

**EYAS FOR HIGHER AND TECHNICAL EDUCATION COMPANY – K.S.C. (CLOSED)  
STATE OF KUWAIT**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011  
WITH  
INDEPENDENT AUDITORS' REPORT**

EYAS FOR HIGHER AND TECHNICAL EDUCATION COMPANY – K.S.C. (CLOSED)  
STATE OF KUWAIT

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FOR THE YEAR ENDED AUGUST 31, 2011  
WITH  
INDEPENDENT AUDITORS' REPORT

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## **INDEPENDENT AUDITORS' REPORT**

The Shareholders  
Eyas for Higher and Technical Education Company – K.S.C. (Closed)  
State of Kuwait

### **Report on the financial statements**

We have audited the accompanying financial statements of Eyas for Higher and Technical Education Company - K.S.C. (Closed) "the Company", which comprise statement of financial position as of August 31, 2011, and the statements of comprehensive income, changes in equity and cash flows 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Basis for qualified opinion**

The Company's share of results from its associate for the year ended August 31, 2011 was recognized based on unaudited financial statements (Note 8).

**Qualified opinion**


In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Eyas for Higher and Technical Education Company - K.S.C. (Closed) as of August 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to Notes (6), (8) and (10) regarding the financial statements.

**Report on other legal and regulatory requirements**

Also in our opinion, the financial statements include the disclosures required by the Commercial Companies Law and the Company's Articles of Association, and we obtained the information we required to perform our audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Company's books. According to the information available to us, there were no contraventions during the year ended August 31, 2011 of either the Commercial Companies Law or of the Company's Articles of Association which might have materially affected the Company's financial position or results of its operations.



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Nayef M. Al-Bazie  
Licence No. 91-A  
RSM Albazie & Co.

**EYAS FOR HIGHER AND TECHNICAL EDUCATION COMPANY – K.S.C. (CLOSED)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2011**  
 (All amounts are in Kuwaiti Dinars)

ASSETS	Note	2011	2010
<b>Current assets:</b>			
Cash on hand and at banks		1,419,853	2,724,075
Investments at fair value through income statement	3	288,416	315,675
Accounts receivable and other debit balances	4	5,491,969	5,108,940
Inventory	5	4,966	4,966
Due from related parties	6	998,265	1,640,765
Total current assets		8,203,469	9,794,421
Investments available for sale	7	2,290,122	2,424,906
Investment in an associate	8	2,687,158	3,098,703
Fixed assets	9	23,656,180	25,784,766
Total assets		36,836,929	41,102,796
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Murabaha payables – Current	10	4,151,423	7,508,748
Accounts payable and other credit balances	11	3,202,585	4,102,456
Due to related party	6	5,165	5,165
Total current liabilities		7,359,173	11,616,369
Murabaha payables – Non Current	10	6,855,900	9,214,397
Provision for end of service indemnity	12	1,513,191	1,162,096
Total liabilities		15,728,264	21,992,862
<b>Equity:</b>			
Share Capital	13	11,000,000	11,000,000
Statutory reserve	14	1,781,368	1,447,418
Voluntary reserve	15	1,781,368	1,447,418
Cumulative change in fair value		(12,000)	-
Retained earnings		6,557,929	5,215,098
Total equity		21,108,665	19,109,934
Total liabilities and equity		36,836,929	41,102,796

The accompanying notes (1) to (30) form an integral part of the financial statements

  
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 Dr. Jassim Mohammed Abd Al-Salam  
 Chairman

  
 \_\_\_\_\_  
 Hani Al- Bishlawi  
 Vice Chairman

**EYAS FOR HIGHER AND TECHNICAL EDUCATION COMPANY – K.S.C. (CLOSED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED AUGUST 31, 2011**  
 (All amounts are in Kuwaiti Dinars)

	Share Capital	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Retained earnings	Total equity
Balance at August 31, 2009	11,000,000	1,194,172	1,194,172	-	3,387,234	16,775,578
Total comprehensive income for the year	-	-	-	-	2,334,356	2,334,356
Transfer to reserves	-	253,246	253,246	-	(506,492)	-
Balance at August 31, 2010	11,000,000	1,447,418	1,447,418	-	5,215,098	19,109,934
Total comprehensive (loss) income for the year	-	-	-	(12,000)	3,110,731	3,098,731
Transfer to reserves	-	333,950	333,950	-	(667,900)	-
Cash dividends (Note 24)	-	-	-	-	(1,100,000)	(1,100,000)
<b>Balance at August 31, 2011</b>	<b>11,000,000</b>	<b>1,781,368</b>	<b>1,781,368</b>	<b>(12,000)</b>	<b>6,557,929</b>	<b>21,108,665</b>

The accompanying notes (1) to (30) form an integral part of the financial statements

**EYAS FOR HIGHER AND TECHNICAL EDUCATION COMPANY – K.S.C. (CLOSED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED AUGUST 31, 2011**  
(All amounts are in Kuwaiti Dinars)

	Note	2011	2010
University fees revenue	16	18,752,572	16,758,279
Operating costs	17	(9,242,609)	(8,186,013)
Gross profit		9,509,963	8,572,266
General and administrative expenses	18	(1,458,486)	(2,131,516)
Provision for doubtful debts		(958,244)	(168,769)
Depreciation	9	(2,471,047)	(2,409,277)
Operating profit		4,622,186	3,862,704
Other income	19	219,075	149,655
Net investments loss	20	(150,043)	(42,493)
Share of results from an associate	8	(30,477)	11,065
Impairment loss from an associate	8	(381,068)	-
Loss on disposal of assets held for sale		-	(90,074)
Loss on sale and disposal of fixed assets		-	(126)
Finance charges		(940,178)	(1,358,275)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax, contribution to Zakat and Board of Directors' remuneration		3,339,495	2,532,456
Contribution to KFAS	21	(30,055)	(22,681)
National Labor Support Tax	22	(116,221)	(100,039)
Contribution to Zakat	23	(46,488)	(39,380)
Board of Directors' remuneration	24	(36,000)	(36,000)
Net profit for the year		3,110,731	2,334,356
Other comprehensive income:			
Change in fair value of investments available for sale	7	(12,000)	-
Other comprehensive loss for the year		(12,000)	-
Total comprehensive income for the year		3,098,731	2,334,356
Earnings per share (fils)	25	28.28	21.22

The accompanying notes (1) to (30) form an integral part of the financial statements

**EYAS FOR HIGHER AND TECHNICAL EDUCATION COMPANY – K.S.C. (CLOSED)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2011**  
(All amounts are in Kuwaiti Dinars)

	2011	2010
<b>Cash flows from operating activities:</b>		
Profit for the year before contribution to KFAS, National Labor Support Tax, contribution to Zakat and Board of Directors' remuneration	3,339,495	2,532,456
Adjustments:		
Profit from saving accounts	(12,049)	(5,514)
Provision for doubtful debts no longer required	-	(11,187)
Provision for doubtful debts	958,244	168,769
Net investments loss	150,043	42,493
Share of results from an associate	30,477	(11,065)
Impairment loss from an associate	381,068	-
Depreciation	2,471,047	2,409,277
Loss on disposal of assets held for sale	-	90,074
Loss on sale and disposal of fixed assets	-	126
Finance charges	940,178	1,358,275
Provision for end of service indemnity	512,875	533,904
	<u>8,771,378</u>	<u>7,107,608</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(741,273)	(3,911,044)
Net change in related parties	42,500	(2,156)
Accounts payable and other credit balances	(677,869)	1,571,336
Cash generated from operating activities	<u>7,394,736</u>	<u>4,765,744</u>
End of service indemnity paid	(161,780)	(148,604)
Net cash generated from operating activities	<u>7,232,956</u>	<u>4,617,140</u>
<b>Cash flows from investing activities:</b>		
Paid for purchase of fixed assets	(342,461)	(420,919)
Proceeds from sale of fixed assets	-	250
Profit received from saving accounts	12,049	5,514
Net cash used in investing activities	<u>(330,412)</u>	<u>(415,155)</u>
<b>Cash flows from financing activities:</b>		
Cash Dividend paid to the company's shareholders	(1,096,170)	(1,030)
Net movement in Murabaha payable	(5,715,822)	(83,491)
Finance charges paid	(1,394,774)	(1,467,824)
Net cash used in financing activities	<u>(8,206,766)</u>	<u>(1,552,345)</u>
Net (decrease) increase in cash on hand and at banks	<u>(1,304,222)</u>	2,649,640
Cash on hand and at banks at the beginning of the year	<u>2,724,075</u>	74,435
Cash on hand and at banks at the end of the year	<u>1,419,853</u>	<u>2,724,075</u>

The accompanying notes (1) to (30) form an integral part of the financial statements



**EYAS FOR HIGHER AND TECHNICAL EDUCATION COMPANY – K.S.C. (CLOSED)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2011**  
(All amounts are in Kuwaiti Dinars)

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1. Incorporation and activities

Eyas for Higher and Technical Education Company - K.S.C. (Closed) was established as per Articles of Association of a Kuwait Shareholding Company – Closed, authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department, under Ref. No. 11/Volume 7 dated March 13, 2000. On April 8, 2000, the general establishing assembly had declared the formation of the Company. The Company was recorded in the Commercial Register of the Ministry of Industry and Commerce in the State of Kuwait under Ref. No. 80191 dated March 20, 2000.

The main activities of the Company are:

1. Formation and directing a private university.
2. Establishment of non-government educational institutions (Arabic schools – foreign schools – National Institutions)
3. Organizing and holding exhibitions and conferences, making research and educational studies about education practices and consultancies as per exhibitions organizing systems (on condition that the requirement for consulting offering are satisfied) after approval of specialized authorities.
4. Importing and exporting educational tools.
5. Issuing, publishing and distributing audio and visual printings specializing in the educational field (according to working requirement).
6. Applying and proposing integral solutions and special consultancies related to computer networks and communication services for the education service.
7. Investing the excess amounts available in financial portfolios managed by specialized companies.

The Company may have business relations with other companies applying activities or that may help in the recognition of the Company's objectives either inside or outside the State of Kuwait. Also, the Company has the right to share or buy or join these companies.

As per extraordinary general assembly dated November 4, 2002 the Company's Articles of Association was amended and registered in the Commercial Register as per memorandum from Companies Management Department No. 319 dated November 10, 2002 that the Company applies Islamic regulation on its activity starting from the amendment of the Articles of Association while activities before amendment were organized by agreements and deal relate to start up regulation.

The Company's registered address is P.O.Box 7207, Hawally, 32093, State of Kuwait

The number of employees is 308 employees (2010 – 247 employees).

The financial statements were authorized for issue by the Board of Directors on November 22, 2011. The shareholders' general assembly has the authority to amend these financial statements after issuance.

2. Significant accounting policies

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). Significant accounting policies are summarized as follows:

a) Basis of preparation

The financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention, except for the investments at fair value through income statement and quoted investments available for sale. The accounting policies applied by the Company are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2010 as follows:

IAS 1 (amendment), 'Presentation of financial statements'.

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It did not have a material impact on the Company's financial statements.

IAS 7 Statement of Cash Flows:

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities.

**Standards and Interpretations issued but not effective:**

The following IASB Standard and Interpretation have been issued but are not yet effective, and have not yet been adopted by the Company:

IFRS 9 Financial Instruments:

The standard, which will be effective for annual periods beginning on or after January 1, 2013, specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified entirely based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

