



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ





His Highness
**Sheikh Sabah Al-Ahmad
Al-Jaber Al-Sabah**
Amir of the State of Kuwait



His Highness
**Sheikh Nawaf Al-Ahmad
Al-Jaber Al-Sabah**
Crown Prince





CONTENTS

BOARD MEMBERS	7
BOARD OF DIRECTORS' REPORT	8-9
THE SHARIA REPORT	11
AUDITOR'S REPORT	14-15
CONSOLIDATED INCOME STATEMENT	16
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	17
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	19
CONSOLIDATED CASH FLOWS STATEMENT	20
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21-49





BOARD MEMBERS



Tariq A. Al-Adsani
Chairman



Dr. Omar S. Al-Mutawa
Vice Chairman



Nasser S. Al-Saleh
Board member



Hamid A. Al-Wazzan
Board member



Jayantha Premasekera
Board member



Sultan Mohammad Al-Eisa
Board member



Reem M. Badran
Board member

Board of Directors' Report to the Shareholders

Dear Shareholders,

May peace and Allah's mercy and blessings be upon you.

I have the pleasure, on behalf of the Board of Directors to welcome you to the 9th annual meeting of the Ordinary General Assembly of your esteemed company to offer to you the Board of Directors' report on the results of the company's business and activities as on 30/09/2015 as well as its future directions.

First Education Company endeavors to invest in promising educational projects through the formation of strategic partnerships with the owners of successful educational entities with an aim of creating outstanding educational units and keeping pace with the state-of-the-art technologies to contribute to the creation of an educated generation capable of making fruitful contributions to the development and advancement of their society.

Year 2015 witnessed several milestones in the company's investments. The number of students enrolled in the company's educational projects reached more than 10,000 students from kindergarten to the university level. In Kuwait, Al-Resala Bilingual School (RBS), owned by Al Kalemah Al Tayebah Company, maintained its annual growth for the number of students by a percentage of 13.5% reaching 1458 students. Also, Al-Nibras School, owned by the Integrated Curricula Company, maintained its annual growth for the number of students at a percentage of 6% reaching 718 students. Moreover, Kuwait College for Science and Technology has completed the establishment of its campus and obtained the final approval from the Private Universities' Council to start the college in January 2016, Allah willing.

The company's consolidated financial statements has support of the revenues generated from leasing of Al Nafi Educational Complex in Riyadh, Saudi Arabia with an amount of KD. 721,042. The company also, acquired a stake of 30% in Universal International School in Riyadh, Saudi Arabia with a total students number estimated to 388. In the Kingdom of Bahrain, the Kingdom University has obtained an approval from the Private Universities' Council to reopen the Faculty of Business Administration following a significant progress in the quality assurance of the university, which will have a positive impact on the university revenues. Also, the university is constructing an additional building with the aim to provide expansion to the current campus to accommodate a numbers of new students in the next phase.

In the Hashemite Kingdom of Jordan, Petra University, owned by Petra Educational Company, was granted the Quality Assurance





Certificate to be the first university in Jordan to obtain this certificate. In the United Arab Emirates, Curious Minds Nursery is still in the growing phase as the number of pupils reached 60 as in January 2016.

With respect to the future projects, the company is working on developing its partnership in Universal International School in Riyadh in order to run other schools and Al Nafl Educational Complex in the future. In addition, the company pursues its efforts in the development of the Kingdom University to elevate it to be placed in the higher ranks in Bahrain. Currently, the company is conducting a variety of educational opportunities in Kuwait, Oman and Jordan. Moreover, the company is trying to make an exit from one of its investments in the Gulf region.

The company's consolidated revenues for the period ended in September 2015 amounted to KD. 2,117,607 - an increase of 25% compared to the previous fiscal year, mainly due to the revenues generated from Al Nafl Educational Complex in Riyadh as well as the growth of the revenues of the company's associates. The company's consolidated expenses decreased by 1% amounting to KD. 579,221. At the end of the period, the company achieved net profit of KD. 1,057,477 or a decrease of 2% compared to the previous fiscal year.

On these grounds, the Board of Directors is pleased to submit a recommendation to the General Assembly to distribute cash dividend of 5% of the share capital to the company's shareholders with a total value of KD. 750,000. Also, the Board of Directors makes a recommendation to distribute cash bonus of KD. 2,500 to each of the board members in recognition of their efforts for the last period.

Finally, on behalf of myself and on behalf of all members of the Board of Directors, we would like to extend our thanks and appreciation to all members of the company at all administrative and technical levels for their sincere efforts exerted in achieving our accomplishments, thanks to Allah Almighty. Also, we hope to all our esteemed shareholders continuous prosperity and success, Allah willing.

Tariq Abdul Wahab Al-Adsani

Chairman



**The Sharia Report of First Education Co.
Fatwa and Shariah Supervisory Board
For the period from 01/10/2014 to 30/09/2015**

To: The Shareholders of First Education Company.

Peace, mercy and blessings of Allah be upon you.

According to the contract signed with us we at Fatwa and Shariah Supervisory Board in Al Mashora and Al Raya have audited and supervised the principles adopted and the contracts related to the transactions concluded by the Company during the period from 01/10/2014 to 30/09/2015. We have carried out the necessary supervision to give our opinion on whether or not the Company has complied with the Islamic Shariah rules and principles as well as the Fatwas, decisions and guidelines made by us.

However, our liability is limited to the expression of independent opinion on the extent of the company compliance with same based on our audit.

Our supervision included examining the contracts and procedures used by the Company on the basis of examining each type of operations.

In our opinion, the contracts, operations and transactions concluded or used by the Company during the period from 01/10/2014 to 30/09/2015. and which have been reviewed by us, were in compliance with the provisions and principles of the Islamic Shariah.

Moreover, The Company has to draw the attention of its shareholders to the fact that they should pay their Zakat by themselves.

We wish the Company all success and prosperity in serving our religion and our country.

Peace, mercy and blessings of Allah be upon you.

Prof /Abdul Aziz k. Al-Qassar
Chairman of the Sharia Committee

Dr. Essa Zaki Essa
Sharia Committee Member

Dr. Ali Ibrahim Al-Rashed
Sharia Committee Member

First Education Company K.S.C. (Closed)
and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIRST EDUCATION COMPANY K.S.C.C.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of First Education Company K.S.C.C. (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 30 September 2015, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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

Management of the Parent Company 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' judgement, 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 auditors consider 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 consolidated financial position of the Group as at 30 September 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIRST EDUCATION COMPANY K.S.C.C. (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors 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 information that is required by the Companies Law No. 25 of 2012, as amended and its executive regulation, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended and its executive regulation, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 30 September 2015 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.

WALEED A. AL OSAIMI

LICENCE NO. 68 A

EY

AL AIBAN, AL OSAIMI & PARTNERS

4 January 2016
Kuwait

First Education Company K.S.C. (Closed) and its Subsidiaries
CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2015

	Notes	2015 KD	2014 KD
INCOME			
Net investment income	5	191,595	228,880
Share of results from associates	9	507,640	182,777
Gain on sale of properties under development	6	-	927,796
Change in fair value of investment property	7	578,272	-
Net rental income		721,042	-
Tuition fees		97,052	4,913
Gain on bargain purchase	4	-	303,247
Other income		22,006	40,389
		2,117,607	1,688,002
EXPENSES			
Impairment of other receivables	11	-	(66,899)
Staff costs		(137,739)	(152,872)
Direct tuition cost		(106,965)	(14,884)
Depreciation		(43,892)	(15,659)
Administrative expenses		(290,625)	(335,037)
		(579,221)	(585,351)
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), ZAKAT AND BOARD OF DIRECTORS' REMUNERATION		1,538,386	1,102,651
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(5,217)	-
Zakat		(6,388)	(8,966)
Board of Directors' remuneration	15	(17,500)	(10,500)
PROFIT FOR THE year		1,509,281	1,083,185
Attributable to:			
Equity holders of the Parent Company		1,057,477	1,083,185
Non-controlling interests		451,804	-
		1,509,281	1,083,185

The attached notes 1 to 18 form part of these consolidated financial statements.



First Education Company K.S.C. (Closed) and its Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 For the year ended 30 September 2015

	2015 KD	2014 KD
Profit for the year	1,509,281	1,083,185
Other comprehensive income		
Other comprehensive income (loss) to be reclassified to consolidated income statement in subsequent periods:		
Change in fair value of financial assets available for sale	740,801	(561,968)
Exchange differences on translation of foreign operations	309,617	87,319
Other comprehensive income (loss) for the year	1,050,418	(474,649)
TOTAL COMPERHENSIVE INCOME FOR THE YEAR	2,559,699	608,536
Attributable to:		
Equity holders of the Parent Company	2,238,869	608,536
Non-controlling interests	320,830	-
	2,559,699	608,536

The attached notes 1 to 18 form part of these consolidated financial statements.

First Education Company K.S.C. (Closed) and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	2015 KD	2014 KD
ASSETS			
Non-current assets			
Furniture and equipment		72,860	116,667
Investment Property	7	6,935,312	6,052,030
Financial assets available for sale	8	4,938,187	4,197,386
Investment in associates	9	6,282,776	5,536,439
		18,229,135	15,902,522
Current assets			
Financial assets at fair value through profit or loss	10	26,758	81,487
Other assets	11	889,421	911,717
Bank balances and cash		2,260,697	4,174,723
		3,176,876	5,167,927
TOTAL ASSETS		21,406,011	21,070,449
EQUITY AND LIABILITIES			
Equity			
Share capital	12	15,000,000	15,000,000
Statutory reserve	13	107,497	222,342
Cumulative changes in fair value reserve		1,644,290	903,489
Foreign currency translation reserve		658,206	217,615
Retained earnings (accumulated losses)		938,367	(233,955)
Equity attributable to the equity holders of the Parent Company		18,348,360	16,109,491
Non-controlling interests		2,690,410	2,369,580
Total equity		21,038,770	18,479,071
Non-current liability			
Employees' end of service benefits		16,721	11,067
Current liability			
Other payables and accruals	14	350,520	2,580,311
Total liabilities		367,241	2,591,378
TOTAL EQUITY AND LIABILITIES		21,406,011	21,070,449



Tareq A. Al-Adsani
Chairman

The attached notes 1 to 18 form part of these consolidated financial statements.



First Education Company K.S.C. (Closed) and its Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2015

	<i>Attributable to the equity holders of the parent</i>							
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Cumulative changes in fair value reserve</i>	<i>Foreign currency translation reserve</i>	<i>Retained earnings (accumulated losses)</i>	<i>Sub Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 1 October 2014	15,000,000	222,342	903,489	217,615	(233,955)	16,109,491	2,369,580	18,479,071
Profit for the year	-	-	-	-	1,057,477	1,057,477	451,804	1,509,281
Other comprehensive income (loss) for the year	-	-	740,801	440,591	-	1,181,392	(130,974)	1,050,418
Total comprehensive income for the year	-	-	740,801	440,591	1,057,477	2,238,869	320,830	2,559,699
Extinguishment of accumulated losses (Note12)	-	(222,342)	-	-	222,342	-	-	-
Transfer to statutory reserve	-	107,497	-	-	(107,497)	-	-	-
At 30 September 2015	15,000,000	107,497	1,644,290	658,206	938,367	18,348,360	2,690,410	21,038,770
As at 1 October 2013	15,000,000	222,342	1,465,457	130,296	(1,317,140)	15,500,955	-	15,500,955
Profit for the year	-	-	-	-	1,083,185	1,083,185	-	1,083,185
Other comprehensive loss for the year	-	-	(561,968)	87,319	-	(474,649)	-	(474,649)
Total comprehensive (loss) income for the year	-	-	(561,968)	87,319	1,083,185	608,536	-	608,536
Acquisition of a subsidiary (Note 4)	-	-	-	-	-	-	2,369,580	2,369,580
At 30 September 2014	15,000,000	222,342	903,489	217,615	(233,955)	16,109,491	2,369,580	18,479,071

The attached notes 1 to 18 form part of these consolidated financial statements.

First Education Company K.S.C. (Closed) and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2015

	Notes	2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit for the year		1,509,281	1,083,185
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Provision for employees' end of service benefits		8,097	4,466
Realised gain on sale of financial assets at fair value through profit or loss	5	(2,153)	(105,362)
Unrealised (gain) loss on financial assets at fair value through profit or loss	5	(1,093)	23,618
Share of results of associates	9	(507,640)	(182,777)
Dividends income	5	(188,349)	(147,136)
Gain on sale of properties under development		-	(927,796)
Change in fair value of investment property	7	(578,272)	-
Impairment of other receivables	11	-	66,899
Gain on bargain purchase	4	-	(303,247)
Depreciation		43,892	15,659
		283,763	(472,491)
Working capital adjustments:			
Other assets		22,296	(853,453)
Financial assets at fair value through profit or loss		54,729	1,618,994
Other payables and accruals		(2,848,033)	770,462
Cash flows (used in) from operations		(2,487,245)	1,063,512
Employee's end of service benefits paid		(2,443)	-
Net cash flows (used in) from operating activities		(2,489,688)	1,063,512
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	4	-	(1,845,594)
Dividends income received		188,349	147,136
Purchase of furniture and equipment		-	(108,457)
Proceeds from sale of properties under development		-	1,836,464
Additions of investment in associates	9	(233,278)	-
Dividends received from associates	9	180,000	144,008
Net cash flows from investing activities		135,071	173,557
Net foreign exchange difference		440,591	87,319
NET (DECREASE) INCREASE IN BANK BALANCES AND CASH		(1,914,026)	1,324,388
Bank balances and cash at the beginning of the year		4,174,723	2,850,335
BANK BALANCES AND CASH AT THE END OF THE YEAR		2,260,697	4,174,723

The attached notes 1 to 18 form part of these consolidated financial statements.



First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

1 CORPORATE INFORMATION

The Group comprises of First Education Company K.S.C.C. (the "Parent Company") and its subsidiaries (collectively, the "Group") The Parent Company is a Kuwaiti closed shareholding company registered and incorporated in Kuwait on 20 December 2005.

The principal activities of the Group comprise the following:

- Constructing, establishing and managing educational institutions and various kinds of schools including nursery, primary, preparatory and secondary schools.
- Constructing and managing professional educational institutions and various training institutes and centres.
- Constructing buildings necessary for educational institutions and importing, exporting and trading in fixtures, equipment and plants pertaining to educational activities in all levels.
- Conducting studies and rendering all types of consultancy services and feasibility studies in the educational and training fields.
- Holding training courses relevant to the company's objectives according to the needs of the governmental bodies, companies and private institutions.
- Obtaining agencies for educational and training institutions and representing companies with similar objectives after obtaining the necessary official approvals.
- Issuing, publishing and distributing printouts and special books in the educational fields after obtaining the necessary licenses.
- Rendering programs and special computer services in the educational fields.
- Using surplus funds available with the company by investing it in financial portfolios managed by specialized bodies and companies.

The registered office of the Parent Company is at P.O. Box 20389, Safat 13063, Kuwait.

The consolidated financial statements of the Group for the year ended 30 September 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 4 January 2016 and are subject to the approval of the general assembly of shareholders. The Annual General Meeting of the shareholders of the Parent Company has the power to amend these consolidated financial statements after issuance.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets available for sale that have been measured at fair value.

The financial statements of the subsidiaries are prepared using consistent accounting policies except for certain investment properties carried at cost by one of the Group's subsidiaries, and adjustments have been made to unify the accounting policy with the Group's accounting policies below.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) which is also the functional and presentation currency of the Parent Company.

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 September 2015.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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



First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

Details of the subsidiaries included in the consolidated financial statements set out below:

<i>Name of the company</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Equity interest %</i>	
			<i>2015</i>	<i>2014</i>
Saudi Kuwaiti Education & Training Company Limited	Saudi Arabia	Educational services	100%	100%
Al Maali Real Estate Company W.L.L.*	Saudi Arabia	Educational services	64.3%	64.3%
FEC Holding Limited	United Arab Emirates	Educational services	100%	100%
FEC Edification Holding Limited	United Arab Emirates	Educational services	100%	100%

*During the prior year the Parent Company acquired a direct interest of 64.3% in Al Maali Real Estate Company W.L.L. located in Saudi Arabia. (Note 4)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the following amendments to IFRS effective as of 1 January 2015:

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

These amendments become effective for annual periods beginning on or after 1 January 2014. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The application of these amendments did not impact the Group's financial position or performance since the Group has no offsetting arrangements.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. Though the application of these amendments did not result in any additional disclosures, the same would continue to be considered for future disclosures.

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

These amendments become effective for annual periods beginning on or after 1 January 2014. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The application of these amendments did not impact the Group's financial position or performance, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IFRIC 21 Levies

IFRIC 21 becomes effective for annual periods beginning on or after 1 January 2014. It clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. The application of this interpretation did not impact the Group's financial position or performance as the Group has applied the recognition principles under IAS 37 (*Provisions, Contingent Liabilities and Contingent Assets*) consistent with the requirements of IFRIC 21 in prior years.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and had no impact on the Group. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and had no impact on the Group. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies, for the scope exceptions within IFRS 3, that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.



First Education Company K.S.C. (Closed) and its Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Other new or amended standards which are effective on or after 1 January 2015 are not relevant to the Group and have no impact on the accounting policies, financial position or performance of the Group.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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. However, the Group expects no significant impact from the adoption of these standards on its financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

The IASB issued IFRS 9 Financial Instruments: Classification and Measurement 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 the 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 financial statements, when adopted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)***Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*

These amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact on the Group since the Group had not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27 Equity Method in Separate Financial Statements

These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any impact on the Group's consolidated financial statements.

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, financial position or performance of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Business combinations and goodwill**

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

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in consolidated income statement or as a change to other comprehensive income.

**First Education Company K.S.C. (Closed) and its Subsidiaries****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Tuition fees

Tuition fees are recognised in the year to which they relate on a time proportionate basis, less any allowable discounts.

Dividends income

Dividends income is recognised when the Group's right to receive payment is established.

Rental income

Rental income on investment properties from operating leases is recognised on straight line basis over the lease term.

Taxation*Kuwait Foundation for the Advancement of Sciences (KFAS)*

The Parent Company calculates the contribution to KFAS at 1% of profit for the year in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat

Zakat is calculated at 1% of the profit for the year in accordance with the requirements of the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007. Zakat charge calculated in accordance with these requirements is charged to the consolidated income statement.

Taxation on foreign subsidiary

Taxation on foreign subsidiary is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the country where the subsidiary operates.

Foreign currency translation

The Group's consolidated financial statements are presented in Kuwaiti Dinar, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

As at the reporting date, the assets and liabilities of foreign subsidiaries and the carrying amount of foreign associates are translated into the Parent Company's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the reporting date, and their income statement are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken to the consolidated statement of comprehensive income as foreign exchange translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated income statement.

Current versus non-current classification

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

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

**First Education Company K.S.C. (Closed) and its Subsidiaries**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current

Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in income statement in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent, registered real estate valuers with relevant experience in the market in which the property is situated. The valuation reflects market conditions at the reporting date. Changes in the fair values of investment properties are included in the consolidated income statement.

Investment property is derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in income statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Impairment of non-financial assets

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

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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses of continuing operations are recognised in the consolidated income statement.

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

Goodwill

Goodwill is tested for impairment annually as at 30 September and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU's) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial instruments – initial recognition, subsequent measurement and derecognition

(i) Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, financial assets held to maturity, financial assets available for sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets on initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not recorded at fair value through profit or loss, directly attributable transaction costs.

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

The Group's financial assets include financial assets available for sale, financial assets at fair value through profit or loss, other assets and bank balances and cash.

At the reporting date, the Group did not have any financial assets held-to-maturity or as derivatives designated as hedging instruments.

**First Education Company K.S.C. (Closed) and its Subsidiaries****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments – initial recognition, subsequent measurement and derecognition (continued)****(i) Financial assets (continued)*****Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets available for sale

Financial assets available for sale include equity and debt securities. Equity and debt investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, financial assets available for sale are subsequently measured at fair value with unrealised gains or losses recognised as cumulative changes in fair values in other comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss is removed from the cumulative changes in fair values and recognised in the consolidated income statement. Financial assets whose fair value cannot be reliably measured are stated as cost less impairment losses, if any.

The Group evaluates whether the ability and intention to sell its available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statement.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Gains or losses of investment held for trading are recognised in the consolidated income statement. Financial assets are designated at fair value through profit or loss if they are managed and their performance is evaluated on reliable fair value basis in accordance with documented investment strategy. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated income statement.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

(i) Financial assets (continued)

them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Loans and receivables

Loans and receivables comprises of other assets are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

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

(ii) Impairment of financial assets

An assessment is made at each reporting date to determine whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. If such evidence exists, an impairment loss is recognised in the consolidated income statement.

**First Education Company K.S.C. (Closed) and its Subsidiaries****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments – initial recognition, subsequent measurement and derecognition (continued)****(ii) Impairment of financial assets (continued)**

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, an impairment loss is recognised in the consolidated income statement.

Financial assets available for sale

For financial assets available for sale, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as Financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets available for sale previously recognised in the consolidated income statement, is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to the consolidated income statement.

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

(iii) Financial liabilities

Initial recognition and subsequent measurement

Financial liabilities within the scope of IAS 39, are classified at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include other payables.

At the reporting date, the Group didn't have any financial liabilities at fair value through profit or loss or as derivatives designated as hedging instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition

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

(iv) Offsetting of financial instruments

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

Fair value measurement

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

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

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

**First Education Company K.S.C. (Closed) and its Subsidiaries****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments – initial recognition, subsequent measurement and derecognition (continued)****Fair value measurement (continued)**

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

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

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

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

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 18.

Investment in associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, investment in associates is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. The Group recognises in the consolidated income statement its share of the total recognised income statement of the associate from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from an associate reduce the carrying amount of the investment.

First Education Company K.S.C. (Closed) and its Subsidiaries**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Investment in associates (continued)**

Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity that have not been recognised in the associate's income statement. The Group's share of those changes is recognised in statement of comprehensive income.

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The reporting dates of the associates and the Group are identical and in case of different reporting date of associate from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for the like transactions and events in similar circumstances.

The consolidated income statement reflects the Group's share of results of operations of the associates. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as 'impairment loss' in the consolidated income statement.

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

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to 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 also makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



First Education Company K.S.C. (Closed) and its Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

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

Classification of investments

Management decides on acquisition of an investment whether it should be classified as at fair value through profit or loss or available for sale.

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as fair value through profit or loss.

All other financial assets are classified as available for sale.

Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development.

The Group classifies property as an investment property if it is acquired, developed or is in the process of development to principally generate rental income or for capital appreciation, or for undetermined future use.

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

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

Impairment of investment in associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Impairment of investments available for sale

The Group 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.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.



First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

4 BUSINESS COMBINATION

In September 2014, The Group acquired 64.3% in Al Maali Real Estate Investment Company W.L.L., a Saudi Limited Liability Company. The Company mainly deals in establishment and managing of educational real estate buildings.

The consideration paid and the fair values of the assets acquired and liabilities assumed recognised at the acquisition date, are summarised as follows:

	<i>KD</i>
Non-Current Asset	
Investment property	<u>6,052,030</u>
Current Assets	
Other assets	701,466
Bank balances and cash	6
	<u>701,472</u>
TOTAL ASSETS	<u><u>6,753,502</u></u>
Liabilities	
Other payables and accruals	<u>116,022</u>
Total identifiable net assets acquired at fair value	<u><u>6,637,480</u></u>
Total non-controlling interest	<u>2,369,580</u>
Holdings acquired 64.3%	<u><u>4,267,900</u></u>
Purchase consideration transferred:	
In cash	1,845,600
Payable	2,119,053
	<u>3,964,653</u>
Gain on bargain purchase	<u><u>(303,247)</u></u>
Cash paid	1,845,600
Less: net cash acquired with the subsidiary	(6)
Net cash outflow	<u><u>(1,845,594)</u></u>

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

5 NET INVESTMENT INCOME

	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Realised gain on sale of financial assets at fair value through profit or loss	2,153	105,362
Unrealised gain (loss) on financial assets at fair value through profit or loss	1,093	(23,618)
Dividends income	188,349	147,136
	191,595	228,880

6 PROPERTIES UNDER DEVELOPMENT

During the prior year one of the Group's subsidiary, Saudi Kuwaiti Education & Training Company Limited has sold a property under development with a carrying value of KD 908,668 with total proceeds of KD 1,836,464, realising a profit of KD 927,796.

7 INVESTMENT PROPERTY

	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
At the beginning of the year	6,052,030	-
On acquisition of a subsidiary (Note 4)	-	6,052,030
Change in fair value	578,272	-
Foreign exchange translation differences	305,010	-
Balance at the end of the year	6,935,312	6,052,030

Investment property represents freehold land and building owned by the Group's subsidiary which is Al Maali Real Estate Company W.L.L. in Saudi Arabia.

As at 30 September 2015, the fair value of investment property is KD 6,935,312 (2014: KD 6,052,030). The fair value has been determined based on valuation performed by two independent professional real estate valuation experts who are specialised in valuing such type of property.

For valuation purpose, the Group has selected the lower of those two valuations (2014: the lower of two valuations). Based on those valuations, the Group has recognised an unrealized gain on revaluation of KD 578,272 (2014: KD Nil) in the consolidated income statement.



First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

Both valuers have used the following method:

- Developed properties which generate rental income have been valued using the income capitalisation approach assuming full capacity of the property;

This investment property is considered level 2 for the fair value hierarchy and there were no transfers between level 1 and level 2 fair value measurements and no transfer into and out of level 3 fair value measurements.

8 FINANCIAL ASSETS AVAILABLE FOR SALE

	2015	2014
	KD	KD
<i>Local:</i>		
Unquoted shares	682,000	682,000
<i>Foreign:</i>		
Quoted shares	3,517,075	2,776,274
Unquoted shares	739,112	739,112
	4,938,187	4,197,386

The quoted equity securities are listed on Amman Stock Exchange, Jordan.

Unquoted equity securities are carried at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term. Management has performed a review of its unquoted equity investments to assess whether impairment has occurred in the value of these investments. Accordingly, no impairment has been recognised in the consolidated income statement.

Unquoted foreign equity securities amounting to KD 435,362 (2014: KD 435,362) are managed by a related party (Note 15).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in (Note 18).

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

9 INVESTMENT IN ASSOCIATES

Details of the Group's associates as at 30 September are as follows:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Principal Activity</i>	<i>% equity interest</i>	
			<i>2015</i>	<i>2014</i>
The Kingdom University B.S.C. (Closed)	Bahrain	Educational services	45.00%	45.00%
Integrated Curriculum for Education Services Company W.L.L.	Kuwait	Educational services	32.71%	32.71%
Kalema Tayeba Educational Company K.S.C. (Closed) ("KTEC")	Kuwait	Educational services	20%	20%

The movement in the carrying value of investment in associates is as follows:

	2015 KD	2014 KD
At the beginning of the year	5,536,439	5,376,897
Additions	233,278	-
Share of results	507,640	182,777
Dividends received	(180,000)	(144,008)
Foreign currency translation adjustment	185,419	120,773
At the end of the year	6,282,776	5,536,439

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

	2015 KD	2014 KD
Share of associate's statement of financial position:		
Current assets	1,527,134	1,609,175
Non-current assets	5,002,985	3,968,775
Current liabilities	(776,380)	(808,080)
Non-current liabilities	(366,417)	(128,885)
Equity	5,387,322	4,640,985
Goodwill arising on acquisition of associate	895,454	895,454
Carrying value of the investment	6,282,776	5,536,439
Share of associate's revenue and results for the year ended 30 September:		
Revenue	2,346,928	2,264,003
Results - profit for the year	507,640	182,777



First Education Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 30 September 2015

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 KD	2014 KD
<i>Financial assets held for trading:</i>		
Unquoted managed funds	26,758	81,487

As at 30 September 2015, the fair value of unquoted managed funds designated as at fair value through profit or loss is determined based on the net asset value (NAV) reports provided by the related fund manager.

The hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in (Note 18).

11 OTHER ASSETS

	2015 KD	2014 KD
Prepayments	24,339	13,260
Accrued rent	679,268	624,125
Amounts due from related parties (Note 15)	-	105,960
Other receivables*	185,814	168,372
	889,421	911,717

*As at 30 September 2015, other receivables with an amount of KD nil (2014: KD 112,874) were impaired and fully provided for.

Movement in provision for impairment of other receivables is as follows:

	2015 KD	2014 KD
Beginning of the year	112,874	45,975
Charged during the year	-	66,899
At end of the year	112,874	112,874

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

12 SHARE CAPITAL

	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Authorised, issued and fully paid up in cash 150,000,000 shares of 100 fils each	<u>15,000,000</u>	<u>15,000,000</u>

The Board of Directors of the Parent Company has proposed cash dividends of 5 fils/share for the year ended 30 September 2015 (2014:KD nil). This proposal is subject to the approval of the shareholders Annual General Assembly.

During the year ended 30 September 2015, the ordinary General Assembly Meeting of the shareholders of the Parent Company has approved to extinguish the accumulated losses of the Company as at 30 September 2014 of KD 233,955 against the statutory reserve of KD 222,342. Accordingly, the balance of accumulated losses has been decreased to KD 11,613.

13 STATUTORY RESERVE

In accordance with the Companies Law, as amended, and the Parent Company's Articles of Association, 10% of the profit for the year attributable to the equity holders of the Parent Company before contribution to KFAS, Zakat and Directors' remuneration less accumulated losses brought forward has to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

14 OTHER PAYABLES AND ACCRUALS

	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Accrued leave	11,653	11,383
Payables on acquisition of subsidiary (Note 4)	-	2,119,053
Other payables and accruals	338,867	449,875
	<u>350,520</u>	<u>2,580,311</u>

15 RELATED PARTY TRANSACTIONS

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



First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

Transactions with related parties during the year are as follows:

	2015		2014
	<i>Other related parties</i>	<i>Total</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Consolidated statement of financial position			
30 September 2015			
Due from related parties (Note 11)	-	-	105,960

Unquoted foreign equity securities amounting to KD 435,362 (2014: KD 435,362) are managed by a related party (Note 8).

Compensation of key management personnel:

	2015	2014
	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	69,334	61,196
Terminal benefits	5,895	3,448
Directors' remuneration	17,500	10,500
	92,729	75,144

Directors' remuneration of KD 17,500 (2014: KD 10,500) is subject to approval by the Annual General Assembly of the shareholders of the Parent Company.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor these business risks through the Group's strategic planning process. No changes were made in the risk management objectives, policies or processes during the year ended 30 September 2015 and 30 September 2014. The Parent Company's management reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial assets subject to credit risk consist principally of bank balances and other assets.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party and to monitor the collection of receivables on an ongoing basis. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis by the Parent Company's Board of Directors. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks. In addition, receivable balances are monitored on an ongoing basis with a view to minimise the Group's exposure to bad debts. The maximum exposure is the carrying amount as presented in the consolidated statement of financial position.

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Maximum exposure to credit risk**

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position, without taking account of any collateral and other credit enhancements:

	2015	2014
	KD	KD
Other assets	889,421	911,717
Bank balances	2,259,971	4,174,466
	3,149,392	5,086,183

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

Analysis of financial liabilities by remaining contractual maturities

The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profiles of the financial liabilities at the yearend are based on contractual undiscounted repayment arrangement or on management's estimate of planned exit dates.

2015	On demand	3 to 6	6 to 12	1 to 5	
	KD	months	Months	years	Total
	KD	KD	KD	KD	KD
LIABILITIES					
Other payable and accruals	11,570	282,797	56,153	-	350,520
TOTAL LIABILITIES	11,570	282,797	56,153	-	350,520
2014		3 to 6	6 to 12	1 to 5	
	On demand	months	Months	years	Total
	KD	KD	KD	KD	KD
LIABILITIES					
Payable on acquisition of subsidiary	-	2,119,053	-	-	2,119,053
Other payable and accruals	8,966	307,793	144,499	-	461,258
TOTAL LIABILITIES	8,966	2,426,846	144,499	-	2,580,311



First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market variables such as profit rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group is not exposed to profit rate risk as all Islamic financial assets and liabilities don't carry profit rate.

Foreign currency risk

Foreign 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.

The Group mainly operates in Kuwait, Saudi Arabia and United Arab Emirates and as a result is exposed to changes in exchange rates of the Saudi Riyal and UAE Dirhams. The Group's consolidated statement of financial position can be significantly affected by the movement in these currencies.

Foreign currency risk is managed by the Parent Company by continuous assessment of the Group's open positions and current and expected exchange rate movements.

The Group had the following significant net exposures denominated in foreign currencies as of 30 September:

	2015	2014
	KD	KD
SAR Saudi Riyal	1,145,614	2,542,417
UAE Dirhams	126,709	142,968

The table below analyses the effect on loss for the year and other comprehensive income of +/- 5% in currency rate against the Kuwaiti Dinars from levels applicable at the year end, with all other variables held constant. The amount reflects the possible positive or negative impact.

	2015		2014	
	Effect on profit for the year	Effect on other comprehensive income	Effect on profit for the year	Effect on other comprehensive income
	KD	KD	KD	KD
Currency				
SAR Saudi Riyal	62,369	21,852	149,433	7,012
UAE Dirhams	(8,160)	(528)	(6,190)	(120)

First Education Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Equity price risk**

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the levels of equity indices and the value of individual stocks. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The Group's quoted investment is listed on Amman Stock Exchange.

The effect on equity (as a result of a change in the fair value of financial assets available for sale) due to 5% change in market indices, with all other variables held constant is as follows:

	<i>Effect on equity and other comprehensive income</i>	
	<i>2015</i>	<i>2014</i>
Market indices	<i>KD</i>	<i>KD</i>
Jordan	175,854	138,814

17 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the year ended 30 September 2015 and 30 September 2014. Capital represents total equity and is measured at KD 18,348,360 as at 30 September 2015 (30 September 2014: KD 16,109,491).

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The fair value of financial assets and financial liabilities that are not carried at fair value is not materially different from their carrying amounts, except for unquoted financial assets available for sale which are carried at cost less impairment amounting to KD 1,421,112 (2014: KD 1,421,112) (Note 8).


First Education Company K.S.C. (Closed) and its Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

The following table shows an analysis of assets recorded at fair value by level of the fair value hierarchy at 30 September:

Assets measured at fair value

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>2015</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at fair value through profit or loss	-	-	26,758	26,758
Financial assets available for sale	3,517,075	-	-	3,517,075
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>2014</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at fair value through profit or loss	-	-	81,487	81,487
Financial assets available for sale	2,776,274	-	-	2,776,274

During the reporting year ended 30 September 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

The following table shows a reconciliation of the beginning and closing balances of level 3 financial assets which are recorded at fair value.

	<i>At 1 October</i>	<i>Gain recorded in</i>	<i>Net purchases,</i>	<i>At</i>
	<i>2014</i>	<i>the consolidated</i>	<i>sales, transfers</i>	<i>30 September</i>
	<i>KD</i>	<i>statement</i>	<i>and settlements</i>	<i>2015</i>
	<i>KD</i>	<i>of income</i>	<i>KD</i>	<i>KD</i>
Financial assets at fair value through profit or loss	81,487	3,246	(57,975)	26,758
	<i>At 1</i>	<i>Gain recorded in</i>	<i>Net purchases,</i>	<i>At</i>
	<i>October</i>	<i>the consolidated</i>	<i>sales, transfers</i>	<i>30 September</i>
	<i>2014</i>	<i>statement</i>	<i>and settlements</i>	<i>2014</i>
	<i>KD</i>	<i>of income</i>	<i>KD</i>	<i>KD</i>
Financial assets at fair value through profit or loss	1,595,119	81,744	(1,595,376)	81,487