

Independent Auditor's Report

**Mr. Essa Abdul Rahman Al Essa,
The Indian Community School,
Kuwait.**

Report on the Financial Statements

We have audited the accompanying financial statement of The Indian Community School – Kuwait as of August 31, 2008 and the related statements of income, cash flows and changes in owner's equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of August 31, 2008 its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements

Also, in our opinion, proper books of account have been kept by the school and stock taking was duly conducted in accordance with recognized practices and we obtained the information and explanations that we required for the purpose of our audit. According to the information available to us, there were no violations of the Ministerial Decree No. 46601 issued on May 16, 1967 and subsequent amendments there to which include private education system that might have had a material effect on the school or on its financial position except note (1).



Abdulhussain M. Al-Rasheed
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Burgan – International Accountants

March 18, 2009
State of Kuwait

The Indian Community School Kuwait

Balance sheet as of August 31, 2008

"All amounts in Kuwaiti Dinars"

	Note	2008	2007
Assets			
Current assets			
Cash and cash equivalent	4	158,127	418,759
Fixed deposits	5	1,393,854	1,129,255
Investment at fair value - income statement		155,160	-
Accounts receivable and other debit balances	6	127,323	122,349
Inventory		11,027	9,152
		<u>1,845,491</u>	<u>1,679,515</u>
Non current assets			
Property and Equipment	7	65,994	77,931
Total assets		<u>1,911,485</u>	<u>1,757,446</u>
Liabilities and owner's equity			
Current liabilities			
Accounts payable and other credit balances	8	612,563	517,167
		<u>612,563</u>	<u>517,167</u>
Non current liabilities			
Provision for Staff Indemnity		405,741	387,165
Subordinated Loan	9	781,924	782,024
		<u>1,187,665</u>	<u>1,169,189</u>
Total liabilities		<u>1,800,228</u>	<u>1,686,356</u>
Owner's equity			
Capital	10	25,000	25,000
Retain earnings		86,257	46,090
Total owner's equity		<u>111,257</u>	<u>71,090</u>
Total liabilities and owner's equity		<u>1,911,485</u>	<u>1,757,446</u>

The Indian Community School Kuwait

Statement of income for the year ended August 31, 2008

"All amounts in Kuwaiti Dinars"

	Note	<u>2008</u>	<u>2007</u>
Revenue			
Fee income		1,624,447	1,510,230
Cost of operations	11	<u>(1,523,146)</u>	<u>(1,386,959)</u>
Gross profit		101,301	123,271
Profit from sale of property and equipment		<u>649</u>	<u>-</u>
Total revenue		<u>101,950</u>	<u>123,271</u>
Expense and other charges			
General & administration expenses	12	(173,674)	(138,815)
Provision for stock		-	(11,748)
Depreciation		<u>(32,734)</u>	<u>(46,148)</u>
Total expense and other charges		<u>(206,408)</u>	<u>(196,711)</u>
Net loss from operation		<u>(104,458)</u>	<u>(73,440)</u>
Other income	13	<u>144,625</u>	<u>130,397</u>
Net profit for the year		<u>40,167</u>	<u>56,957</u>