EYAS for Higher and Technical Education Company K.S.C.P.
State of Kuwait

Financial statements and independent auditors' report for the year ended 31 August 2017

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Independent Auditors' Report

The Shareholders
EYAS for Higher and Technical Education Company K.S.C.P.
State of Kuwait

We have audited the accompanying financial statements of EYAS for Higher and Technical Education Company K.S.C.P. ("the Company"), which comprise the statement of financial position as at 31 August 2017, the 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.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 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 about 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 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 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 August 2017, and 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

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Companies Law No. 1 of 2016 and its executive regulations and the Company's Articles and Memorandum of association. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognised procedures and the accounting information given in the board of directors' report agrees with the books of account. We have not become aware of any contravention, during the year ended 31 August 2017, of the Companies Law No. 1 of 2016 and its executive regulations or of the Company's Articles and Memorandum of association, that might have had a material effect on the Company's activities or on its financial position.

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EYAS for Higher and Technical Education Company K.S.C.P.
State of Kuwait

Statement of financial position
as at 31 August 2017

	Note	2017 KD	2016 KD
Assets			
Property and equipment	*4*	15,571,310	16,862,956
Equity-accounted investee	*5*	1,076,993	1,045,130
Available-for-sale investments	*6*	848,111	794,721
Non-current assets		17,496,414	18,702,807
Inventories		167,774	140,781
Trade and other receivables	*7*	4,712,344	4,526,279
Due from related parties	*8*	349	345,487
Investments at fair value through profit or loss		-	81,054
Time deposit	*9*	4,600,000	4,500,000
Cash and cash equivalents	*10*	12,937,672	9,830,993
Current assets		22,418,139	19,424,594
Total assets		39,914,553	38,127,401
Equity			
Share capital	*11*	12,127,500	12,127,500
Statutory reserve	*12*	4,526,618	3,947,262
Voluntary reserve	*13*	4,526,618	3,947,262
Research and development support reserve	*14*	1,196,148	973,827
Cumulative changes in fair value		82,345	40,005
Retained earnings		8,350,250	8,493,936
Total equity		30,809,479	29,529,792
Liabilities			
Post-employment benefits		4,681,242	4,233,096
Non-current liabilities		4,681,242	4,233,096
Due to related parties	*8*	1,200	-
Trade and other payables	*15*	4,422,632	4,364,513
Current liabilities		4,423,832	4,364,513
Total liabilities		9,105,074	8,597,609
Total equity and liabilities		39,914,553	38,127,401

The accompanying notes form an integral part of these financial statements.

Ahmed Al Gumar
Chairman

Nawaf Arhama
Vice Chairman

EYAS for Higher and Technical Education Company K.S.C.P.
State of Kuwait

Statement of profit or loss and other comprehensive income
for the year ended 31 August 2017

	Note	2017 KD	2016 KD
Operating revenue		22,862,397	22,312,200
Operating cost	*16*	(13,917,424)	(13,510,331)
Provision for doubtful debts	*7*	(403,500)	(383,371)
Reversal of provision for doubtful debts	*7*	395,737	169,418
Depreciation	*4*	(1,722,212)	(1,734,266)
Gross profit		7,214,998	6,853,650
Other income		388,683	261,852
Administrative expenses	*17*	(1,820,897)	(1,814,072)
Change in fair value of investments at fair value through profit or loss		(2,900)	(16,007)
Realized loss from sale of available-for-sale investments	*6*	-	(234,419)
Realized gain from sale of investments though profit or loss		126	5,954
Dividend income	*8*	27,698	3,716
Impairment losses for available-for-sale investments		(41,730)	-
Results from operating activities		5,765,978	5,060,674
Finance cost		(4,284)	(1,535)
Share of profit of equity-accounted investee	*5*	31,863	22,820
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”), National Labour Support Tax (“NLST”), Zakat and Board of Directors’ remuneration		5,793,557	5,081,959
KFAS		(52,142)	(45,738)
NLST		(155,544)	(146,342)
Zakat		(61,899)	(58,309)
Board of Directors’ remuneration		(42,000)	(70,000)
Profit for the year		5,481,972	4,761,570
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Cumulative changes in fair value of available-for-sale investments		42,340	(16,050)
Other comprehensive income / (loss) for the year		42,340	(16,050)
Total comprehensive income for the year		5,524,312	4,745,520
Earnings per share – basic and diluted (fils)	*18*	45.20	39.26

The accompanying notes form an integral part of these financial statements.

EYAS for Higher and Technical Education Company K.S.C.P.
State of Kuwait

Statement of changes in equity
for the year ended 31August 2017

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Research and development support reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
Balance at 31 August 2015	12,127,500	3,439,066	3,439,066	811,841	56,055	7,942,619	27,816,147
Total comprehensive income for the year							
Profit	-	-	-	-	-	4,761,570	4,761,570
Other comprehensive income							
Change in fair value of available-for- sale investments	-	-	-	-	(16,050)	-	(16,050)
Total other comprehensive income	-	-	-	-	(16,050)	-	(16,050)
Total comprehensive loss for the year	-	-	-	-	(16,050)	4,761,570	4,745,520
Transactions with shareholders of the Company							
Dividends (note 11)	-	-	-	-	-	(3,031,875)	(3,031,875)
Total transactions with shareholders of the Company	-	-	-	-	-	(3,031,875)	(3,031,875)
Transfer to reserves	-	508,196	508,196	271,646	-	(1,288,038)	-
Reserve utilized during the year (note 14)	-	-	-	(109,660)	-	109,660	-
Balance at 31 August 2016	12,127,500	3,947,262	3,947,262	973,827	40,005	8,493,936	29,529,792
Balance at 31 August 2016	12,127,500	3,947,262	3,947,262	973,827	40,005	8,493,936	29,529,792
Total comprehensive income for the year							
Profit	-	-	-	-	-	5,481,972	5,481,972
Other comprehensive income							
Change in fair value of available-for- sale investments	-	-	-	-	42,340	-	42,340
Total other comprehensive income	-	-	-	-	42,340	-	42,340
Total comprehensive income for the year	-	-	-	-	42,340	5,481,972	5,524,312
Transactions with shareholders of the Company							
Dividend (note 11)	-	-	-	-	-	(4,244,625)	(4,244,625)
Total transactions with shareholders of the Company	-	-	-	-	-	(4,244,625)	(4,244,625)
Transfer to reserves	-	579,356	579,356	293,908	-	(1,452,620)	-
Reserve utilized during the year (note 14)	-	-	-	(71,587)	-	71,587	-
Balance at 31 August 2017	12,127,500	4,526,618	4,526,618	1,196,148	82,345	8,350,250	30,809,479

The accompanying notes form an integral part of these financial statements.

EYAS for Higher and Technical Education Company K.S.C.P.
State of Kuwait

Statement of cash flows
for the year ended 31 August 2017

	Note	2017 KD	2016 KD
Cash flows from operating activities			
Profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration		5,793,557	5,081,959
Adjustments for:			
Depreciation	*4*	1,722,212	1,734,266
Provision for doubtful debts, net	*7*	7,763	213,953
Share of profit of equity-accounted investee	*5*	(31,863)	(22,820)
Dividend income	*8*	(27,698)	(3,716)
Change in fair value of investments at fair value through profit or loss		2,900	16,007
Realized gain from sale of investments at fair value through profit or loss		(126)	(5,954)
Realized loss from sale of investments at available-for-sale	*6*	-	234,419
Finance cost		4,284	1,535
Provision for post-employment benefits		892,305	944,205
Loss on sale of property and equipment		5,543	3
Impairment losses for Available-for-sale investments		41,730	-
		8,410,607	8,193,857
Changes in:			
- inventories		(26,994)	(22,651)
- trade and other receivables		(193,828)	(168,680)
- related parties balances		346,338	381,944
- trade and other payables		(253,466)	(109,747)
Cash generated from operating activities		8,282,657	8,274,723
Post-employment benefits paid		(444,159)	(382,723)
Net cash from operating activities		7,838,498	7,892,000
Cash flows from investing activities			
Acquisition of property and equipment	*4*	(437,009)	(218,274)
Proceeds from sale of property and equipment		900	15,808
Return of capital from associate	*5*	-	937,500
Proceeds from sale of investment at available-for-sale	*6*	-	1,312,987
Proceeds from sale of investment at fair value through profit or loss		25,500	209,848
Dividend income received		27,698	3,716
Time deposit		(100,000)	(3,500,000)
Net cash used in investing activities		(482,911)	(1,238,415)
Cash flows from financing activities			
Finance costs paid		(4,283)	(1,535)
Dividend paid	*11*	(4,244,625)	(3,018,783)
Net cash used in financing activities		(4,248,908)	(3,020,318)
Net increase in cash and cash equivalents		3,106,679	3,633,267
Cash and cash equivalents at 1 September		9,830,993	6,197,726
Cash and cash equivalents at 31 August	*10*	12,937,672	9,830,993

The accompanying notes form an integral part of these financial statements.

1. Reporting entity

Eyas for Higher and Technical Education Company K.S.C.P. (“the Company”) was established on 13 March 2000 as a Kuwait Shareholding Company and was listed in Bursa Kuwait on 30 November 2004 and is registered under the commercial registration number 80191 dated 20 March 2000.

The registered office of the Company is located at Block No. 218, Building No. 51, 3rd floor, P.O.Box 7207, Hawalli 32093, State of Kuwait.

The objectives of the Company are:

- Establishing non-government educational institutions including universities, Arabic schools, foreign schools and national institutions
- Organizing and holding exhibitions and conferences.
- Provide consultancy related to education, networks and communication.
- Import and export educational tools.
- Issuing, publishing and distributing audio and visual materials.
- Investing surplus cash in portfolios managed by fund management organizations.

The Company may also have an interest in or participate in any manner with other entities carrying out similar or complementary activities in order to achieve its objectives inside and outside Kuwait, and to acquire or merge with those entities.

The Company operates Gulf University for Science and Technology (“the Division”) located in the State of Kuwait.

The financial statements as at and for the year ended 31 August 2017 were authorized for issue by the Board of Directors on ------------ and they are subject to approval of shareholders at the next Annual General Assembly meeting.

2. Basis of preparation

a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), the requirements of the Companies Law No. 1 of 2016, as amended and Executive Regulations, the Company’s memorandum and articles of association and Ministerial Order No. 18 of 1990.

b) Basis of measurement

The financial statements are prepared on historical or amortised cost basis except for available-for-sale investments and investments at fair value through profit or loss which are measured at fair value.

c) Functional and presentation currency

The financial statements are presented in Kuwaiti Dinars (“KD”), which is the functional currency of the Company.

d) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following:

Classification of financial instruments

Management has to decide on acquisition of financial instruments whether it should be classified as available-for-sale, held to maturity, investments at fair value through profit or loss or as loans and receivables. In making the judgment, the Company considers the primary purpose for which it is acquired and how it intends to manage and report performance.

Impairment of available-for-sale investments

The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 August 2017 includes impairment of loans and receivables, available-for-sale investments and equity-accounted investee.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a investment team that has overall responsibility for overseeing all significant fair value measurements.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2(e), which addresses changes in accounting policies.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;

- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;

- That entities have flexibility as to the order in which they present the notes to financial statements;

- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

Amendments to IAS 12: Recognition of Deferred Tax Assets for unrealized losses

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The implementation of the above amendments had no significant financial impact on the financial statements of the Company.

a) Property and equipment

Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (refer note 3 (e)). Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property and equipment and are recognized in the statement of profit or loss and other comprehensive income.

Subsequent expenditures

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Capital work in progress

Capital work in progress represent the amounts that are incurred for the purpose of constructing or purchasing property and equipment until it is ready to be used in operations, upon which it is transferred to property and equipment.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in statement of profit or loss and total comprehensive income. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property and equipment for current and comparative years are as follows:

	Years
Buildings on leasehold land	20
Tools and equipment	4-10
Computer equipment and software	4
Furniture and fixtures	10
Motor vehicles	4
Books	10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate, to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

b) Equity-accounted investees

Equity-accounted investees are those entities in which the Company has significant influence, but not control, over the financial and operating policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Equity-accounted investees are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the carrying amounts of the equity-accounted investees are adjusted to recognize changes in the Company's share of net assets of the equity-accounted investee since the acquisition date. Goodwill relating to the equity-accounted investee is included in the carrying amount of the investment.

The statement of profit or loss and other comprehensive income reflects the Company's share of the results of equity-accounted investee. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the equity-accounted investee, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Upon loss of significant influence over the equity-accounted investees, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the equity-accounted investee upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the statement of profit or loss and other comprehensive income.

The equity-accounted investee accounting policies are align with the accounting policies of the Company.

Transactions with equity-accounted investees

Any recognized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company "KD" at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences are generally recognized in the statement of profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

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

d) Financial instruments

The Company classifies non-derivative financial assets into loans and receivables, available-for- sale investments and investments at fair value through profit or loss.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

i. Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

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

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

ii. *Non-derivative financial assets – measurement*

Loans and receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and accumulated in the fair value reserve.

When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

iii. *Non-derivative financial liabilities – measurement*

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

iv. *Share capital*

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

e) Impairment

i. Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

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

For an investment in equity securities, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the statement of profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available for sale investments

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to the statement of profit or loss and other comprehensive income. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

Equity-accounted investee

An impairment loss in respect of investment in equity-accounted investees is measured by comparing the recoverable amount of the investments with its carrying amount in accordance with *impairment of non-financial assets*. An impairment loss is recognized in the statement of profit or loss and other comprehensive income. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

ii. *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

Impairment losses recognized for other assets in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

f) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Company as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

i) Finance costs

Finance costs are recognized in the statement of profit or loss and other comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability, when calculating the effective interest rate.

j) Revenue recognition

- Revenues from tuition fees are recognized upon delivery of the service.
- Dividend income is recognized when the right to receive payment is established.
- Profit on bank deposits is recognized on an accrual basis using the effective interest rate method.

k) Provisions for employees' indemnity

Kuwaiti employees

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this scheme, which is a defined contribution scheme, are charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

Kuwaiti and expatriate employees

Kuwaiti and expatriate employees are entitled to an end of service indemnity payable under the Kuwait Labor Law and the Company's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances.

l) Zakat

Zakat is computed in accordance with the requirements of Law No. 46 of 2006 and charged to the statement of profit or loss and other comprehensive income.

m) <u>Kuwait Foundation for the Advancement of Sciences (“KFAS”)</u>

Contribution towards KFAS is computed at 1% of profit of the Company after deducting transfers made to statutory reserve.

n) <u>National Labor Support Tax (“NLST”)</u>

The Company calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

o) <u>New standards and interpretations not yet effective</u>

Following standards have been issued but are not yet effective and have not been early adopted by the Company:

IFRS 9- Financial Instruments: Classification and Measurement

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The adoption of this standard will have an effect on the classification and measurement of Company’s financial assets but is not expected to have any impact on the classification and measurement of financial liabilities.

The Company is in the process of quantifying the impact of this standard on the financial statements, when adopted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. The standard was issued in May 2014 and applies to annual financial statements beginning on or after 1 January 2018.

The Company is in the process of quantifying the impact of this standard on the financial statements, when adopted.

IFRS 16- Leases

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

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 17-Insurance Contracts

IFRS 17 supersedes IFRS 4 Insurance Contracts. It establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. IFRS 17 is effective for annual periods beginning on or after 1 January 2021. Earlier adoption is permitted.

The Company is in the process of quantifying the impact of this standard on the financial statements, when adopted.

4. Property and equipment

	Buildings on leasehold land KD	Tools and equipments KD	Computer equipments and software KD	Furniture and fixtures KD	Motor vehicles KD	Books KD	Capital work in progress KD	Total KD
Cost								
Balance at 1 September 2015	26,705,858	2,486,057	3,714,125	581,660	92,116	53,071	17,391	33,650,278
Additions	41,220	32,500	93,255	4,360	13,985	2,811	30,143	218,274
Disposals	-	(52,385)	(121,374)	-	-	-	-	(173,759)
Balance at 31 August 2016	26,747,078	2,466,172	3,686,006	586,020	106,101	55,882	47,534	33,694,793
Reclassification	(15,520)	314,808	(304,691)	-	(14,295)	-	-	(19,698)
Additions	26,610	8,782	68,004	13,540	6,530	-	313,543	437,009
Disposals	-	(199,813)	(23,023)	-	(3,494)	-	-	(226,330)
Balance at 31 August 2017	26,758,168	2,589,949	3,426,296	599,560	94,842	55,882	361,077	33,885,774
Accumulated depreciation and impairment losses								
Balance at 1 September 2015	9,555,158	2,271,928	2,964,986	381,872	35,473	46,102	-	15,255,519
Depreciation for the year	1,335,676	151,457	176,751	55,844	12,052	2,486	-	1,734,266
Related to disposals	-	(52,360)	(105,588)	-	-	-	-	(157,948)
Balance at 31 August 2016	10,890,834	2,371,025	3,036,149	437,716	47,525	48,588	-	16,831,837
Reclassification	776	141,043	(140,331)	5,643	11,441	(35,011)	-	(16,439)
Depreciation for the year	1,338,723	113,966	191,327	59,114	17,259	1,823		1,722,212
Related to disposals	-	(198,145)	(22,963)	-	(2,038)	-	-	(223,146)
Balance at 31 August 2017	12,230,333	2,427,889	3,064,182	502,473	74,187	15,400	-	18,314,464
Carrying amounts								
At 31 August 2016	15,856,244	95,147	649,857	148,304	58,576	7,294	47,534	16,862,956
At 31 August 2017	14,527,835	162,060	362,114	97,087	20,655	40,482	361,077	15,571,310

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Buildings on leasehold land are constructed on land leased from Ministry of Finance (“MoF”) under renewable state property management contracts for a period of 20 years. The contract expires in 2025.

5. Equity-accounted investee

	2017 KD	2016 KD
Carrying value at beginning of the year	1,045,130	1,959,810
Return of capital	-	(937,500)
Company's share of profit	31,863	22,820
Carrying value at end of the year	1,076,993	1,045,130

Summary of the financial information of equity accounted investee, not adjusted for the percentage held by the Company, is as follows:

	Ownership	Total assets KD	Total liabilities KD	Income KD	Expenses KD	Profit KD
2017						
Knowledge Village Education Company K.S.C. (Closed)	25%	4,529,910	188,509	439,038	311,589	127,449
2016						
Knowledge Village Education Company K.S.C. (Closed)	25%	4,328,812	114,860	396,333	305,075	91,258

6. Available-for-sale investments

	2017 KD	2016 KD
Quoted equity securities	183,395	130,005
Unquoted equity securities	664,716	664,716
	848,111	794,721

Unquoted investments are carried at cost less impairment losses since the fair value of these investments cannot be reliably determined. There is no active market for these investments and there have not been any recent transactions that provide evidence of the current fair value.

During the year, the Company reclassified an investment classified as fair value through profit or loss amounting to KD 52,780 to available-for-sale investments due to the fact that the at the date of reclassification, the Company is not intending to hold financial asset for the purpose of trading.

7. Trade and other receivables

	2017 KD	2016 KD
Trade receivables	5,623,171	5,252,918
Provision for doubtful debts	(1,343,801)	(1,336,038)
	4,279,370	3,916,880
Margin against bank guarantees (note 21(a))	13,729	303,625
Advances to suppliers	111,655	73,953
Prepayments	76,491	83,556
Staff receivables	72,322	38,226
Other receivables	158,777	110,039
	4,712,344	4,526,279

At the reporting date, trade receivables of KD 1,343,801 (2016: KD 1,336,038) were impaired and fully provided for.

At the reporting date, the ageing of trade receivables that were not impaired was as follows:

	2017 KD	2016 KD
Neither past due nor impaired	1,648,781	1,826,880
Past due 1-120 days	947,480	1,582,178
Past due 121- 240 days	961,145	507,822
Past due 240 days and above	721,964	-
	4,279,370	3,916,880

The movement in the provision for doubtful debts was as follows:

	2017 KD	2016 KD
Balance at beginning of the year	1,336,038	1,122,085
Provision for the year	403,500	383,371
Reversal of provision	(395,737)	(169,418)
Balance at end of the year	1,343,801	1,336,038

The Company’s exposure to credit risk and impairment loss related to trade and other receivables are disclosed in note 20.

8. Related parties

Related parties include significant shareholders, directors and executive officers of the Company, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence.

Related party balances reflected in the statement of financial position mainly represents balance due from significant shareholder. This balance has been settled on 23 January 2017.

Transactions between related parties are made on terms equivalent to those that prevail in arm's length transactions.

The aggregated value of related party transactions and outstanding balances other than the one disclosed elsewhere in this financial statements are as follows:

	2017 KD	2016 KD
Transactions with related parties		
Consultancy fees	21,600	21,600
Dividend income	27,698	3,716
Share of profit of equity-accounted investee	31,863	22,820
Balances due from related parties (current)		
Significant shareholder	-	342,948
Other related parties	349	2,539
	349	345,487
Balances due to related parties (current)		
Significant shareholder	1,200	-
	1,200	-

	2017 KD	2016 KD
Key management compensation		
Short term employees benefits	118,016	114,341
Post employment benefits	7,650	7,650
Board of Directors' remuneration	42,000	70,000
Board of Directors' committee remuneration	80,000	52,000
Board of Trustees remuneration	112,000	112,000

Board of Directors' remuneration is provided in accordance with local regulations and is subject to approval by the shareholders in the next Annual General Assembly of the Company.

9. Time deposits

Time deposits earn annual average return ranging from 1.75% to 2.25% per annum as at 31 August 2017 (31 August 2016: ranging from 1.875% to 2.25% per annum).

10. Cash and cash equivalents

	2017 KD	2016 KD
Cash in hand	45,081	45,946
Cash at banks	1,892,591	1,285,047
Cash and bank balances	1,937,672	1,330,993
Time deposits with original maturity of less than three months	11,000,000	8,500,000
Cash and cash equivalents	12,937,672	9,830,993

11. Share capital

The authorized, issued and fully paid up share capital consists of 121,275,000 shares of 100 fils each (2016: 121,275,000 shares of 100 fils each) which are fully paid in cash.

i) *Annual General Assembly*

On 25 December 2016, the annual general assembly meeting was held and the shareholders approved the following:

- Financial statements for the year ended 31 August 2016;
- Board of Directors' remuneration amounting to KD 70,000;
- Transfer of 10% of profit for the year to voluntary reserve;
- Cash dividend of 35 fils per share amounting to KD 4,244,625 for the year ended 31 August 2016 (31 August 2015: cash dividend of 25 fils per share amounting to KD 3,031,875); and
- Optional withdrawal from Boursa Kuwait.

ii) Proposed dividend

The Board of Directors in their meeting dated 27 November 2017, proposed a cash dividend of _____ fils (2016: cash dividend of 35 fils per share). This proposal is subject to the approval of the shareholders in the next Annual General Assembly and as a result this amount has not been accounted for in these financial statements.

12. Statutory reserve

In accordance with the Kuwait Companies No. 1 of 2016 and its Executive Regulations and the Company's memorandum and Articles of Association, 10% of profit for the year before KFAS, NLST, Zakat and Board of Directors' remuneration, is transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution except for the amount in excess of 50% of share capital or payment of a dividend of 5% of paid up share capital in years when retained earnings are not sufficient for the payment of such dividends.

13. Voluntary reserve

As required by the Company's articles of association, 10% of the profit for the year before KFAS, ZAKAT, NLST and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers can be discontinued by a resolution of shareholders in the annual general assembly meeting upon recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

14. Research and development support reserve

In accordance with Private Universities Committee resolution 15/39-2/2009, the Division is required to spend not less than 5% of its net profit for the year on activities supporting research and development activities within the State of Kuwait, such as student research projects, conferences and seminars, establishment of libraries and educational institutions.

The Company has created Research and Development Support Reserve within the statement of changes in equity by debiting retained earnings to earmark the proposed expenses as there is no liability at the date of statement of financial position date.

The actual expense is debited to statement of profit or loss and other comprehensive income as and when incurred and an equivalent amount is transferred from Research and development support reserve to retained earnings.

During the year, the Division spent KD 71,587 (2016: KD 109,660) out of this reserve.

15. Trade and other payables

	2017 KD	2016 KD
Un-earned revenue	1,434,084	1,373,148
Accrued expenses	1,622,174	1,586,378
Provision for leave	262,368	309,501
Provision for NLST	155,544	173,910
Provision for Zakat	67,174	66,958
Provision for KFAS	170,897	118,755
Board of Directors' remuneration	42,000	70,000
Board of Directors' committee remuneration	80,000	52,000
Dividend payable	48,918	42,497
Other payables	539,473	571,366
	4,422,632	4,364,513

The maturity profile of trade and other payable is disclosed in liquidity risk (note 20).

16. Operating costs

	Division		Company		Total	
	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD
Staff costs	11,056,349	10,762,795	171,854	136,576	11,228,203	10,899,371
Scholarship expenses	407,336	290,796	-	-	407,336	290,796
Student facilities	566,918	573,296	-	-	566,918	573,296
Others	1,714,967	1,746,868	-	-	1,714,967	1,746,868
	13,745,570	13,373,755	171,854	136,576	13,917,424	13,510,331

17. Administrative expenses

	Division		Company		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	KD	**KD**	**KD**	**KD**	**KD**	**KD**
Maintenance expenses	683,784	777,974	-	-	683,784	777,974
Professional and consultancy fees	131,264	107,375	20,500	12,000	151,764	119,375
Computer expenses	41,084	34,540	-	-	41,084	34,540
Insurance and security	198,383	201,901	-	-	198,383	201,901
Advertisement and marketing expenses	188,688	244,457	1,030	1,030	189,718	245,487
Travelling and communication expenses	59,966	47,031	-	-	59,966	47,031
Printing and stationery	48,602	83,985	46	200	48,648	84,185
Rent	113,219	72,192	8,100	8,100	121,319	80,292
Utility expenses	78,589	43,657	-	-	78,589	43,657
Miscellaneous expenses	237,773	163,429	9,869	16,201	247,642	179,630
	1,781,352	1,776,541	39,545	37,531	1,820,897	1,814,072

18. Earnings per share

Earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year. There are no potential dilutive ordinary shares.

The information necessary to calculate the earnings per share is as follows:

	2017	**2016**
Profit for the year (KD)	5,481,972	4,761,570
Weighted average number of shares issued	121,275,000	121,275,000
Earnings per share – basic and diluted (fils)	45.20	39.26

19. Operating segments

The Company identifies its segments on the basis of internal reports that are regularly reviewed by its Board of Directors, which is the chief operating decision maker.

The Company has two reportable segments, as described below, which are the Company's strategic business units. The units offer different types of services and are managed separately because they require different business and marketing strategies.

Educational services: Establish, manage and provide educational services within the State of Kuwait.

Investment activities: Investing surplus cash in investment portfolios.

	Educational services KD	Investment activities KD	Total KD
31 August 2017			
Segment revenue	22,862,397		22,862,397
Finance costs	4,283		4,283
Depreciation charge	1,722,212		1,722,212
Share of profit of equity-accounted investee		31,863	31,863
Profit for the year	5,521,115	(12,641)	5,508,474
Un-allocated corporate income			416,938
Un-allocated corporate expenses			(383,820)
Profit for the year			5,481,972
Reportable segments assets	33,141,592	1,925,104	35,066,696
Un-allocated corporate assets			4,847,857
			39,914,553
Investment in equity-accounted investee	-	1,076,992	1,076,992
Reportable segment liabilities	8,484,222	-	8,484,222
Un-allocated corporate liabilities			620,852
			9,105,074
Capital expenditure	437,009	-	437,009
31 August 2016			
Segment revenue	22,312,200	-	22,313,200
Finance costs	1,535	-	1,535
Depreciation charge	1,734,266	-	1,734,266
Share of profit of equity-accounted investee	-	22,820	22,820
Profit for the year	4,662,484	221,652	4,884,136
Un-allocated corporate income			265,568
Un-allocated corporate expenses			(388,134)
Profit for the year			4,761,570
Reportable segments assets	31,033,880	1,920,906	32,954,786
Un-allocated corporate assets			5,172,615
			38,127,401
Investment in equity-accounted investee	-	1,045,130	1,045,130
Reportable segment liabilities	8,024,174	-	8,024,174
Un-allocated corporate liabilities			573,435
			8,597,609
Capital expenditure	218,274	-	218,274

20. Financial instruments and capital management

a. *Accounting classification and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value hierarchy			
2017	**Available-for-sale investments**	**Investments at fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	KD	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**
Financial assets measured at fair value									
Available-for-sale investments	183,395	-	-	-	183,395	183,395	-	-	183,395
	183,395	-	-	-	183,395	183,395	-	-	183,395
Financial assets not measured at fair value									
Cash and cash equivalent	-	-	12,892,591	-	12,892,591	-	-	-	-
Time deposits	-	-	4,600,000	-	4,600,000	-	-	-	-
Trade and other receivables	-	-	4,524,198	-	4,524,198	-	-	-	-
Due from related parties	-	-	349	-	349	-	-	-	-
Available-for-sale investments	664,716	-	-	-	664,716	-	-	-	-
	664,716	-	22,017,138	-	22,681,854	-	-	-	-
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	2,988,548	2,988,548	-	-	-	-
	-	-	-	2,988,548	2,988,548	-	-	-	-

	Carrying amount					Fair value hierarchy			
2016	**Available-for-sale investments**	**Investments at fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	KD	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**
Financial assets measured at fair value									
Available-for-sale investments	130,005	-	-	-	130,005	130,005	-	-	130,005
Investments at fair value through profit or loss	-	81,054	-	-	81,054	81,054	-	-	81,054
	130,005	81,054	-	-	211,059	211,059	-	-	211,059
Financial assets not measured at fair value									
Cash and cash equivalent	-	-	9,785,047	-	9,785,047	-	-	-	-
Time deposits	-	-	4,500,000	-	4,500,000	-	-	-	-
Trade and other receivables	-	-	4,368,770	-	4,368,770	-	-	-	-
Due from related parties	-	-	345,487	-	345,487	-	-	-	-
Available-for-sale investments	664,716	-	-	-	664,716	-	-	-	-
	664,716	-	18,999,304	-	19,664,020	-	-	-	-
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	2,991,365	2,991,365	-	-	-	-
	-	-	-	2,991,365	2,991,365	-	-	-	-

b) *Financial risk management*

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, it's objectives, policies and activities for measuring and managing risk, and management of capital.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade and other receivables, due from related parties and bank balances.

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

	2017 KD	**2016 KD**
Trade receivables	4,279,370	3,916,880
Margin against bank guarantees	13,729	303,625
Staff receivables	72,322	38,226
Other receivables	158,777	110,039
Due from related parties	349	345,487
Time deposits	4,600,000	4,500,000
Cash and cash equivalents	12,892,591	9,785,047
	22,017,138	18,999,304

The Company has established policies, procedures and controls to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company has established an allowance for impairment that represents its estimate of unrealized losses in respect of receivables.

At the reporting date, the Company's exposure to trade receivables from individual students and government organizations is 51.71% (2016: 62.66%) and 48.29% (2016: 37.34%) respectively.

Related party balances represent balances due from significant shareholders of the Company and bear low credit risk.

Bank balances are maintained only with reputable local financial institutions and banks with high credit ratings.

Liquidity risk

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

The Company manages liquidity risk by maintaining adequate cash reserves, funding lines with banks and financial institutions, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company holds sufficient amount of cash and bank balances and marketable securities

At the reporting date, following are the contractual maturities of financial liabilities:

	Carrying amount KD	Contractual cash flows KD	1 to 6 months KD	6 months to 1 year KD	1 to 3 years KD	3 to 5 years KD
2017						
Trade and other payables	2,988,548	2,988,548	1,656,926	698,656	632,966	-
	2,988,548	2,988,548	1,656,926	698,656	632,966	-
2016						
Trade and other payables	2,991,365	2,991,365	1,954,914	527,971	508,480	-
	2,991,365	2,991,365	1,954,914	527,971	508,480	-

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At the reporting date, the Company is not exposed to any currency risk.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

Equity price risk arises from listed equity securities classified as investments at fair value through profit or loss and available for sale investments held by the Company.

The Company's quoted investments are primarily listed on the Kuwait Stock Exchange ("KSE").

Sensitivity analysis

For quoted investments, a 10% increase/decrease in KSE index at 31 August 2017, assuming that all other variables held constant and all the quoted investments moved according to the historical correlation with the KSE index, would have increased/ decreased equity by KD 18,340 (2016: KD 21,106).

The Company's investments in unquoted equity securities are of strategic nature and are intended to be held for long term. The value of these investments is not significantly sensitive to the volatility in the equity markets.

Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of Company's financial instrument will fluctuate because of changes in market profit rates.

The Company is exposed to profit rate risk on its short term deposits with financial institutions.

The Company analyses its profit rate exposure by taking into consideration refinancing, renewal of existing positions and alternative financing.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

The Company monitors capital using "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, less cash and cash equivalents. Adjusted equity comprises of all components of equity.

The gearing ratios at the reporting date are as follows:

	2017 **KD**	**2016** **KD**
Total liabilities	9,105,074	8,597,609
Cash and cash equivalents	(12,937,672)	(9,830,993)
Net debt	(3,832,598)	(1,233,384)
Total equity	30,809,629	29,529,792
Gearing ratio	(12.43)%	(4.18)%

The Company is not subject to any externally imposed capital requirements, except for the minimum capital requirement of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations.

21. Contingencies and commitments

a) *Contingencies*

The Company has issued maintenance guarantee amounting to KD 958,675 (31 August 2016: KD 958,675) and General Authority for Manpower guarantee amounting to KD 25,750 (31 August 2016: KD 25,750).

b) *Bank guarantees*

At the reporting date, the Company had contingent liabilities in respect of bank guarantees arising in the ordinary course of business amounting to KD 650,915 (31 August 2016: KD Nil).

c) *Commitments*

Operating lease commitment

The Company has a leased land from the Ministry of Finance under non-cancelable lease agreement for a period of 20 years.

At the reporting date, the minimum operating lease commitment is as follows:

	2017 **KD**	**2016** **KD**

Less than one year	41,021	26,028
Between one and five years	492,255	312,348
More than five years	213,311	197,821
	746,587	536,197

Capital Commitment:

	2017 KD	2016 KD
Estimated capital expenditure	224,818	-
	224,818	-

The commitments pertains to service agreements entered by the Division for master planning and designing fee for Phase II project.

22. Subsequent Events

Subsequent to the year ended 31 August 2017 and effective from 28 September 2017, the Company withdrew from Boursa Kuwait.

During the Extra Ordinary General Assembly meeting held on 8 October 2017, the Shareholders of the Company had decided to re-register in Boursa Kuwait. Up till the date of issuing this financial statements, the company was still in process in finalizing all necessary procedures required by the Capital Markets Authority to re-register in Boursa Kuwait.