OMAN EDUCATION & TRAINING
INVESTMENT HOLDING COMPANY SAOG
AND IT'S SUBSIDIARIES

Consolidated and Separate Financial Statements

31 August 2015

Registered address and Principal place of business:

P. O. Box 44
Postal Code 311
Sultanate of Oman

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated and Separate financial statements

31 August 2015

Contents	***Pages***

REPORT OF THE INDEPENDENT AUDITORS' TO THE SHAREHOLDERS OF OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Report on the financial statements

We have audited the separate and consolidated financial statements of Oman Education & Training Investment Holding Company SAOG ("the Company") and its subsidiaries ("the Group") set out on pages 2 to 35, which comprise the separate and consolidated statements of financial position as at 31 August 2015, and the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The separate and consolidated financial statements as at and for the year ended 31 August 2014, were audited by another auditor whose report dated 27 October 2014, expressed an unqualified opinion.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these separate and 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 opinion.

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 August 2015 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the separate and consolidated financial statements of the Company and the Group as at and for the year ended 31 August 2015, in all material respects, comply with:

- the relevant disclosure requirements of the Capital Market Authority; and
- the Commercial Companies Law of 1974, as amended.

26 October 2015 Khalid Masud Ansari

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated and separate statement of financial position

as at 31 August

	Notes	Group 2015 RO	Parent Company 2015 RO	Group 2014 RO	Parent Company 2014 RO
ASSETS					
Non-current assets					
Property and equipment	4	**37,892,093**	**16,103**	36,685,688	21,953
Investment in subsidiaries	5	-	**6,399,050**	-	6,894,050
Total non-current assets		**37,892,093**	**6,415,153**	36,685,688	6,916,003
Current assets					
Inventories	6	**173,811**	**-**	145,599	-
Trade and other receivables	7	**3,500,746**	**2,899,260**	4,207,733	2,422,300
Bank balances and cash	8	**1,915,479**	**688,464**	650,672	11,554
Total current assets		**5,590,036**	**3,587,724**	5,004,004	2,433,854
Total assets		**43,482,129**	**10,002,877**	41,689,692	9,349,857
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	**7,000,000**	**7,000,000**	7,000,000	7,000,000
Legal reserve	10	**1,273,593**	**1,197,896**	1,143,700	1,085,928
Property revaluation reserve	4	**5,752,717**	**-**	5,752,166	-
Retained earnings		**2,080,664**	**1,322,040**	1,374,818	804,330
Total equity		**16,106,974**	**9,519,936**	15,270,684	8,890,258
Non-controlling interest		**2,084**	**-**	1,824	-
Total equity and minority interest		**16,109,058**	**9,519,936**	15,272,508	8,890,258
Non-current liabilities					
Deferred grants related to assets	11	**17,841,713**	-	16,583,211	-
Term loan	12	**3,136,779**	-	3,104,153	-
Deferred tax liability	13	**942,346**	-	913,367	-
End of service benefits	14	**930,198**	**36,784**	866,454	24,616
Students’ deposits		**191,305**	**-**	152,973	-
Notes payable	11	**7,962**	**-**	15,926	-
Total non-current liabilities		**23,050,303**	**36,784**	21,636,084	24,616

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated and separate statement of financial position (continued)

as at 31 August

	Notes	Group 2015 RO	Parent Company 2015 RO	Group 2014 RO	Parent Company 2014 RO
Current liabilities					
Banks borrowings	*15*	**5,484**	-	916,667	-
Current portion of term loan	*12*	**1,175,000**	-	950,000	-
Trade and other payables	*16*	**2,938,455**	**446,157**	2,792,522	434,983
Provision for income tax	*13*	**203,829**	-	121,911	-
Total current liabilities		**4,322,768**	**446,157**	4,781,100	434,983
Total liabilities		**27,373,071**	**482,941**	26,417,184	459,599
Total equity and liabilities		**43,482,129**	**10,002,877**	41,689,692	9,349,857
Net assets per share	*17*	**0.230**	**0.136**	0.218	0.127

The financial statements were approved and authorised for issue by the Board of Directors on ______ and signed on their behalf by:

_______________________________ _______________________________

Mahmoud bin Mohd. Al Jarwani
Chairman

Jamal bin Said bin Rajab Al-Ojaili
Vice Chairman

The notes on pages 9 to 35 form an integral part of these consolidated financial statements.

The report of the Auditors is set forth on page 1.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated and separate statement of profit or loss and other comprehensive income

for the year ended 31 August

	Notes	**Group 2015 RO**	**Parent Company 2015 RO**	Group 2014 RO	Parent Company 2014 RO
Income					
Tuition fees		**12,014,728**	**-**	12,867,176	697,912
Other income	*18*	**1,469,850**	**1,615,559**	1,519,378	1,446,182
Total income		**13,484,578**	**1,615,559**	14,386,554	2,144,094
Expenses					
Salaries and related costs	*19*	**(8,086,987)**	**(322,375)**	(8,598,483)	(930,531)
Administrative and other operating expenses	*20*	**(2,693,069)**	**(148,180)**	(3,378,749)	(341,187)
Depreciation of property and equipment	*4*	**(1,149,976)**	**(6,376)**	(1,229,833)	(41,666)
Total expenses		**(11,930,032)**	**(476,931)**	(13,207,065)	(1,313,384)
Profit for the year from operations		**1,554,546**	**1,138,628**	1,179,489	830,710
Release of deferred government grant	*11*	**251,949**	**-**	230,573	-
Finance costs		**(256,321)**	**(110)**	(215,485)	(5,261)
Loss on sale of investment in subsidiary		**(18,840)**	**(18,840)**	-	-
Profit for the year before tax		**1,531,334**	**1,119,678**	1,194,577	825,449
Income tax	*13*	**(232,148)**	**-**	(250,814)	-
Profit for the year		**1,299,186**	**1,119,678**	943,763	825,449
Other comprehensive income					
Surplus on revaluation of land	*4*	**-**	**-**	650,000	-
Less: Income tax effect		**-**	**-**	(78,000)	-
Total other comprehensive income for the year		**-**	**-**	572,000	-
Total comprehensive income for the year		**1,299,186**	**1,119,678**	1,515,763	825,449
Profit attributable to:					
Equity holder of the parent		**1,298,926**	**1,119,678**	943,591	825,449
Non-controlling interest		**260**	**-**	172	-
		1,299,186	**1,119,678**	943,763	825,449
Total comprehensive income for the year attributable to:					
Equity holder of the parent		**1,298,926**	**1,119,678**	1,515,534	825,449
Non-controlling interest		**260**	**-**	229	-
		1,299,186	**1,119,678**	1,515,763	825,449
Earnings per share	*21*	**0.019**	**0.016**	0.013	0.012

The notes on pages 9 to 35 form an integral part of these consolidated financial statements.

The report of the Auditors is set forth on page 1.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated statement of changes in equity- Group

for the year ended 31 August 2015

Group	Share capital	Legal reserve	Property revaluation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
	RO	RO	RO	RO	RO	RO	RO
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 legal reserve	-	94,359	-	(94,359)	-	-	-
Revaluation reserve	-	-	571,943	-	571,943	57	572,000
Dividend paid	-	-	-	(350,000)	(350,000)	-	(350,000)
At 1 September 2014	**7,000,000**	**1,143,700**	**5,752,166**	**1,374,818**	**15,270,684**	**1,824**	**15,272,508**
Adjustment due to sale of subsidiaries	-	**-**	**551**	**26,813**	**27,364**	**-**	**27,364**
Profit for the year	-	**-**	**-**	**1,298,926**	**1,298,926**	**260**	**1,299,186**
Transfer to legal reserve	-	**129,893**	**-**	**(129,893)**	**-**	**-**	**-**
Dividend paid	-	**-**	**-**	**(490,000)**	**(490,000)**	**-**	**(490,000)**
At 31 August 2015	**7,000,000**	**1,273,593**	**5,752,717**	**2,080,664**	**16,106,974**	**2,084**	**16,109,058**

The notes on pages 9 to 35 form an integral part of these consolidated financial statements.
The report of the Auditors is set forth on page 1.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated statement of changes in equity- Parent Company

for the year ended 31 August 2015

Parent	Share Capital	Legal reserve	Property revaluation reserve	Retained earnings	Total Equity
	RO	**RO**	**RO**	**RO**	**RO**
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 legal reserve	-	82,545	-	(82,545)	-
Dividend paid	-	-	-	(350,000)	(350,000)
At 1 September 2014	**7,000,000**	**1,085,928**	**-**	**804,330**	**8,890,258**
Profit for the year	**-**	**-**	**-**	**1,119,678**	**1,119,678**
Transfer to legal reserve	**-**	**111,968**	**-**	**(111,968)**	**-**
Dividend paid	**-**	**-**	**-**	**(490,000)**	**(490,000)**
At 31 August 2015	**7,000,000**	**1,197,896**	**-**	**1,322,040**	**9,519,936**

The notes on pages 9 to 35 form an integral part of these consolidated financial statements.
The report of the Auditors is set forth on page 1.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated statement of cash flows

for the year ended 31 August 2015

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Operating activities				
Profit for the year before tax	**1,531,333**	**1,119,678**	1,194,577	825,449
Adjustments for:		-		
Depreciation of property and equipment	**1,149,976**	**6,376**	1,229,833	41,666
Provision for end of service benefits	**232,068**	**12,168**	232,313	(33,997)
Interest income	**(4,647)**	-	(3,508)	-
Finance costs	**256,321**	**110**	215,485	5,261
Loss on revaluation of land	-	-	-	-
Write-off of property and equipment	-	-	89,036	-
Loss from sale of Investment in Subsidiary	**18,840**	-		
Gain on disposal of property and equipment	**(5,622)**	-	(6,175)	-
Deferred Government grant related to assets	**(251,949)**	-	(230,573)	-
Allowance for impaired debts	**95,864**	-	121,479	(47,000)
Allowance for slow moving and obsolete Inventories		-	10,953	-
Allowance for impaired debts written off	**(153,006)**	-	-	-
Dividend income	-	**(1,615,559)**	-	(1,338,621)
Operating profit / (loss) from operating activities before changes in working capital	**2,869,178**	**(477,227)**	2,853,420	(547,242)
Movement in working capital:				
Inventories	**(57,632)**	-	(53,614)	3,954
Trade and other receivables	**513,065**	**(476,960)**	(1,189,066)	(695,906)
Students' deposits	**38,332**	-	49,185	-
Notes payable	**(7,962)**	-	(7,962)	-
Trade and other payables	**299,121**	**11,173**	21,305	29,275
Cash from / (used in) operations	**3,654,102**	**(943,014)**	1,673,268	(1,209,919)
End of service benefits paid	**(108,346)**	-	(56,300)	(2,304)
Cash from / (used in) operating activities	**3,545,756**	**(943,014)**	1,616,968	(1,212,223)

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Consolidated statement of cash flows

for the year ended 31 August 2015 (continued)

	31-Aug-15		31-Aug-14	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Investing activities				
Purchase of property and equipment	**(3,625,452)**	**(525)**	(3,100,178)	(48,650)
Transfer of property and equipment	**-**	**-**	-	1,269,340
Interest received	**4,647**	**-**	3,508	-
Proceeds from disposals of property and equipment	**7,460**	**-**	6,199	-
Proceeds from sale of Investment in Subsidiary	**1,221,824**	**-**	-	-
Investment in a subsidiary	**-**	**495,000**	-	(594,850)
Dividend received	**-**	**1,615,559**	-	1,151,498
Government grant received	**1,510,450**	**-**	1,295,418	-
Cash (used in) / from investing activities	**(881,071)**	**2,110,034**	(1,795,053)	1,777,338
Financing activities				
Term loan received	**1,207,626**	**-**	1,620,990	-
Repayment of term loan	**(950,000)**	**-**	(625,000)	-
Short term loans paid	**(750,000)**	**-**	(500,000)	-
Dividend paid	**(490,000)**	**(490,000)**	(350,000)	(350,000)
Finance costs paid	**(256,321)**	**(110)**	(215,485)	(5,261)
Cash (used in) / from financing activities	**(1,238,695)**	**(490,110)**	(69,495)	(355,261)
Change in cash and cash equivalents	**1,425,990**	**676,910**	(247,580)	209,854
Cash and cash equivalents at the beginning of the period/year	**484,005**	**11,554**	731,585	(198,300)
Cash and cash equivalents at the end of the year /peiod (Note 9)	**1,909,995**	**688,464**	484,005	11,554

The notes on pages 9 to 35 form an integral part of these consolidated financial statements.
The report of the Auditors is set forth on page 1.

Notes to the financial statements
(forming part of the financial statements)

1 Legal status and principal activities

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.

During September 2013, an extraordinary general meeting was held for the purpose of separating Sohar International School ("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.

As at 1 September 2014 the Parent Company sold its equity interest in the School to a third party.

The subsidiary companies controlled by the Parent Company are as following ("The Group"):

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 (dormant)

The principal activity of the Group is providing educational services.

2 Basis of preparation and significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Commercial Companies Law of 1974, as amended, and the disclosure requirements of the Capital Market Authority of the Sultanate of Oman.

(b) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for the measurement at fair value of land.

(c) Functional currency

These consolidated and separate financial statements are presented in Rials Omani (RO), which is the Group's functional currency.

(d) Use of estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The accounting policies are consistently applied and are consistent with those used in prior years.

Notes to the financial statements
(forming part of the financial statements)

2 Basis of preparation and significant accounting policies *(continued)*

(e) Change in accounting policies

The policies have been consistently applied in dealing with items that are considered material in relation to the Group's financial statements to all the years presented.

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the subsidiaries. The financial statements of the Subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Subsidiaries

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

The Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

In the Parent Company's separate financial statements investments in subsidiaries are stated at cost, less provision for impairment in value of any individual investment. Dividend income is recognised in the profit or loss in the period in which entitlement is established.

Transaction eliminated on consolidation

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

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

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

2 Basis of preparation and significant accounting policies *(continued)*

(g) 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.

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.

(h) 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.

(i) Deferred government grant 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 profit or loss over the useful life of property and equipment which were financed by the subsidy.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized in the statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of the Group's receivables is calculated as the present value of future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market.

In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized

2 Basis of preparation and significant accounting policies *(continued)*

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

2 Basis of preparation and significant accounting policies *(continued)*

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

2 Basis of preparation and significant accounting policies *(continued)*

(v) Payables

Payables are stated at their amortized cost.

(w) Fee receivables and prepayment

Fee receivables are stated at their cost less impairment losses.

(x) Equity

Items representing a residual interest in the Group's net assets are presented as equity. Such items included paid-up share capital.

(y) Adoption of new and revised International Financial Reporting Standards ("IFRS")

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 August 2015, and have not been applied in preparing these financial statements as follows:

IFRS 9 Financial Instruments, published on 24 July 2014. The standard supersedes IAS 39 and all subsequent versions of IFRS 9, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The Standard contains two primary measurement categories for financial assets: amortised cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. The standard is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.
IFRS 15 Revenue from contracts with customers, published on 28 May 2014. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. The new standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps are: identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contracts and recognise revenue when (or as) the entity satisfies a performance obligation. The standard is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

Management are still considering what impact this standard will have on the Group's financial statements.

3 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.

Notes to the financial statements

(forming part of the financial statements)

3 Critical accounting judgments and key sources of estimation uncertainty *(continued)*

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.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

4 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/ fair value										
At 1 Sep 2014	7,635,001	17,126,629	3,027,234	270,399	319,263	1,589,679	1,385,381	397,912	12,749,170	44,500,668
Transfer to Sohar International School	(635,001)	(600,318)	(195,322)	(42,033)	(3,972)	(120,388)	(20,997)	(108,399)	(52,882)	(1,779,312)
Additions	-	-	60,231	-	35,665	255,396	38,965	-	3,235,196	3,625,453
Transfers	-	13,533,424	932,726	-	-	230,000	-	131,695	(14,827,845)	-
Disposals	-	-	(52,949)	-	-	(19,334)	(1,654)	-	-	(73,937)
At 31 Aug 2015	**7,000,000**	**30,059,735**	**3,771,920**	**228,366**	**350,956**	**1,935,353**	**1,401,695**	**421,208**	**1,103,639**	**46,272,872**
Depreciation										
At 1 Sep 2014	-	2,737,386	2,104,948	197,382	270,422	1,148,451	996,660	359,731	-	7,814,980
Transfer to Sohar International School	-	(102,468)	(233,893)	(42,034)	(4,361)	(100,693)	(17,448)	(83,280)	-	(584,177)
Charge for the year	-	441,297	309,061	20,569	24,192	183,050	145,292	26,515	-	1,149,976
At 31 Aug 2015	**-**	**3,076,215**	**2,180,116**	**175,917**	**290,253**	**1,230,808**	**1,124,504**	**302,966**	**-**	**8,380,779**
Carrying amount										
At 31 Aug 2015	**7,000,000**	**26,983,520**	**1,591,804**	**52,449**	**60,703**	**704,545**	**277,191**	**118,242**	**1,103,639**	**37,892,093**
At 31 Aug 2014	7,635,001	14,389,243	922,286	73,017	48,841	441,228	388,721	38,181	12,749,170	36,685,688

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

4. Property and equipment *(continued)*

Parent	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/ fair value										
At 1 Sep 2014	-	-	14,645	13,968	-	6,600	-	-	-	35,213
Additions	-	-	-	-	-	525	-	-	-	525
At 31 Aug 2015	**-**	**-**	**14,645**	**13,968**	**-**	**7,125**	**-**	**-**	**-**	**35,738**
Depreciation										
At 1 Sep 2014	-	-	3,952	7,311	-	1,996	-	-	-	13,259
Charge for the year	-	-	2,929	2,047	-	1,400	-	-	-	6,376
At 31 Aug 2015	-	**-**	**6,881**	**9,358**	**-**	**3,397**	**-**	**-**	**-**	**19,635**
Carrying amount										
At 31 Aug 2015	**-**	**-**	**7,764**	**4,610**	**-**	**3,729**	**-**	**-**	**-**	**16,103**
At 31 Aug 2014	-	-	12,660	6,657	-	2,636	-	-	-	21,953

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

4 Property and equipment *(continued)*

Freehold land was revalued at its open market value of RO 7 million by an independent professional valuer as of 5 August 2014. 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:

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Cost	**462,796**	**-**	462,796	-

The revaluation surplus of RO 5,752,717, net of tax effect of RO 784,464, has been recognized in equity. The revaluation reserve is not available for distribution.

5 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.

			2015		**2014**	
Subsidiary companies	**Country of Incorporation**	**Principal activity**	**Proportion held**	**Carrying value**	**Proportion held**	**Carrying value**
			%	**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	249,750
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
				6,399,050		6,894,050

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

6 Inventories

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Inventories	**234,505**	-	206,293	-
Less: allowance for slow-moving and obsolete inventories	**(60,694)**	-	(60,694)	-
	173,811	-	145,599	**-**

Movement in the provision for slow moving and obsolete inventory:

	2015 Group	2015 Parent Company	2014 Group	2014 Parent Company
At 1 September	**60,694**	-	49,741	-
Charge for the year	-	-	10,953	-
At 31 August	**60,694**	-	60,694	**-**

7 Trade and other receivables

	2015 Group	2015 Parent Company	2014 Group	2014 Parent Company
Fees receivables	**1,793,467**	**147,550**	3,608,655	-
Less: Provision for doubtful debts	**(1,236,262)**	**(99,927)**	(1,240,477)	-
Net fees receivable	**557,205**	**47,623**	2,368,178	-
Prepayments	**148,605**	**-**	142,564	1,894
Due from employees	**16,950**	**3,099**	29,402	2,130
Due from related parties (Note 22)	**-**	**830,510**	-	1,078,255
Dividend receivable	**-**	**1,615,559**	-	1,338,621
Other receivables	**453,036**	**402,469**	94,103	1,400
	618,591	**2,851,637**	266,069	2,422,300
Advance to contractors and suppliers	**2,325,750**	**-**	1,574,286	-
Less: allowance for impaired debts	**(800)**	**-**	(800)	-
	2,324,950	**-**	1,573,486	-
	3,500,746	**2,899,260**	4,207,733	2,422,300

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

7 Trade and other receivables *(continued)*

Movement in the provision for fees receivables were as follows:

	2015	2015	2014	2014
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
At 1 September	**1,240,477**	**-**	1,118,998	47,000
Charge for the year	**95,865**	**-**	121,479	-
Transfer during the year	**52,926**	**99,927**	-	(47,000)
Written off during the year	**(153,006)**	**-**	-	-
At 31 August	**1,236,262**	**99,927**	1,240,477	-

8 Bank balances and cash

	2015 Group RO	2015 Parent Company RO	2014 Group RO	2014 Parent Company RO
Cash on hand	**25,651**	**109**	17,050	-
Banks balances	**1,889,828**	**688,355**	633,622	11,554
Cash and bank balances	**1,915,479**	**688,464**	650,672	11,554
Banks overdrafts (Note 16)	**(5,484)**	**-**	(166,667)	-
Cash and cash equivalents	**1,909,995**	**688,464**	484,005	11,554

9 Share capital

	2015 Group RO	2015 Parent Company RO	2014 Group RO	2014 Parent Company RO
Authorized share capital				
100,000,000 shares of RO 0.100 each (2014 – 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 (2014 – 70,000,000 shares of RO 0.100 each)	**7,000,000**	**7,000,000**	7,000,000	7,000,000

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

9 Share capital *(continued)*

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

	2015		2014	
	RO	**%**	RO	%
Global Financial Investments Co. SAOG	**2,637,666**	**37.68**	2,637,666	37.68
Suleiman bin Ahmed Saeid Al Hoqani	**1,224,2376**	**17.49**	1,224,2376	17.49
First National LLC	**1,028,410**	**14.69**	1,028,410	14.69
Legal heirs of Said bin Mohammed Rajab Al- Ojaili	**840,889**	**12.01**	840,889	12.01

10 Legal 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.

11 Deferred government grants

	2015	**2015**	2014	2014
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At 1 September	**16,583,211**	-	15,518,366	-
Received during the year	**1,510,451**	-	1,295,418	-
Release to income during the year	**(251,949)**	-	(230,573)	-
At 31 August	**17,841,713**	**-**	16,583,211	**-**

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.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

11 Deferred government grants related to assets *(continued)*

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 Decree 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. . During the year the Group has utilised grant amounting to RO 1,510,450 (2014 - RO 1,295,418) towards construction of Sohar University building.

12 Term loan

	2015	**2015**	2014	2014
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Term loan	**4,311,779**	**-**	4,054,153	-
Current portion	**(1,175,000)**	**-**	(950,000)	-
Long term portion	**3,136,779**	**-**	3,104,153	-

Term loan represents the first loan granted to complete the Phase I building and second loan for Phase II buildings both loan generated 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 for the first loan and July 2017 for the second loan. The both loan is secured by a mortgage over the Group’s property and equipment.

Maturity of the term loan:

Within one year	**1,175,000**	-	950,000	-
Between 1 and 2 years	**1,512,500**	-	1,175,000	-
Between 2 and 5 years	**1,624,279**	**-**	1,929,153	**-**
At 31 August	**4,311,779**	**-**	4,054,153	**-**

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

13 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.

The Group provides for income tax in accordance with the Income Tax Laws of the Sultanate of Oman at the rate of 12% on taxable profits in excess of RO 30,000.

The tax charge for the year comprises:

	2015	**2015**	2014	2014
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Current year- current year	**203,169**	**-**	121,911	-
Deferred tax- current year	**28,979**	**-**	128,903	-
Tax expense for the year	**232,148**	**-**	250,814	-
Deferred tax on land revaluation recognized in equity	**-**	-	78,000	-

The following is a reconciliation of income taxes calculated on accounting results at the applicable tax rate with the income tax expense for the year:

Accounting profit before income tax	**1,531,334**	**1,119,678**	1,194,577	825,449
Income tax expense computed at applicable tax rates	**180,160**	**130,761**	139,749	95,454
Add: tax on items disallowed	**158,398**	**-**	153,823	-
Less: tax on exempted income	**(135,389)**	**(130,761)**	(171,661)	(95,454)
	203,169	**-**	121,911	-

Status of assessments

The Group's assessments for the tax years 2009 to 2014 have not yet been finalized with the Secretariat General of Taxation at the Ministry of Finance. The Members believe that additional taxes, if any, in respect of open tax years would not be significant to the Group's financial position as at 31 August 2015.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

13 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 are attributable to the following items:

	As at 1 September 2014 RO	Recognised in income RO	**As at 31August 2015 RO**
Land revaluation reserve (note 5)	(784,464)	-	**(784,464)**
Provision	150,501	27,619	**178,120**
Property and equipment	(279,404)	(56,598)	**(336,002)**
	(913,367)	(28,979)	**(942,346)**

14 End of service benefits

	2015 Group RO	**2015 Parent Company RO**	2014 Group RO	2014 Parent Company RO
At 1 September	**866,454**	**24,616**	690,441	60,917
Charge during the year	**232,068**	**12,168**	232,313	23,805
Transfer to school	**(59,978)**	-	-	(57,802)
Paid during the year	**(108,346)**	**-**	(56,300)	(2,304)
At 31 August	**930,198**	**36,784**	866,454	24,616

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

15 Bank borrowings

	2015 Group RO	2015 Parent Company RO	2014 Group RO	2014 Parent Company RO
Bank overdraft	**5,484**	-	166,667	-
Short term loans	**-**	**-**	750,000	**-**
	5,484	**-**	916,667	-

(a) Bank overdraft carries an interest rate of 5.75% to 8% per annum (2014: 5.75% to 8% per annum) and is payable on demand.
(b) Short term loans carries an interest rate of 5.75% to 8% (2014: 5.5% to 6.25%). The loans are secured by a mortgage over Group’s property and equipment.

16 Trade and other payables

	2015 Group RO	2015 Parent Company RO	2014 Group RO	2014 Parent Company RO
Trade payables	**509,529**	**83,448**	447,777	-
Accrued expenses	**481,658**	**5,685**	574,012	25,789
Advance tuition fees	**364,643**	**-**	293,305	-
Advance Cheques	**64,423**	**12,447**	-	-
Provision for leave pay and passage	**225,376**	**-**	261,257	15,003
Research grant (see below)	**130,456**	**-**	114,673	-
Students’ deposits	**52,591**	**-**	52,363	-
Retention payables	**1,063,137**	**-**	1,009,191	-
Notes payable	**7,963**	**-**	7,962	-
Due to related parties (note 22)	**-**	**344,577**	-	394,191
Other payables	**38,679**	**-**	31,982	-
	2,938,455	**446,157**	2,792,522	434,983

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:

	2015 Group RO	2015 Parent Company RO	2014 Group RO	2014 Parent Company RO
At 1 September	**114,673**	**-**	141,308	-
Received during the year	**229,938**	**-**	174,112	-
Paid during the year	**(214,155)**	**-**	(200,747)	**-**
At 31 August	**130,456**	**-**	114,673	-

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

17 Net assets per share

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

	2015	**2015**	2014	2014
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Net assets (RO)	**16,106,974**	**9,519,936**	15,270,684	8,890,258
Number of ordinary shares	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Net assets per share (RO)	**0.230**	**0.136**	0.218	0.127

18 Other income

Students' accommodation	**703,039**	**-**	752,989	-
Students' transportation	**319,606**	**-**	607,189	98,553
Gain on disposal of property and equipment	**5,622**	**-**	6,175	-
Interest income	**4,647**	**-**	3,508	-
Dividend income	**-**	**1,615,559**	-	1,338,621
Other income	**436,936**	**-**	149,517	9,008
	1,469,850	**1,615,559**	1,519,378	1,446,182

19 Salaries and related costs

Salaries and allowances	**6,298,928**	**263,698**	6,871,182	802,055
Employee's bonus	**129,007**	**5,685**	120,000	**-**
Leave pay	**769,833**	**10,607**	748,522	33,343
Social security	**315,413**	**6,359**	235,390	22,147
End of service benefits (Note 14)	**232,068**	**12,168**	232,313	23,805
Air passage	**158,638**	**14,241**	187,845	28,985
Legal cases	**-**	-	605	-
Other costs	**183,100**	**9,617**	202,626	20,196
	8,086,987	**322,375**	8,598,483	930,531

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

20 Administrative and other operating expenses

	2015	**2015**	2014	2014
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Students' transportation	**482,034**	**-**	781,550	143,164
Repairs and maintenance	**253,058**	**371**	281,584	2,789
Utilities	**254,431**	**312**	310,825	5,880
Rent	**421,714**	**8,400**	474,260	9,192
Teaching material	**119,617**	**-**	182,763	17,775
Scholarship	**55,949**	**-**	77,889	-
Cleaning expenses	**69,512**	**2,760**	86,007	12,013
Advertising and marketing	**69,954**	**3,885**	132,900	9,733
Communication	**124,988**	**1,463**	144,010	4,567
Entertainment	**40,446**	**1,848**	49,439	5,251
Travel allowances	**23,730**	**817**	26,039	5,060
Printing and stationery	**40,386**	**3,067**	73,548	12,261
Graduation expenses	**53,284**	**-**	48,451	-
Contractor settlement	**-**	**-**	11,820	-
Academic expenses	**27,827**	**-**	11,916	4,204
Security and safety	**28,724**	**-**	37,097	-
Summer school expenses	**570**	**-**	2,880	-
Insurance	**16,327**	**6,815**	34,427	14,410
In-house conferences	**40,516**	**3,020**	12,421	-
MSM membership	**5,963**	**5,963**	10,150	10,150
Allowance for impaired debts	**95,864**	**-**	121,479	-
Legal, consultancies and professional fees	**163,057**	**66,762**	99,764	29,570
Vehicle expenses and Conveyance	**19,334**	**944**	31,911	4,989
Board of directors and audit Committee's sitting fees	**34,500**	**33,500**	39,700	39,700
Board of governance sitting fees	**31,075**	-	23,725	-
Continue education center Expenses	**119,313**	-	85,699	-
Write-off of property and equipment	**-**	-	89,036	-
Allowance for slow moving and obsolete inventories	**-**	**-**	10,953	-
Miscellaneous expenses	**100,896**	**8,253**	86,506	10,479
	2,693,069	**148,180**	3,378,749	341,187

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

21 Earnings per share

	Group	Parent Company	Group	Parent Company
	RO	**RO**	RO	RO
Profit for the year / period (RO)	**1,298,926**	**1,119,678**	943,591	825,449
Weighted average number of shares on issue	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Earnings per share – (RO)	**0.019**	**0.016**	0.013	0.012

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.

22 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:

	2015		2014	
	RO	**RO**	RO	RO
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Due from related parties:				
Sohar International School LLC	**-**	**-**	-	645,427
Sohar University LLC	**-**	**830,510**	-	432,828
Total	**-**	**830,510**	**-**	1,078,255
Due to a related party:				
Sohar Transportation and Maintenanceand Services LLC	**-**	**149,900**	-	149,096
Modern Catering Company LLC	**-**	**194,677**	-	245,095
Total	**-**	**344,577**	**-**	394,191

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

22 Related parties *(continued)*

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

	2015		2014	
	RO	**RO**	RO	RO
	Group	**Parent Company**	Group	Parent Company
Consultancies and professional fees	**50,000**	**50,000**		-
Rent	**24,266**	**-**	24,266	-
Total	**74,266**	**50,000**	24,266	**-**

Outstanding balances at the year / period end arise in the normal course of business. For the year ended 31 August 2015, 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.

	2015	2014
	RO	RO
Salaries and allowances of key management personnel	**216,082**	275,068
Sitting fees- Board of directors and audit committee	**34,500**	39,700
Sitting fees- Board of governors	**31,075**	23,725

23 Contingencies and commitments

Capital commitments for acquisition of property and equipment	**5,388,825**	10,886,062

24 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.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

24 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:

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Students' receivables	**1,793,467**	**147,550**	3,608,655	-
Other receivables	**2,794,936**	**2,851,637**	1,696,991	2,420,406
Bank balances	**1,889,828**	**688,355**	633,622	11,554
	6,478,231	**3,687,542**	5,939,268	2,431,960

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

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Ministry of Higher Education	**142,190**	**-**	1,780,500	-
Others	**1,651,277**	**147,550**	1,828,155	-
	1,793,467	**147,550**	3,608,655	-

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

Group	**2015**		2014	
	Gross	**Impairment**	Gross	Impairment
	RO	**RO**	RO	RO
Past due from 1st academic semester	**60,946**	-	309,797	-
Past due from 2nd academic semester	**232,833**	-	1,540,043	-
Past due for summer academic semester	**-**	-	505,870	-
Past due more than 365 days	**1,499,688**	**1,236,262**	1,252,945	1,240,477
	1,793,467	**1,236,262**	3,608,655	1,240,477

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

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

24 Financial risk management *(continued)*

Credit risk (continued)

Exposure to credit risk *(continued)*

Parent	2015		2014	
	Gross	**Impairment**	Gross	Impairment
	RO	**RO**	RO	RO
Past due from 1st academic semester	-	-	-	-
Past due from 2nd academic semester	-	-	-	-
Past due for summer academic semester	-	-	-	-
Past due more than 365 days	**147,550**	**99,927**	-	-
	147,550	**99,927**	-	-

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:

2015 Group	Carrying Amount RO	6 months or less RO	6-12 Months RO	1-2 Years RO	More than 2 Years RO
Trade and other payables	**2,877,901**	**2,083,218**	**-**	**-**	**794,683**
Term loan	**4,311,779**	**587,500**	**587,500**	**1,512,500**	**1,624,279**
Bank borrowings	**5,484**	**5,484**	**-**	**-**	**-**
Students' deposits	**243,896**	**52,590**	**-**	**95,653**	**95,653**
Notes payable	**15,926**		**7,963**	**7,963**	**-**
	7,454,986	**2,728,792**	**595,463**	**1,616,116**	**2,514,615**

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

24 Financial risk management *(continued)*

Liquidity risk **(continued)**

The following are the maturities of the financial liabilities:

2014	**Carrying Amount**	**6 months or less**	**6-12 Months**	**1-2 Years**	**More than 2 Years**
	RO	RO	RO	RO	RO
Group					
Term loan	4,054,153	375,000	575,000	1,175,000	1,929,153
Bank borrowings	916,667	916,667	-	-	-
Trade and other payables	2,740,159	2,740,159	-	-	-
Students' deposits	205,337	52,363	-	76,487	76,486
Notes payable	23,888	7,962	-	7,962	7,964
	7,940,204	4,092,151	575,000	1,259,449	2,013,603
2015					
Parent					
Trade payables	**83,448**	**83,448**	-	-	-
Due to related parties	**344,577**	**-**	-	**100,000**	**244,577**
Provision for leave pay and air passage	**12,447**	**12,447**	-	-	-
Accrued expenses	**5,685**	**5,685**	-	-	-
	446,157	**101,580**	-	**100,000**	**244,577**
2014					
Parent					
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	-	-	-

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements
(forming part of the financial statements)

24 Financial risk management *(continued)*

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 optimizing 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 **12** and Note **15**. The management manages the interest rate risk by constantly monitoring the changes in interest rate.

25 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.

26 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.

OMAN EDUCATION & TRAINING INVESTMENT HOLDING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements

(forming part of the financial statements)

26 Business and geographical segments *(continued)*

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

Group 2015	Educational services RO	Cleaning and maintenance RO	Reconciliations RO	Total RO
Segment revenue	**13,456,017**	**676,471**	**(647,910)**	**13,484,578**
Segment expenses	**(11,998,802)**	**(579,140)**	**647,910**	**(11,930,032)**
Finance cost	**(256,321)**	-	-	**(256,321)**
Sales Investment in Subsidiary	**(18,840)**	-	-	**(18,840)**
Government grant income	**251,949**	-	-	**251,949**
Income tax	**(223,501)**	**(8,647)**	-	**(232,148)**
Segment results	**1,210,502**	**88,684**	-	**1,299,186**
Segment assets	**43,271,966**	**210,163**	-	**43,482,129**
Segment liabilities	**27,311,780**	**61,292**	-	**27,373,071**
Allocated cost of acquired property and equipment	**46,222,563**	**50,308**	-	**46,272,871**

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

Group 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 Proposed distribution

The Board of Directors has proposed 15% as cash dividend (2014 – 7%).

28 Comparatives

Certain comparative figures have been reclassified to conform with the presentation adopted in these separate and consolidated financial statements.