Ekttitab Holding Company – K.S.C (Holding)
And its subsidiary
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine months ended 30 September 2012
With Review Report

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Ekttitab Holding Company – K.S.C.H
State of Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ekttitab Holding Company K.S.C. Holding "the Parent Company" and its subsidiaries "the Group" as of 30 September 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. The Parent Company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with IAS (34) – "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) – "Interim Financial Reporting".

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company and to the extent of information made available to us, nothing has come to our attention causes us to believe that there are contraventions of the Commercial Companies Law of year 1960, as amended or of the Parent Company's Articles of Association during the nine months period ended 30 September 2012 that might have had a material effect on the business of the Group or on its consolidated financial position.

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Member of Baker Tilly International

Kuwait, 31 October 2012

Ekttitab Holding Company K.S.C. Holding
And its subsidiary

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2012 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 September 2012	31 December 2011 (Audited)	30 September 2011
Assets				
Cash and cash equivalents	3	4,436,226	2,496,807	1,601,121
Investments at fair value through profit or loss	4	7,476,509	8,051,202	7,150,641
Available for sale investments	5	1,776,196	2,207,187	2,132,465
Investment in Islamic instruments	6	12,521,412	12,117,438	12,012,817
Receivables and other debit balances		136,233	244,472	244,855
Due from related parties	12	4,593,656	4,100,922	5,160,238
Fixed assets		5,966	9,963	11,448
Total assets		30,946,198	29,227,991	28,313,585
Liabilities and equity				
Liabilities				
Murabaha payables	7	7,062,729	7,015,622	6,969,189
Payables and other credit balances		458,449	621,319	465,557
Total liabilities		7,521,178	7,636,941	7,434,746
Equity				
Share capital	8	22,862,423	22,862,423	51,700,000
Treasury shares	9	(135,801)	(149,589)	(149,589)
Statutory reserve		-	-	1,545,914
Voluntary reserve		-	-	1,545,914
Change in fair value reserve		(601,441)	(1,097,978)	(1,432,814)
Retained earnings/ (accumulated losses)		1,299,839	(23,806)	(32,330,586)
		23,425,020	21,591,050	20,878,839
Total liabilities and equity		30,946,198	29,227,991	28,313,585

The accompanying notes form an integral part of this interim condensed consolidated financial information

Dr. Ali Darweesh Al-Shamali
Vice Chairman

Ektitab Holding Company K.S.C. Holding
And its subsidiary

Interim Condensed Consolidated Statement of Income
For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012	2011	2012	2011
Revenues					
Gain/ (losses) from investments	10	258,965	(486,143)	1,753,836	(3,360,626)
Income from investment in Islamic instruments		87,637	178,793	263,649	506,051
Other income		3,197	88,700	9,057	60,795
		349,799	(218,650)	2,026,542	(2,793,780)
Expenses and other charges					
Finance cost		-	(65,489)	(47,107)	(248,571)
General and administrative expenses		(105,206)	(112,746)	(336,687)	(259,200)
Provision for doubtful debt		(87,637)	-	(398,291)	-
		(192,843)	(178,235)	(782,085)	(507,771)
Gain/ (loss)for the period before deductions		156,956	(396,885)	1,244,457	(3,301,551)
Kuwait Foundation for Advancement of Science (KFAS)		(193)	-	(2,617)	-
National Labor Support Tax		(3,860)	-	(30,239)	-
Zakat expense		(1,502)	-	(7,471)	-
Net profit/ (loss)for the period		151,401	(396,885)	1,204,130	(3,301,551)
Earning/ (loss) per share (fils)	11	0.66	(1.75)	5.29	(14.60)

The accompanying notes form an integral part of this interim condensed consolidated financial information

Ektitab Holding Company K.S.C. Holding
And its subsidiary

Interim Condensed Consolidated Statement of Comprehensive Income
For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Net profit/ (loss)for the period	151,401	(396,885)	1,204,130	(3,301,551)
Other comprehensive income item:				
Change in fair value of available for sale investments	(36,403)	(98,777)	(332,649)	(955,436)
Transferred to statement of income in result of sale of available for sale investments	294,641	26,720	529,124	445,588
Impairment in available for sale investments	-	-	300,062	-
Other comprehensive income/ (losses)	258,238	(72,057)	496,537	(509,848)
Total comprehensive income/ (losses) for the period	409,639	(468,942)	1,700,667	(3,811,399)

The accompanying notes form an integral part of this interim condensed consolidated financial information

Ekttitab Holding Company K.S.C. Holding
And its subsidiary

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Change in fair value reserve	(Accumulated losses)/ retained earnings	Total
Balance at 1 January 2011	51,700,000	(386,827)	1,545,914	1,545,914	(922,966)	(28,949,349)	24,532,686
Net loss for the period	-	-	-	-	-	(3,301,551)	(3,301,551)
Other comprehensive income item:							
Change in fair value of available for sale investments	-	-	-	-	(955,436)	-	(955,436)
Transferred to statement of income on sale of available for sale investments	-	-	-	-	445,588	-	445,588
Total comprehensive loss for the period	-	-	-	-	(509,848)	-	(509,848)
Purchase of treasury shares	-	(1,362,937)	-	-	-	-	(1,362,937)
Sale of treasury shares	-	1,600,175	-	-	-	(79,686)	1,520,489
Balance at 30 September 2011	51,700,000	(149,589)	1,545,914	1,545,914	(1,432,814)	(32,330,586)	20,878,839
Balance at 1 January 2012	22,862,423	(149,589)	-	-	(1,097,978)	(23,806)	21,591,050
Net profit for the period	-	-	-	-	-	1,204,130	1,204,130
Other comprehensive income item:							
Change in fair value of available for sale investments	-	-	-	-	(332,649)	-	(332,649)
Transferred to statement of income on sale of available for sale investments	-	-	-	-	529,124	-	529,124
Impairment of available for sale investments	-	-	-	-	300,062	-	300,062
Total comprehensive income for the period	-	-	-	-	496,537	-	496,537
Purchase of treasury shares	-	(1,208,914)	-	-	-	-	(1,208,914)
Sale of treasury shares	-	1,222,702	-	-	-	119,515	1,342,217
Balance at 30 September 2012	22,862,423	(135,801)	-	-	(601,441)	1,299,839	23,425,020

The accompanying notes form an integral part of this interim condensed consolidated financial information

Ekttitab Holding Company K.S.C. Holding
And its subsidiary

Interim Condensed Consolidated Statement of Cash Flows
For the nine months ended 30 September 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Nine months ended 30 September	
	2012	2011
Cash flows from operating activities		
Net profit/ (loss) for the period	1,204,130	(3,301,551)
Adjustments:		
(Gain)/ losses from investments	(1,753,836)	3,360,626
Depreciation	3,997	4,456
Provision for doubtful debt	398,291	-
Income from Islamic Instruments	(263,649)	(506,051)
Finance Cost	47,107	248,571
Operating loss before changes in the operating assets and liabilities	(363,960)	(193,949)
Investments at fair value through profit or loss	2,766,635	2,051,014
Receivables and other debit balances	(27,141)	21,242
Due from related parties	(895,970)	440,181
Payables and other credit balances	(162,870)	(1,134,107)
Due to related parties	-	(1,744,121)
Net cash generated from/ (used in) operating activities	1,316,694	(559,740)
Cash flows from investing activities		
Paid for purchase of available for sale investments	(1,999,203)	(1,462,058)
Proceeds from sale of available for sale investments	2,439,118	3,109,371
Cash dividends received	49,507	15,803
Investments in Islamic Instruments	-	(931,396)
Cash disposed in result of sale of a subsidiary	-	23,602
Net cash generated from investing activities	489,422	755,322
Cash flows from financing activities		
Purchase of treasury shares	(1,208,914)	(1,362,937)
Sale of treasury shares	1,342,217	1,520,489
Finance cost paid	-	(315,611)
Paid for Murabaha payables	-	(700,028)
Net cash generated from/ (used in) financing activities	133,303	(858,087)
Change in cash and cash equivalent	1,939,419	(662,505)
Cash and cash equivalent at the beginning of the period	2,496,807	2,263,626
Cash and cash equivalents at the end of the period	4,436,226	1,601,121

The accompanying notes form an integral part of this interim condensed consolidated financial information

1. Overview

Ekttitab Holding Company K.S.C.H "the Parent Company" is a Kuwaiti Shareholding Company established in 1999. The Parent Company is registered in the Commercial Register under No. 105414, and listed in Kuwait Stock Exchange on 19 December 2005.

The Parent Company's office is located at Jassim Al Asfour Building – Sharq – Kuwait city, P. O. Box 2799 Safat 13028 State of Kuwait.

The Parent Company is engaged principally in incorporating and acquiring Kuwaiti and foreign companies, extending borrowings and acting as grantor for such companies.

This interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiary (together referred to as "the Group").

Management accounts of the subsidiary have been used in the consolidated financial information as of 30 September 2012. The total assets of the subsidiary amounted to KD 5,406,960 as of 30 September 2012 (KD 4,697,660 as of 31 December 2011, KD 3,807,741 as of 30 September 2011) and their net profit is KD 860,726 for the period ended 30 September 2012 (net loss of KD 184,142 for the period ended 30 September 2011).

On 10 May 2012, the General Assembly meeting for the Shareholders approved the financial statements for the year ended 31 December 2011 and not to distribute dividends for the year ended 31 December 2011.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 31 October 2012.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34) "Interim financial reporting".

The interim condensed consolidated financial information does not contain all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim financial information. The operation results for the period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012. For further information, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2011.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2011.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2012 didn't have any material impact on the accounting policies financial position performance of the Group.

3. Cash and cash equivalents

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Cash on hand	378	157	820
Cash at bank and financial institutions	1,359,448	1,077,186	99,250
Cash at portfolio	3,076,400	1,419,464	1,501,051
	4,436,226	2,496,807	1,601,121

4. Investments at fair value through profit or loss

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Investments held for trading	4,561,127	4,252,085	3,185,370
Investments at fair value through profit and loss at inception	2,915,382	3,799,117	3,965,271
	7,476,509	8,051,202	7,150,641
Investments in local shares – quoted	4,506,668	3,825,151	2,588,551
Investments in local shares – unquoted	2,597,688	3,287,689	3,412,439
Investments in foreign shares – quoted	54,459	426,934	596,819
Investments in foreign shares –unquoted	-	215,559	215,589
Investments in local funds – unquoted	317,694	295,869	337,243
	7,476,509	8,051,202	7,150,641

4.1 The fair value of the quoted investments is determined based on the last bid prices. The fair value of unquoted investments is determined based on the latest available financial information as of 31 December 2011. The fair value of the investment in funds is determined based on the net assets value of those funds, although taking into consideration last transaction has been done during the period.

4.2 Investments in local quoted and unquoted shares include KD 65,824 as of 30 September 2012 (KD 65,074 as of 31 December 2011 – KD 73,150 as of 30 September 2011) recorded in the name of related parties, providing letters of assignment of ownership to these investments in favor of the Group.

5. Available for sale investments

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Local quoted shares	1,591,196	2,022,187	1,947,465
Local unquoted shares	185,000	185,000	185,000
	1,776,196	2,207,187	2,132,465

Local unquoted shares were carried at cost as its fair value could not be reliably determined, the Group's management believes that no indication of impairment of these investments.

6. Investment in Islamic instruments

6.1 Investments represent in Islamic instruments in Murabaha, Mudaraba and Musharakat contracts with the related parties denominated in Kuwaiti Dinar. The average yield to this instrument 6% as at 30 September 2012 (5.04% as at 31 December 2011, 7.35% as at 30 September 2011). All these instruments matured during 31 December 2012.

6.2 The related parties pledged unquoted local investment with a book value KD 5,679,213 as at 30 September 2012, in additional to a second degree pledge for quoted local shares with a fair value of KD 7,743,366 as at 30 September 2012 managed by related party's portfolio (KD 15,857,310 as of 31 December 2011, KD 13,060,700 as of 30 September 2011) for the Group granted against Islamic instruments, and amount due from related parties.

6.3 During the period, the group settles an amount of KD 403,974 from related party against investments in Islamic Instruments. This transaction has been eliminated from statement of cash flow as it is a non cash transaction.

7. Murabaha payables

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Murabaha payables from local financial institutions (Kuwaiti Dinar)	4,764,718	4,717,611	4,670,861
Murabaha payables from foreign financial institutions (Sterling Pound)	2,298,011	2,298,011	2,298,328
	7,062,729	7,015,622	6,969,189

7.1 This item represents the amounts granted from local and foreign financial institutions in accordance with Murabaha contracts. These Murabaha payables carry fixed finance cost rate. The average effective cost rate is 1% as of 30 September 2012 (4% as of 31 December 2011, 7.94% as of 30 September 2011).

7.2 Murabaha payables are secured against investments at fair value through profit or loss and available for sale investments with fair value amounted to KD 3,025,550 as of 30 September 2012 (KD 3,215,150 as of 31 December 2011, KD 3,391,439 as of 30 September 2011), in addition to guarantee from related party.

7.3 Murabaha payable has been matured and not paid, due to the legal dispute between the Group and the payable parties in addition there is initial negotiation with certain parties regarding the terms of renewal and settlement of Murabaha. The Group stopped recording finance cost from the maturity date of Murabaha.

These cases are still in their initial stages, therefore its difficult to predict their legal position.

8. Share capital

The issued and fully paid up capital amounted to KD 22,862,423 as of 30 September 2012 and 31 December 2011 distributed over 228,624,230 shares with nominal value of 100 fils each (KD 51,700,000 distributed over 517,000,000 shares as of 30 September 2011), all shares are in cash.

On 21 December 2011, The General Assembly's shareholders approved to increase the share capital in cash with an amount of KD 9,000,000 by issuing 90,000,000 shares with nominal value of 100 fils each without share premium to be paid in one installment. This increase has been registered in the Commercial Register on 9 January 2012.

9. Treasury shares

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Number of treasury shares	1,475,816	2,193,378	4,960,000
Percentage to the total share capital (%)	0.65	1	0.96
Market value	124,354	96,509	114,080

10. Gain/ (losses)from investments

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Investment at fair value through profit or loss				
Realized (losses)/ gain	(189,296)	(639,053)	2,188,872	(1,195,223)
Gain/ (losses) from change in fair value	750,554	218,691	3,070	(995,781)
Dividends income	-	10,775	49,507	15,803
	561,258	(409,587)	2,241,449	(2,175,201)
Available for sale investments				
Realized losses	(302,293)	(76,556)	(187,551)	(1,185,425)
Impairment in value	-	-	(300,062)	-
	(302,293)	(76,556)	(487,613)	(1,185,425)
	258,965	(486,143)	1,753,836	(3,360,626)

11. Earning/ (loss) per share

Earning/ (loss) per share is calculated by dividing net profit/ (loss) for the period by the weighted average number of outstanding shares during the period as follows the calculation of earning / (loss) per share:

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Net profit/ (loss)for the period	151,401	(396,885)	1,204,130	(3,301,551)
Weighted average number of outstanding shares during the period	228,365,283	226,418,018	227,757,799	226,132,767
Earning/ (loss) per share (fils)	0.66	(1.75)	5.29	(14.60)

Earning/ (loss) per share for the previous year was adjusted taking into consideration the approval from the General Assembly of the Shareholders dated 21 December 2011 to decrease share capital.

12. Related party transactions

Related parties are the Parent Company's shareholders who have representation in the Board of Directors, members of the Board of Directors and major shareholders. In the normal course of business, subject to the Parent Company's management approval, there were transactions with related parties, the existing major shareholder, its subsidiaries, the significant transactions and outstanding balances with related parties, other than what disclosed in other notes, were as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Transactions				
Income from investment in Islamic instruments	87,637	178,791	263,649	506,051

	30 September 2012	31 December 2011 (Audited)	30 September 2011
Financial position			
Investments in Islamic Instruments	12,521,412	12,117,438	12,012,817
Due from related parties	4,593,656	4,100,922	5,160,238
Due to related parties	92	92	92
Cash at investment portfolios	2,340,144	2,516	52,202

Investments at fair value through profit and loss include investment portfolio with fair value of KD 1,460,803 as of 30 September 2012 (KD 493,295 – 31 December 2011, KD 326,230 as of 30 September 2011) pledged against Murabaha payable in favor of a related party.

Related parties' transactions are subject to the approval of the General Assembly of the shareholders.