HUMANSOFT HOLDING COMPANY K.S.C.P.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Humansoft Holding Company K.S.C.P.
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Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Humansoft Holding Company K.S.C.P. ("the Parent Company") and subsidiaries (together referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Parent Company, and the consolidated financial statements, together with the contents of the Parent Company's Board of Directors report relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and the executive regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violation of the Companies Law No.1 of 2016 and the executive regulations or of the Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2015 that might have had a material effect on the business of the Group or on its consolidated financial position.

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15 March 2016

	Notes	2015 KD	2014 KD
ASSETS			
Current assets			
Cash and bank balances	4	16,838,231	12,085,975
Trade and other receivables	5	15,726,709	12,057,418
Inventories		81,734	95,180
		32,646,674	24,238,573
Non-current assets			
Property and equipment	7	29,759,900	19,906,877
Intangible assets	8	7,181,660	7,142,024
Investment in associates	9	563,893	526,310
Investment available for sale	10	468	468
		37,505,921	27,575,679
Total assets		70,152,595	51,814,252
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts	4	982,959	154,094
Short-term loan	11	4,000,000	3,000,000
Trade and other payables		1,575,708	622,717
Accruals and other liabilities	12	4,902,232	3,529,565
Deferred income	13	5,288,472	5,358,409
Retentions payable		1,027,552	374,649
Current portion of long-term debts	14	4,014,000	3,012,000
		21,790,923	16,051,434
Non-current liabilities			
Long-term debts	14	8,542,255	3,035,230
Provision for staff indemnity		1,607,793	1,138,038
		10,150,048	4,173,268
Total liabilities		31,940,971	20,224,702
Equity			
Share capital	15	12,223,680	12,223,680
Share premium		1,512,000	1,512,000
Statutory reserve	16	4,908,463	3,063,230
Voluntary reserve	17	4,908,463	3,063,230
Treasury shares	18	(116,725)	(116,725)
Gain on sale of treasury shares		564,013	564,013
Retained earnings		14,095,507	11,236,037
Foreign currency translation reserve		116,223	44,085
Total equity		38,211,624	31,589,550
Total liabilities and equity		70,152,595	51,814,252

Mr. Tareq Fahad Al Othman
Chairman

The accompanying notes set out on pages 8 to 35 form an integral part of these consolidated financial statements.

	Notes	2015 KD	2014 KD
Revenue		43,638,227	28,640,243
Cost of operations	19	(10,299,463)	(7,483,886)
Gross profit		33,338,764	21,156,357
General and administrative expenses	20	(11,849,771)	(8,583,802)
Selling expenses	21	(2,616,885)	(1,914,207)
Impairment of goodwill	8	-	(1,552,500)
Finance charges		(709,828)	(494,964)
Share of profit / (loss) of associates	9	18,211	(38,642)
Other income		271,839	222,263
Profit before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration		18,452,330	8,794,505
Contribution to KFAS	22	(169,974)	(94,159)
NLST	23	(474,020)	(230,000)
Zakat	24	(193,031)	(108,173)
Directors' remuneration		(100,000)	(100,000)
Profit for the year		17,515,305	8,262,173
Basic and diluted earnings per share (fils)	25	144	68

The accompanying notes set out on pages 8 to 35 form an integral part of these consolidated financial statements.

	2015	2014
	KD	KD
Profit for the year	17,515,305	8,262,173
Other comprehensive income		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Foreign currency translation adjustments	72,138	52,302
Other comprehensive income for the year	72,138	52,302
Total comprehensive income for the year	17,587,443	8,314,475

The accompanying notes set out on pages 8 to 35 form an integral part of these consolidated financial statements.

HUMANSOFT HOLDING COMPANY K.S.C.P. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity - year ended 31 December 2015

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Gain on sale of treasury shares	Retained earnings	Foreign currency translation reserve	Total
Balance as at 31 December 2013	11,424,000	1,512,000	2,183,780	2,183,780	(37,753)	495,654	9,517,781	(8,217)	27,271,025
Total comprehensive income for the year	-	-	-	-	-	-	8,262,173	52,302	8,314,475
Transfer to reserves	-	-	879,450	879,450	-	-	(1,758,900)	-	-
Dividend – 2013 (Note 30)	-	-	-	-	-	-	(3,985,337)	-	(3,985,337)
Sale of treasury shares	-	-	-	-	28,318	68,359	-	-	96,677
Purchase of treasury shares	-	-	-	-	(107,290)	-	-	-	(107,290)
Issue of bonus shares (Note 30)	799,680	-	-	-	-	-	(799,680)	-	-
Balance as at 31 December 2014	12,223,680	1,512,000	3,063,230	3,063,230	(116,725)	564,013	11,236,037	44,085	31,589,550
Total comprehensive income for the year	-	-	-	-	-	-	17,515,305	72,138	17,587,443
Transfer to reserves	-	-	1,845,233	1,845,233	-	-	(3,690,466)	-	-
Dividend – 2014 (Note 30)	-	-	-	-	-	-	(10,965,369)	-	(10,965,369)
Balance as at 31 December 2015	12,223,680	1,512,000	4,908,463	4,908,463	(116,725)	564,013	14,095,507	116,223	38,211,624

The accompanying notes set out on pages 8 to 35 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows - year ended 31 December 2015

	Notes	2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST, Zakat and Directors' remuneration		18,452,330	8,794,505
Adjustments for :			
Depreciation and amortisation	7 & 8	1,662,224	2,388,306
Provision for staff indemnity		542,838	391,279
Allowance for doubtful debts	5	125,985	94,940
Property and equipment and intangible assets written off	7 & 8	-	1,552,967
Finance charges		709,828	494,964
Share of (profit) / loss of associates	9	(18,211)	38,642
Interest income		-	(125)
		21,474,994	13,755,478
Increase in trade and other receivables		(3,796,127)	(5,475,127)
Decrease / (increase) in inventories		13,446	(8,055)
Increase / (decrease) in trade and other payables		952,991	(119,985)
Increase / (decrease) in accruals and other liabilities		909,371	(345,279)
(Decrease) / increase in deferred income		(69,937)	2,253,130
Increase / (decrease) in retentions payable		652,903	(168,849)
		20,137,641	9,891,313
Payment of staff indemnity		(78,240)	(80,709)
Payment of KFAS		(94,159)	(49,975)
Payment of NLST		(230,000)	(143,096)
Payment of Zakat		(108,173)	(58,654)
Directors remuneration paid		(100,000)	(100,000)
Net cash generated from operating activities		19,527,069	9,458,879
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(11,241,855)	(974,866)
Payments for intangible assets	8	(299,480)	(77,928)
Interest income received		-	125
Net cash used in investing activities		(11,541,335)	(1,052,669)
FINANCING ACTIVITIES			
Increase in short-term loan		1,000,000	3,000,000
Increase / (decrease) in long-term debts		6,509,025	(2,258,485)
Purchase of treasury shares		-	(107,290)
Proceeds from sale of treasury shares		-	96,677
Finance charges paid		(677,852)	(494,318)
Dividend paid		(10,938,741)	(3,935,300)
Net cash used in financing activities		(4,107,568)	(3,698,716)
Net increase in cash and cash equivalents		3,878,166	4,707,494
Effects of exchange rate changes on cash and cash equivalents		45,225	25,304
Cash and cash equivalents at beginning of the year		11,931,881	7,199,083
Cash and cash equivalents at end of the year	4	15,855,272	11,931,881

The accompanying notes set out on pages 8 to 35 form an integral part of these consolidated financial statements.

1. OWNERSHIP AND ACTIVITIES

Humansoft Holding Company K.S.C.P. ("the Parent Company") is a Kuwaiti Shareholding Company incorporated on 14 September 1997. The Parent Company and its subsidiaries (as listed in Note 3) are together referred to as "the Group".

The principal activities of the Parent Company are as follows:

1. Owning shares of Kuwaiti shareholding or foreign companies, as well as owning shares or stocks in Kuwaiti or foreign limited liability companies or participating in the establishment of these companies, in their two types, and their management, lending and guarantee for others.
2. Lending companies, in which it owns shares and guaranteeing them with third parties. In this case, the Company's share in the capital of the borrowing company should not be less than the 20%.
3. Owning industrial property rights such as patents, industrial trademarks, or industrial fees or any other related rights and lease them to other companies to exploit them, whether inside or outside Kuwait.
4. Owning movables and properties necessary to carry out its operations within parameters allowed as per law.
5. Exploit surplus funds available with the Company through investing in portfolios managed by specialized companies.

The Parent Company is listed on the Kuwait Stock Exchange and its registered office address is P.O. Box 305, Dasman 15454, State of Kuwait.

On 1 February 2016, the new Companies Law No.1 of 2016 was published in the Official Gazette which is effective from 26 November 2012. According to the new law, the Companies law No. 25 of 2012 and its amendments have been cancelled. However, its Executive Regulations will continue until a new set of Executive Regulations are issued.

These consolidated financial statements were authorised for issue by the Board of Directors of the Parent Company on 15 March 2016 and are subject to approval of shareholders in the Annual General Assembly.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements are prepared under the historical cost basis of measurement as modified by the revaluation at fair value of financial assets held as "available for sale". These consolidated financial statements have been presented in Kuwaiti Dinars.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 31.

2.2 Effective for the current year

The accounting policies are consistent with those used in the previous year except for the following new and amended IFRS:

IAS 19 Defined Benefit Plans – Employee Contributions (Amendments)

The amendments to IAS 19 clarify how an entity should account for contributions made by employers or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Effective for the current year (continued)

IAS 19 Defined Benefit Plans – Employee Contributions (Amendments) (continued)

For contributions that are independent on the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' period of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' period of service. These amendments have not resulted in any impact on the financial position or performance of the Group.

Annual Improvements to IFRSs 2010 - 2012 Cycle* and *2011 – 2013 Cycle

The Group has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle for the first time in the current year. The application of the other amendments has had no impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

New standards and interpretations issued but not yet effective and are relevant to the Group

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt those standards when they become effective.

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 Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's consolidated 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. The standard was issued in May 2014 and applies to an annual financial statements beginning on or after 1 January 2018. The application of IFRS 15 is not expected have any material impact on the financial position or performance of the Group.

IFRS 16 - Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The Management of the Group do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Group's consolidated financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Effective for the current year (continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2016 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries in accordance with IAS 39. This amendment is not relevant to the Group, as the Group does not qualify to be an investment entity under IFRS 10.

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 summarized below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

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.

The application of the above standards is not expected to have a material impact on the financial position or performance of the Group as and when they become effective, except for IFRS 9, which will result in amendments and/or additional disclosures relating to classification, measurement and associated risks of financial instruments.

2.3 Business combination

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of profit or loss. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination (continued)

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.4 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited consolidated financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.

If a parent loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments

In the normal course of business the Group uses financial instruments, principally cash and bank balances, trade and other receivables, investment available for sale, bank overdrafts, short-term loan, trade and other payables, accrued expenses, retentions payable and long-term debts.

In accordance with International Accounting Standard (IAS) 39, the Group classifies financial assets as "loans and receivables" and "available for sale" and financial liabilities as "other than at fair value through profit or loss". Financial assets and liabilities are initially recognized at fair value (which includes transaction costs) and are subsequently remeasured and carried at amortised cost using the effective yield method.

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of profit or loss or in the consolidated statement of profit and loss and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

The fair value of financial instruments carried at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rates for similar financial instruments.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured and carried at amortized cost using the effective yield method.

Investment available for sale

These are non-derivative financial assets not classified as ''loans and receivables'', ''held to maturity'' or ''fair value through profit or loss'' and principally acquired to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. These are subsequently measured and carried at fair value and any resultant gains or losses are recognized in the consolidated statement of profit or loss and other comprehensive income. When the "investment available for sale" asset is disposed of or impaired, the related accumulated fair value adjustments are transferred to the consolidated statement of profit or loss as gains or losses.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a specific financial asset or a group of similar assets may be impaired. If such evidence exists, the asset is written down to its recoverable amount. The recoverable amount of an interest bearing instrument is determined based on the net present value of future cash flows discounted at original effective interest rates; and of an equity instrument is determined with reference to market rates or appropriate valuation models. Any impairment loss is recognised in the consolidated statement of profit or loss. For "available for sale" equity investments, reversals of impairment losses are recorded as increases in fair valuation reserve through equity.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (continued)

Financial liabilities / equity

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

2.6 Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months, net of bank overdrafts are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.7 Investments in associates

Associates are those entities over which the Group has significant influence but not control, generally accompanying a direct or indirect shareholding of more than 20% of the voting rights. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recognised as goodwill. Goodwill on acquisition of associates is included in the carrying values of investments in associates. Investments in associates are initially recognised at cost and are subsequently accounted for by the equity method of accounting from the date of significant influence to the date it ceases.

Under the equity method, the Group recognises in the consolidated statement of profit or loss, its share of the associate's post acquisition results of operations and in equity, its share of post acquisition movements in reserves that the associate directly recognises in equity. The cumulative post acquisition adjustments, and any impairment, are directly adjusted against the carrying value of the associate. Appropriate adjustments such as depreciation, amortisation and impairment losses are made to the Group's share of profit or loss after acquisition to account for the effect of fair value adjustments made at the time of acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

2.8 Inventories

Inventories comprise of course materials and are stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. Cost comprises the purchase price, import duties, transportation, handling, and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in first out ("FIFO") method. Net realisable value represents the estimated selling price less all estimated selling costs.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Property and equipment are depreciated on a straight-line basis over their estimated economic useful lives, which are as follows:

	Years
Building and leasehold land improvements	20
Computers and peripherals	2-3
Furniture, fixtures and decorations	3-5
Equipment	3-5
Library books	4

These assets are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the consolidated statement of profit or loss. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss and are classified as capital work in progress. Cost includes professional fees. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

2.10 Impairment of tangible and intangible assets (including investment in associates)

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets (including investment in associates) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is recognised in the revaluation surplus.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets and goodwill

Identifiable non-monetary assets acquired and developed in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets comprise of university and college licenses, curriculum, in-house developed computer diploma programs and software, franchise cost, trademark, key money and brand. Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis (except the university license that has an indefinite useful life) over their estimated useful lives, which are as follows:

	Years
Computer diploma, programs, software, systems and curricula	2-5
Franchise	5-10
Trade mark, Key money and brand	10

Goodwill arising in a business combination is computed as the excess of the aggregate of: the consideration transferred; the non-controlling interests proportionate share in the recognized amounts of the acquiree's net identifiable assets at the acquisition date, if any; and in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Any deficit is a gain from a bargain purchase and is recognized directly in the consolidated statement of profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is allocated to each of the cash generating units for the purpose of impairment testing. Gains and losses on disposal of an entity or a part of the entity include the carrying amount of goodwill relating to the entity or the portion sold.

Goodwill and intangible assets with indefinite useful lives are tested, at least annually, for impairment and carried at cost less accumulated impairment losses.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units for the purpose of assessing impairment of goodwill and intangible assets.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. That relating to goodwill cannot be reversed in a subsequent period. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal five year financial projections for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the five year period. Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Foreign currencies

The functional currency of an entity is the currency of the primary economic environment in which it operates and in the case of the Parent Company it is the Kuwaiti Dinar and in the case of subsidiaries it is their respective national currencies or the applicable foreign currency. Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Kuwaiti Dinars at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the consolidated statement of profit or loss.

Translation differences on non-monetary items, such as equities classified as investments available for sale financial assets are included in the investment fair valuation reserve in equity.

The income and cash flow statements of foreign operations are translated into the Parent Company's reporting currency at average exchange rates for the year and their statement of financial position are translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations (including goodwill, long-term receivables or loans and fair value adjustments arising on business combinations) are taken to the consolidated statement of profit or loss and other comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of profit or loss as part of the gain or loss on sale.

2.13 Revenue recognition

Revenue is recognised on a time proportion basis as courses are provided. Fees received in advance are deferred and are taken to the consolidated statement of profit or loss when the related service is provided.

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.14 Post-employment benefits

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

With respect to its national employees, the Group makes contributions to a government scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.15 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (gain on sale of treasury shares), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Accounting of leases

Where the Group is the lessee

Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2.17 Provisions for liabilities

Provisions for liabilities are recognised, when, as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation; and the amount can be reliably estimated.

2.18 Contingencies

Contingent assets are not recognised as an asset till realization becomes virtually certain. Contingent liabilities are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated.

2.19 Segment reporting

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. Such operating segments are classified as either business segments or geographical segments.

A business segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and returns that are different from those of other segments.

A geographic segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment which is subject to risks and returns different from those of segments operating in other economic environments.

3. SUBSIDIARIES

The principal subsidiaries of the Parent Company are:

Subsidiary	Country of incorporation	Direct ownership %		Indirect ownership %		Principal activity
		2015	2014	2015	2014	
Humansoft Learning Company K.S.C. (Closed) and its subsidiaries	Kuwait	99.58	99.58	0.42	0.42	Computer education & training executive courses
Al-Arabia Educational Enterprises Company K.S.C. (Closed)	Kuwait	99.85	99.85	0.15	0.15	Establishment and operation of University & college
Track Learning Solutions Co. W.L.L.	Kuwait	1	1	99	99	Computer programming, advertisement publication and distribution
Expression for Private Training Company W.L.L.	Kuwait	1	1	99	99	Open private training institutes
Excellence Training & Development Co. W.L.L.	Kuwait	1	1	99	99	Computer education & executive training courses
Humansoft Free Zone – L.L.C.	U.A.E.	100	100	-	-	Technology, e-commerce & media
Tawteen Human Investment Co. P.J.S.C.	U.A.E.	-	-	100	100	Establishment and operation of educational institutions
New Horizon Training Centre L.L.C.	U.A.E.	-	-	100	100	Computer education & executive training courses
Innovative Investment in Educational Enterprises & Management L.L.C.	U.A.E.	-	-	100	100	Establishment and operation of educational institutions
Expression Training Institute L.L.C.	U.A.E.	-	-	100	100	Providing administrative business trainings and open private training institutes
Humansoft Learning Solutions	Qatar	-	-	100	100	Administration Training Services

The financial statements of the above subsidiaries are consolidated into the Group, using the aggregate of the direct and indirect ownership.

4. CASH AND CASH EQUIVALENTS

	2015	2014
	KD	KD
Cash on hand and at banks	16,755,741	12,006,395
Short-term deposits with banks	82,490	79,580
Cash and bank balances	16,838,231	12,085,975
Less: Bank overdrafts	(982,959)	(154,094)
Cash and cash equivalents	15,855,272	11,931,881

Overdraft facilities from local banks are denominated in KD and as at 31 December 2015 bear interest ranging from 2% - 2.5% (2014: 2% - 2.5 %) per annum over the Central Bank of Kuwait discount rate.

As at the consolidated statement of financial position date, the undrawn bank overdraft facilities amounted to KD 1,767,041 (2014: KD 895,906).

The short-term deposits with banks are denominated in U.A.E. dirhams and are placed with local banks and carry an effective interest rate of 0.05% (2014 – 0.05%) per annum.

5. TRADE AND OTHER RECEIVABLES

	2015	2014
	KD	KD
Trade receivables	14,630,918	11,428,629
Less: Allowance for doubtful debts	(287,990)	(375,251)
	14,342,928	11,053,378
Prepaid expenses	740,411	678,548
Advance to suppliers	413,309	139,041
Staff receivables	52,990	50,394
Refundable deposits	177,071	136,057
	15,726,709	12,057,418

The average credit period granted to customers is 60 days (90 days in case of "Tawteen Human Investment Company PJSC and its subsidiaries). No interest is charged on the overdue trade receivables. The Group has provided for trade receivables based on estimated irrecoverable amounts, determined by reference to past default experience.

As at 31 December 2015, trade receivables of KD 460,783 (2014: KD 430,412) were fully performing.

Included in the Group's trade receivables are debtors with a carrying amount of KD 13,882,145 (2014: KD 10,622,966) which are past due at the consolidated statement of financial position date for which the Group has not made any provision as management considers these amounts as recoverable based on their assessment of the credit worthiness of these debtors. The Group does not hold any collateral over these balances. This includes receivables of KD 13,161,276 (2014: KD 10,002,569) from a government entity based in Kuwait which has been fully recovered subsequent to the consolidated statement of financial position date.

Aging of past due but not impaired

	2015	2014
	KD	KD
61 - 90 days	14,352	55,008
91 - 120 days	13,835,567	10,563,230
120+ days	32,226	4,728
Total	13,882,145	10,622,966

5. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts:	2015	2014
Balance at beginning of the year	375,251	467,738
Charge for the year	125,985	94,940
Amounts written off as uncollectible	(131,981)	(188,446)
Recovery of bad debts	(82,116)	-
Foreign currency translation effect	851	1,019
Balance at the end of the year	287,990	375,251

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2015	2014
	KD	KD
KD	14,221,078	11,066,773
UAE Dirham	259,163	178,132
Other currencies	150,677	183,724
	14,630,918	11,428,629

The maximum exposure to credit risk at the consolidated statement of financial position date is disclosed in note 28 to these consolidated financial statements. The other classes within trade and other receivables are neither past due nor impaired.

6. RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders and executive officers of the Group, their families and companies of which they are the principal owners. The Group enters into transactions with related parties on pricing policies and terms approved by the Group's management.

The related party transactions included in these consolidated financial statements are as follows:

	2015	2014
	KD	KD
a) Consolidated statement of profit or loss		
General and administrative expenses	36,684	77,588
b) Compensation of key management personnel		
Short-term benefits	696,161	692,009
Post-employment benefits	27,846	27,576
	724,007	719,585

7. PROPERTY AND EQUIPMENT

	Freehold land	Building and leasehold land improvements	Computers and peripherals	Furniture, fixtures and decoration	Equipment	Library Books	Capital work in progress ("CWIP")	Total
	KD	KD	KD	KD	KD	KD	KD	KD
Cost								
Balance as at 31 December 2013	5,297,030	16,702,187	1,514,501	973,992	474,169	48,096	1,085,075	26,095,050
Additions	-	222,607	140,290	129,613	243,887	10,209	228,260	974,866
Transfers from CWIP	-	1,041,306	6,515	24,801	2,072	-	(1,074,694)	-
Disposals	-	-	(332,209)	(172,946)	(77,342)	-	-	(582,497)
Exchange adjustments	-	-	11,456	6,725	3,591	-	1,008	22,780
Balance as at 31 December 2014	5,297,030	17,966,100	1,340,553	962,185	646,377	58,305	239,649	26,510,199
Additions	-	113,880	193,043	113,100	177,619	291	10,643,922	11,241,855
Transfers from CWIP	-	133,648	-	720	-	-	(134,368)	-
Disposals	-	-	-	-	(5,875)	-	-	(5,875)
Exchange adjustments	-	-	9,286	6,370	3,026	-	-	18,682
Balance as at 31 December 2015	5,297,030	18,213,628	1,542,882	1,082,375	821,147	58,596	10,749,203	37,764,861
Accumulated depreciation								
Balance as at 31 December 2013	-	2,427,682	1,256,149	746,112	340,420	32,634	-	4,802,997
Charge for the year	-	1,993,105	134,055	139,954	85,455	10,898	-	2,363,467
Disposals	-	-	(331,812)	(172,904)	(77,319)	-	-	(582,035)
Exchange adjustments	-	-	10,352	5,386	3,155	-	-	18,893
Balance as at 31 December 2014	-	4,420,787	1,068,744	718,548	351,711	43,532	-	6,603,322
Charge for the year	-	968,792	136,252	145,422	134,723	7,422	-	1,392,611
Disposals	-	-	-	-	(5,875)	-	-	(5,875)
Exchange adjustments	-	-	8,287	4,073	2,543	-	-	14,903
Balance as at 31 December 2015	-	5,389,579	1,213,283	868,043	483,102	50,954	-	8,004,961
Carrying amount								
As at 31 December 2015	5,297,030	12,824,049	329,599	214,332	338,045	7,642	10,749,203	29,759,900
As at 31 December 2014	5,297,030	13,545,313	271,809	243,637	294,666	14,773	239,649	19,906,877

The freehold land is under registered mortgage to secure the long-term debt amounting to KD 12,556,255 (2014: KD 6,047,230) (See note 14).

8. INTANGIBLE ASSETS

	Goodwill	University & college licenses	Computer diploma programs, software, systems and curricula	Franchise	Trade mark, key money, and brand	Capital work in progress ("CWIP")	Total
	KD	KD	KD	KD	KD	KD	KD
Cost							
Balance as at 31 December 2013	1,800,911	6,752,000	695,722	187,690	74,179	57,614	9,568,116
Additions	-	-	77,928	-	-	-	77,928
Transfers from CWIP	-	-	53,693	-	1,333	(55,026)	-
Disposals / write off	-	-	(115,971)	(47,785)	-	-	(163,756)
Exchange adjustments	9,361	-	717	477	-	-	10,555
Balance as at 31 December 2014	1,810,272	6,752,000	712,089	140,382	75,512	2,588	9,492,843
Additions	-	-	188,915	-	2,000	108,565	299,480
Transfers from CWIP	-	-	26,670	-	-	(26,670)	-
Disposals / write off	-	-	-	-	-	-	-
Exchange adjustments	9,427	-	62	-	468	-	9,957
Balance as at 31 December 2015	1,819,699	6,752,000	927,736	140,382	77,980	84,483	9,802,280
Accumulated impairment / amortisation							
Balance as at 31 December 2013	-	-	691,944	186,163	57,970	-	936,077
Charge for the year	-	-	16,740	972	7,127	-	24,839
Impairment loss / write off	1,552,500	-	(115,966)	(47,785)	-	-	1,388,749
Exchange adjustments	-	-	677	477	-	-	1,154
Balance as at 31 December 2014	1,552,500	-	593,395	139,827	65,097	-	2,350,819
Charge for the year	-	-	262,906	284	6,423	-	269,613
Exchange adjustments	-	-	13	(295)	470	-	188
Balance as at 31 December 2015	1,552,500	-	856,314	139,816	71,990	-	2,620,620
Carrying amount							
As at 31 December 2015	267,199	6,752,000	71,422	566	5,990	84,483	7,181,660
As at 31 December 2014	257,772	6,752,000	118,694	555	10,415	2,588	7,142,024

8. INTANGIBLE ASSETS (CONTINUED)

Goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units (CGU's) are determined based on the value in use method. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

CGU to which goodwill has been allocated are as follows :

	2015	2014
	KD	KD
New Horizons Training Center (Branch of 'Innovative Investment in Educational Enterprises & Management LLC'), U.A.E.	159,407	153,783
New Horizons Training Center L.L.C., U.A.E.	107,792	103,989
	267,199	257,772

University & college licenses

University & college licenses represent intangible assets with indefinite useful lives. These represent the value of the various university & college licenses held by Al Arabia Educational Enterprises Company K.S.C. (Closed) (a subsidiary of the Parent Company). Management has determined that these licenses have an indefinite useful life as they have no specified expiry period and the university & college is expected to continue its operations for the foreseeable future.

The recoverable amounts of these licenses are determined based on the value in use method. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenues and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on university and college growth forecasts. Changes in revenues and direct costs are based on projections of future changes in the market.

The Group has performed a sensitivity analysis by varying the above input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate CGU or the university & college licenses being impaired. These calculations use pre-tax cash flow projections based on financial projections covering a five year period. The recoverable amount so obtained was significantly above the carrying amount of the CGUs.

9. INVESTMENT IN ASSOCIATES

Details of the major investment in associated companies at 31 December are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest 2015	Proportion of ownership interest 2014	Principal activity
New Horizons Computer Training Company W.L.L.	Qatar	40%	40%	Training and Career Development Programs
Al Arabia Training Company W.L.L.	Qatar	40%	40%	English Training

Summarized financial information in respect of New Horizons Computer Training Company W.L.L.is set out below:

	2015	2014
	KD	KD
Current assets	632,615	650,820
Non-current assets	29,876	36,978
Total assets	662,491	687,798
Current liabilities	98,395	165,959
Non-current liabilities	33,110	30,558
Total liabilities	131,505	196,517
Net assets	530,986	491,281
Group's share of net assets	212,395	196,512
Goodwill from acquisition of investment in associate	111,718	107,781
Total carrying value in Group's consolidated financial statements	324,113	304,293
Total revenue	482,163	534,923
Profit and comprehensive income for the year	21,585	(189,638)
Group's share of results	8,634	(75,855)

Summarized financial information in respect of Al Arabia Training Company W.L.L.is set out below:

	2015	2014
	KD	KD
Current assets	712,874	651,360
Non-current assets	5,482	16,042
Total assets	718,356	667,402
Current liabilities	105,931	95,936
Non-current liabilities	12,974	16,424
Total liabilities	118,905	112,360
Net assets	599,451	555,042
Group's share of net assets	239,780	222,017
Total revenue	452,018	543,398
Profit and comprehensive income for the year	23,941	93,033
Group's share of results	9,577	37,213

Tawteen Human Investment Company W.L.L., an associate of the Company has been liquidated during the year.

10. INVESTMENT AVAILABLE FOR SALE

	2015	2014
	KD	KD
Investment in local unquoted shares	468	468

The investment available for sale is carried at cost less impairment since it is not possible to reliably measure its fair value.

11. SHORT-TERM LOAN

	2015	2014
	KD	KD
Short-term loan	4,000,000	3,000,000

The revolving short-term loan is from a local bank denominated in KD and bearing interest rate of 2.5% (2014: 2.5%) per annum over the CBK discount rate. The loan is secured by the corporate guarantee of the Parent Company and assignment of receivables from a government entity. As at the consolidated statement of financial position date, the undrawn short term loan amounted to KD 21,000,000 (2014: KD 3,000,000).

12. ACCRUALS AND OTHER LIABILITIES

	2015	2014
	KD	KD
Staff payables	2,505,913	2,073,835
Accrued expenses	1,197,007	665,421
Advance from students	219,275	240,498
Others	980,037	549,811
	4,902,232	3,529,565

13. DEFERRED INCOME

This represents fees received in advance to be recognized as revenue as and when the service is rendered.

14. LONG-TERM DEBTS

	2015	2014
	KD	KD
Current portion	4,014,000	3,012,000
Non-current portion	8,542,255	3,035,230
	12,556,255	6,047,230

Long-term debts consist of the following:

Description	2015	2014
	KD	KD
i. KD 5,000,000 from a local bank that bears an interest rate of 3.5% over the CBK discount rate per annum. The loan will be repaid in 36 monthly instalments starting from 1 January 2014.	1,640,000	3,320,000
ii. KD 4,000,000 from a local bank that bears an interest rate of 3.5% over the CBK discount rate per annum. The loan will be repaid in 36 monthly instalments starting from 1 January 2014.	1,336,000	2,668,000
iii. KD 6,200,000 from a local bank that bears an interest rate of 3.5% over the CBK discount rate per annum. The loan will be repaid in 36 monthly instalments starting from 15 July 2016.	6,200,000	59,230
iv. KD 15,000,000 from a local bank that bears an interest rate of 2.5% over the CBK discount rate per annum. The loan will be repaid in 48 monthly instalments starting from 31 October 2017.	3,380,255	-
	12,556,255	6,047,230

The above loans of KD 12,556,255 (2014: KD 6,047,230) are secured by mortgage of freehold land with a carrying value of KD 5,297,030 (2014: KD 5,297,030) and included in property and equipment (See note 7).

As at the consolidated statement of financial position date, the undrawn long-term debts amounted to KD 11,619,745 (2014: KD 6,140,770).

15. SHARE CAPITAL

Share capital comprises of 122,236,800 authorised and issued shares of 100 fils (2014: 122,236,800 shares of 100 fils) each fully paid in cash.

16. STATUTORY RESERVE

As required by the Companies Law No. 1 of 2016 and the executive regulations and the Parent Company's Articles of Association, 10% of the profit before KFAS, NLST, Zakat and Directors' remuneration has been transferred to statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve can be utilized only for distribution of a maximum dividend of 5% in years when retained earnings are inadequate for this purpose.

17. VOLUNTARY RESERVE

In accordance with the Parent Company's Articles of Association, 10% of the profit before KFAS, NLST, Zakat and Directors' remuneration required has been transferred to the voluntary reserve until the shareholders decide to discontinue the transfer. There are no restrictions on distributions from the voluntary reserve.

18. TREASURY SHARES

	2015	2014
Number of shares	399,362	399,362
Percentage of issued shares	0.33%	0.33%
Market value (KD)	379,394	153,754

An amount equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from statutory reserve, share premium, treasury shares reserve and retained earnings throughout the holding period of treasury shares.

19. COST OF OPERATIONS

	2015 KD	2014 KD
Staff salaries and related costs	9,644,514	6,817,315
Facilities costs	338,235	368,926
Material costs	284,420	285,359
Others	32,294	12,286
	10,299,463	7,483,886

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2015 KD	2014 KD
Staff salaries and related costs	4,534,012	2,727,235
Facilities costs	2,697,457	1,591,561
Depreciation and amortisation	1,662,224	2,388,306
Other administration expenses	2,956,078	1,876,700
	11,849,771	8,583,802

21. SELLING EXPENSES

	2015 KD	2014 KD
Staff salaries and related costs	454,957	398,928
Advertising and sales promotion	1,922,325	1,224,502
Allowance for doubtful debts (net of recovery)	43,869	94,940
Other selling expenses	195,734	195,837
	2,616,885	1,914,207

22. CONTRIBUTION TO KFAS

This represents contribution to the Kuwait Foundation for Advancement of Science ("KFAS") computed at 1% of profit for the year after transfer to statutory reserve. Provision for contribution to KFAS is comprised of the following:

	2015 KD	2014 KD
Al Arabia Education Enterprises Company K.S.C. (Closed)	169,974	94,159

23. NLST

This represents provision for National Labour Support Tax ("NLST") computed at 2.5% of profit for the year after transfer to statutory reserve.

24. ZAKAT

Zakat represents tax payable to Kuwait's Ministry of Finance under Zakat Law No.46 of 2006.

25. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated as follows:

	2015	2014
	KD	KD
Profit for the year	17,515,305	8,262,173
Number of shares outstanding:	Shares	
Weighted average number of paid up shares	122,236,800	122,236,800
Less: Weighted average number of treasury shares outstanding	(399,362)	(391,794)
Weighted average number of outstanding shares	121,837,438	121,845,006
Basic and diluted earnings per share (fils)	144	68

26. SEGMENT INFORMATION

Primary segment information – business segments:

The Group is organised into functional divisions in order to manage its various lines of business. All of the segment revenue reported below is from external customers. For the purpose of segment reporting, the Parent Company's management has grouped its activities into the following business segments:

a) Training and Career Development Programs
b) English Training
c) Learning Solutions
d) Higher Education

Segment results include revenues and expenses directly attributable to a segment. There are no significant inter-segment transactions.

26. SEGMENT INFORMATION (CONTINUED)

Segment information by business segments is as follows:

	Training and career development programs	English training	Learning solutions	Higher education	Others	Total
	KD	KD	KD	KD	KD	KD
2015						
Segment revenues	1,586,892	949,689	710,204	40,391,442	-	43,638,227
Segment expenses	(1,569,067)	(846,329)	(669,300)	(20,037,315)	(918,909)	(24,040,920)
Depreciation and amortisation	(32,903)	(23,727)	(20,033)	(1,581,929)	(3,632)	(1,662,224)
Finance charges	-	-	-	(472,160)	(237,668)	(709,828)
Share of profit of associates	-	-	-	-	18,211	18,211
Other income	40,583	4,790	922	225,544	-	271,839
Profit for the year	25,505	84,423	21,793	18,525,582	(1,141,998)	17,515,305
Assets						
Segment total assets	1,005,786	544,246	555,261	60,032,370	8,014,932	70,152,595
Liabilities						
Segment total liabilities	598,439	301,206	381,217	28,747,731	1,912,378	31,940,971

	Training and career development programs	English training	Learning solutions	Higher education	Others	Total
	KD	KD	KD	KD	KD	KD
2014						
Segment revenues	1,657,302	894,772	812,892	25,275,277	-	28,640,243
Segment expenses	(1,468,177)	(814,648)	(657,968)	(12,343,302)	(841,826)	(16,125,921)
Depreciation and amortisation	(13,039)	(19,955)	(11,124)	(2,340,967)	(3,221)	(2,388,306)
Impairment of goodwill	(1,552,500)	-	-	-	-	(1,552,500)
Finance charges	-	-	-	(487,250)	(7,714)	(494,964)
Share of loss of associates	-	-	-	-	(38,642)	(38,642)
Other income	30,915	1,028	31	185,725	4,564	222,263
Profit for the year	(1,345,499)	61,197	143,831	10,289,483	(886,839)	8,262,173
Assets						
Segment total assets	1,094,346	554,211	581,467	42,384,712	7,199,516	51,814,252
Liabilities						
Segment total liabilities	565,042	272,815	413,497	18,268,262	705,086	20,224,702

26. SEGMENT INFORMATION (CONTINUED)

Segment revenue above represents income generated from external customers. There was no inter-segment income during the year (2014: Nil).

Segment profit represents the profit earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information about major customers

Included in revenues arising from higher education is an amount of KD 36,641,389 (2014: KD 21,620,421) from one of the Group's largest customer.

Secondary segment information – geographical segments:

The Parent Company operates from one location in Kuwait and through some of its subsidiaries, operates outside Kuwait. Segment revenues and expenses by geographical area are as follows:

2015	Inside Kuwait	Outside Kuwait	Total
	KD	KD	KD
Segment revenues	42,050,779	1,587,448	43,638,227
Segment expenses	(22,533,614)	(1,507,306)	(24,040,920)
Depreciation and amortisation	(1,622,307)	(39,917)	(1,662,224)
Finance charges	(709,828)	-	(709,828)
Share of profit of associates	-	18,211	18,211
Other income	246,842	24,997	271,839
Profit for the year	17,431,872	83,433	17,515,305
Assets			
Segment total assets	68,611,608	1,540,987	70,152,595
Liabilities			
Segment total liabilities	31,356,948	584,023	31,940,971

2014	Inside Kuwait	Outside Kuwait	Total
	KD	KD	KD
Segment revenues	26,968,652	1,671,591	28,640,243
Segment expenses	(14,589,759)	(1,536,162)	(16,125,921)
Depreciation and amortisation	(2,347,850)	(40,456)	(2,388,306)
Impairment of goodwill	(1,552,500)	-	(1,552,500)
Finance charges	(494,964)	-	(494,964)
Share of loss of associates	-	(38,642)	(38,642)
Other income	200,827	21,436	222,263
Profit for the year	8,184,406	77,767	8,262,173
Assets			
Segment total assets	50,295,890	1,518,362	51,814,252
Liabilities			
Segment total liabilities	19,614,543	610,159	20,224,702

27. COMMITMENTS AND CONTINGENT LIABILITIES

	2015	2014
Commitments	KD	KD
Capital commitments for construction	5,732,358	124,939
Capital commitments for software up gradation	144,827	-
Operating commitments for land	1,142,500	1,233,000
Minimum operating lease commitments under the operating lease are as follows:		
Not later than one year	90,500	90,500
Later than one year but not later than five years	362,000	362,000
Later than five years	690,000	780,500
	1,142,500	1,233,000
Contingent liabilities		
Letters of guarantee	1,221,930	1,181,807
Others	-	250,750
	1,221,930	1,432,557

28. FINANCIAL RISK MANAGEMENT

The Group's financial assets have been categorized as follows :

	Loans and Receivables	Available for sale
31 December 2015	KD	KD
Cash and bank balances	16,838,231	-
Trade and other receivables	14,572,989	-
Investment available for sale	-	468
Total	31,411,220	468
31 December 2014		
Cash and bank balances	12,085,975	-
Trade and other receivables	11,239,829	-
Investment available for sale	-	468
Total	23,325,804	468

All the financial liabilities of the Group are categorized as 'other than at fair value through profit or loss'.

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group's Board of Directors oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group. The significant risks that the Group is exposed to are discussed below :

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

a) Market risk (Continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk. The Group is not exposed to other price risk.

(i) Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk as a result of foreign exchange gains / losses on translation of foreign currency denominated assets and liabilities such as trade receivables and payables.

The Group's exposure to currency risk is immaterial as the Group's financial instruments denominated in foreign currencies are immaterial.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from short-term bank deposits and bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages interest rate risk by monitoring interest rate movements and by borrowing at market linked interest rates.

At 31 December 2015, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, consolidated profit for the year would have been lower/higher by KD 174,567 (2014 - KD 91,217).

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of bank balances and trade and other receivables. The Group manages this risk by placing its bank balances with high credit rated institutions. The Group considers the credit quality of amounts that are neither past due nor impaired to be good.

During the year, 92% (2014: 90%) of the total trade receivables is derived from the Group's largest counterparty which is a government entity (See note 26).

Maximum exposure to credit risk

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

	2015	2014
	KD	KD
Bank balances	16,818,121	12,063,127
Trade and other receivables	14,572,989	11,239,829
	31,391,110	23,302,956

For more information refer to Notes 4 and 5. Past due but not impaired financial assets are disclosed in note 5. None of the other financial assets are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash and bank balances and availability of funding from committed credit facilities and borrowings. The Parent Company's Board of Directors increases capital or borrowings based on ongoing review of funding requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(c) Liquidity risk (Continued)

At 31 December 2015	Less than 1 year KD	Between 1 and 2 years KD	Between 2 and 5 years KD	Over 5 years KD
Financial liabilities				
Bank overdrafts	982,959	-	-	-
Short-term loan	4,000,000	-	-	-
Trade and other payables	1,575,708	-	-	-
Accruals and other liabilities	4,902,232	-	-	-
Retentions payable	1,027,552	-	-	-
Long-term debts	4,594,209	3,400,453	5,736,346	-
	17,082,660	3,400,453	5,736,346	-
Commitments				
Capital commitments for construction	5,732,358	-	-	-
Capital commitments for software up gradation	144,827	-	-	-
Operating lease commitments for land	90,500	90,500	271,500	690,000

At 31 December 2014	Less than 1 year KD	Between 1 and 2 years KD	Between 2 and 5 years KD	Over 5 years KD
Financial liabilities				
Bank overdrafts	154,094	-	-	-
Short-term loan	3,000,000	-	-	-
Trade and other payables	622,717	-	-	-
Accruals and other liabilities	3,289,067	-	-	-
Retentions payable	374,649	-	-	-
Long-term debts	3,261,768	3,118,699	-	-
	10,702,295	3,118,699	-	-
Commitments				
Capital commitments for construction	124,939	-	-	-
Operating lease commitments for land	90,500	90,500	271,500	780,500

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Level 1: Quoted (unadjusted) prices in active market for the same instrument;

Level 2: Quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: Valuation techniques for which any significant input is not based on observable market data.

The carrying amounts of financial assets and financial liabilities that are liquid or having a short term maturity is approximately their fair value. This estimate is based on Level 3 inputs with the discount rate that reflects the credit risk of counterparties being the most significant input.

29. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return on investment to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy in the current year remains unchanged from previous year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash equivalents. Total capital is calculated as equity (as shown in the consolidated statement of financial position) plus net debt.

Gearing ratio

The gearing ratio at year end were as follows:

	2015	2014
	KD	KD
Total Borrowings (i)	16,556,255	9,047,230
Less : Cash and cash equivalents	(15,855,272)	(11,931,881)
Net debt	700,983	-
Total Equity	38,211,624	31,589,550
Total Capital	38,912,607	31,589,550
Gearing ratio	1.80%	-

(i) Total borrowings include short-term loan as disclosed in note 11 and long-term debts as disclosed in note 14.

30. DIVIDEND DISTRIBUTION

Dividend – 2014

The annual general assembly of the shareholders' held on 07 May 2015 approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2014 and the payment of cash dividend of 90 fils per share to the shareholders (31 December 2013: 35 fils per share) and bonus shares of NIL (31 December 2013 – 7%).

Proposed dividend - 2015

The Board of Directors, subject to the approval of shareholders, recommends distribution of a cash dividend of 25 fils per share (2014 - 90 fils per share) on outstanding shares to the registered shareholders as of the date of the Annual General Meeting.

31. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from these estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Judgements and estimates that are significant to the consolidated financial statements are shown below :

Judgements

Contingent liabilities / liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

31. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment of financial assets

The Group's management reviews periodically items classified as ''loans and receivables'' to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

Impairment of tangible and intangible assets and useful lives

The Group's management tests annually whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 2. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates that reflect current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

The Group's management determines the useful lives and related depreciation and amortisation charge. The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amounts of cash generating units are determined based on value-in-use calculations or at fair value less costs to sell. The fair value less cost to sell is based on recent/ intended market transactions and the related EBITDA multiples used in such transactions. These calculations require the use of estimates.