**	**-**
Business profit tax	**121,911**	**121,911**	**-**	**-**	**-**
	7.094.667	**3.246.615**	**575,000**	**1,259,449**	**2,013,603**

25. Financial risk management (continued)

Liquidity risk (continued)

The following are the maturities of the financial liabilities:

31 August 2013 Group	Carrying amount RO	6 months or less RO	6 - 12 months RO	1 - 2 years RO	More than 2 years RO
Term loan	3,058,164	250,000	375,000	950,000	1,483,164
Bank borrowings	1,458,145	1,458,145	-	-	-
Advance tuition fees	545,875	545,875	-	-	-
Trade payables	407,101	407,101	-	-	-
Accrued expenses	296,983	296,983	-	-	-
Provision for leave pay and air passage	232,929	232,929	-	-	-
Students' deposits	202,079	98,291	-	51,894	51,894
Notes payable	141,308	141,308	-	-	-
Research grant	33,261	33,261	-	-	-
Retention payable	31,850	7,962	-	7,962	15,926
Other payables	48,021	48,021	-	-	-
	6,455,716	3,519,876	375,000	1,009,856	1,550,984

31August 2014

Parent	**Carrying amount RO**	**6 months or less RO**	**6 - 12 Months RO**
Due to related parties	**394,191**	**394,191**	**-**
Provision for leave pay and air passage	**15,003**	**15,003**	**-**
Accrued expenses	**25,789**	**25,789**	**-**
	434,983	**434,983**	**-**

25. Financial risk management (continued)

Liquidity risk (continued)

31August 2013

Parent	Carrying amount RO	6 months or less RO	6 - 12 Months RO
Due to related parties	249,858	249,858	-
Bank borrowings	206,672	206,672	-
Provision for leave pay and air passage	75,132	75,132	-
Advance tuition fees	52,099	52,099	-
Accrued expenses	16,609	16,609	-
Trade payables	11,705	11,705	-
Other payables	305	305	-
	612,380	612,380	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group's functional and presentation currency is Rial Omani and the Group's performance is substantially independent of changes in foreign currency rates. There are no significant financial instruments denominated in foreign currencies and consequently foreign currency risk is not significant.

Interest rate risk

The Group has term loans and other short term bank borrowings bearing interest rates as disclosed in Note 13 and Note 16. The management manages the interest rate risk by constantly monitoring the changes in interest rate.

26. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and benefit other stakeholders. The management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

Management is confident of maintaining the current level of profitability by enhancing top line growth and prudent cost management.

27. Business and geographical segments

Currently, the Group operates in two business segment by providing educational services and cleaning and maintenance service within the Sultanate of Oman. The subsidiary in transportation business has not yet started its business.

The Group has only one geographical segment. Segment information is, accordingly, presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Financial results of business segments are disclosed in the following schedule:

2014	**Educational services RO**	**Cleaning and maintenance RO**	**Reconciliations RO**	**Total RO**
Segment revenue	**14,386,244**	**550,033**	**(549,723)**	**14,386,554**
Segment expenses	**(13,250,644)**	**(506,144)**	**549,723**	**(13,207,065)**
Finance cost	**(215,485)**	**-**	**-**	**(215,485)**
Government grant income	**230,573**	**-**	**-**	**230,573**
Income tax	**(249,336)**	**(1,478)**	**-**	**(250,814)**
Segment results	**901,352**	**42,411**	**-**	**943,763**
Segment assets	**41,356,763**	**332,929**	**-**	**41,689,692**
Segment liabilities	**26,341,281**	**75,903**	**-**	**26,417,184**
Allocated cost of acquired property and equipment	**3,097,049**	**3,129**	**-**	**3,100,178**

27. Business and geographical segments (continued)

Business segments (continued)

Financial results of business segments are disclosed in the following schedule:

2013	Educational services RO	Cleaning and maintenance RO	Reconciliations RO	Total RO
Segment revenue	12,350,423	238,644	(238,644)	12,350,423
Segment expenses	(11,624,716)	(230,793)	238,644	(11,616,865)
Finance cost	(158,940)	-	-	(158,940)
Government grant income	211,655	-	-	211,655
Segment results	778,422	7,851	-	786,273
Segment assets	38,258,518	178,699	-	38,437,217
Segment liabilities	24,302,558	27,914	-	24,330,472
Allocated cost of acquired Property and equipment	1,681,844	44,722	-	1,726,566

28. Proposed distribution

The Board of Directors has proposed 5% cash dividend (2013 – nil).

29. Accounting period

The current accounting period represents the year ended 31 August 2014. The previous accounting period represents the period from 1 October 2012 to 31 August 2013. Accordingly, the comparative figures contained in the statement of profit or loss and other comprehensive income, cash flows and statement of changes in equity for the comparative period represents the financial activity for a period of eleven months.

30. Events after the reporting period

Subsequent to the reporting date, the Group has received an offer from an interested third party for the acquisition of Sohar International School (a subsidiary). The offer is under consideration by the Board of Directors.

31. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 27 October 2014.