Ekttitab Holding Company

K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated financial statements
for the year ended December 31, 2013
with
Independent auditors' report

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Independent auditors' report

The shareholders,
Ekttitab Holding Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ekttitab Holding Company - K.S.C. (Public) (the parent company) - and its subsidiaries (together referred to as the Group) – which comprise the consolidated statement of financial position as of December 31, 2013 and the related consolidated statements of income, comprehensive income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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 whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Parent company'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 reasonable basis for our audit opinion on the consolidated financial statements.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Explanatory paragraph
We draw attention to note (9) to the consolidated financial information's which describes the uncertainty related to the outcome of the lawsuits between the Company and the creditors of Murabahat and Tawaruq contracts payable that are due and unpaid.

Other matter
The consolidated financial statements for the year ended December 31, 2012 were audited by other auditors'; who issued report dated March 20, 2013. Expressed an unqualified opinion with Explanatory paragraph

Report on other legal and regulatory requirements
Furthermore, in our opinion, proper books of account have been kept by the Parent company, physical counting was carried out in accordance with recognized practices, the consolidated financial statements together with the financial contents of the report of the Board of Directors of the parent company are in accordance therewith. we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate the information that is required by the Companies' Law no. 25 of year 2012, as amended, and related Executive Regulation, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and related Executive Regulation and the Parent company's memorandum and articles of association. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 25 of year 2012, as amended, and related Executive Regulation, and law no. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and related Executive Regulations or of the Parent company's memorandum and articles of association during the year ended December 31, 2013 that might have had a material effect on the Parent company's business or its consolidated financial position.

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License No. 173 – A
AL-Soor Certified Public Accountants
Member of AICPA

March 27, 2014

State of Kuwait

Certified Public Accountants
السور محاسبون قانونيون

Exhibit-A

Ekttitab Holding Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of financial position as of December 31, 2013
"All amounts are in Kuwaiti Dinar"

	Note	2013	2012
Assets			
Cash and cash equivalents	5	**2,220,229**	3,081,147
Investments at fair value – statement of income	6	**11,040,475**	9,025,967
Available for sale investments	7	**6,231,057**	1,336,796
Investment in Islamic instruments	8	**12,521,413**	12,521,413
Receivables and other debit balances		**114,036**	142,559
Due from related parties	15	**1,880,232**	4,727,374
Property and equipment		**1,981**	5,053
Total assets		**34,009,423**	30,840,309
Liabilities and equity			
Liabilities			
Murabahat and Tawaruq Contracts payable	9	**4,764,718**	7,062,729
Payables and other credit balances	10	**692,413**	444,051
Due to related parties	15	**181,729**	–
Total liabilities		**5,638,860**	7,506,780
Equity			
Share capital	11	**31,862,423**	22,862,423
Treasury shares	12	**–**	(11,094)
Statutory reserve		**94,506**	94,506
Change in fair value reserve		**(2,819,336)**	(624,294)
(Accumulated losses)/retained earnings		**(762,337)**	921,305
Total equity attributable to the shareholders of the Parent company		**28,375,256**	23,425,020
Non-controlling interests		**(4,693)**	90,683
Total equity		**28,370,563**	23,333,529
Total liabilities and equity		**34,009,423**	30,840,309

Emad Hussain Nameh
Chairman

Abdul Mohsen Shahrayan
Vice chairman

The accompanying notes form an integral part of these consolidated financial statements.

Ekttitab Holding Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of income for the year ended December 31, 2013
"All amounts are in Kuwaiti Dinar"

	Note	2013	2012
Revenue			
Revenue of activity		**121,096**	-
Costs of activity		**(96,699)**	-
		28,397	-
(Losses)/gains on investments	13	**(1,306,555)**	1,727,060
Revenue from Investment in Islamic instrument		**-**	738
Gain from foreign currency		**4,171**	4,592
Other income		**105,528**	4,581
Total revenue		**(1,168,459)**	1,736,971
Expenses and other charges			
Finance charges		**40,211**	47,107
General and administrative expenses		**345,411**	509,230
Provision for doubtful debts		**-**	135,380
Total expenses and other charges		**385,622**	691,717
Net (loss)/profit for the year before KFAS, Zakat and National Labour Support Tax		**(1,554,081)**	1,045,254
National Labour Support Tax		**-**	(22,699)
Zakat		**-**	(1,011)
Net (loss)/profit for the year		**(1,554,081)**	1,021,544
Attributable to:			
Shareholders of the Parent company		**(1,535,652)**	945,151
Non-controlling interests		**(18,429)**	76,393
Net (loss)/profit for the year		**(1,554,081)**	1,021,544
(Loss)/gain per share/(fils)	14	**(4.85)**	4.15

The accompanying notes form an integral part of these consolidated financial statements.

Exhibit-C

Ekttitab Holding Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of comprehensive income for the year ended December 31, 2013
"All amounts are in Kuwaiti Dinar"

	2013	2012
Net (loss)/profit for the year	**(1,554,081)**	1,021,544
Change in fair value of investments available for sale	**(2,250,368)**	(434,660)
Transfer to the income statement as a result of the sale of investments available for sale	-	608,282
Decrease in the value of available for sale investments	-	300,062
(Loss)/comprehensive income for the year	**(2,250,368)**	473,684
Total (loss)/comprehensive income for the year	**(3,804,449)**	1,495,228
Attributable to:		
shareholders of the Parent company	**(3,730,694)**	1,418,835
Non-controlling interests	**(73,755)**	76,393
Total (loss)/comprehensive income for the year	**(3,804,449)**	1,495,228

The accompanying notes form an integral part of these consolidated financial statements.

Ekttitab Holding Company

K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of cash flows for the year ended December 31, 2013

"All amounts are in Kuwaiti Dinar"

	Note	2013	2012
Cash flows from operating activities			
Net (loss)/profit for the year		**(1,554,081)**	1,021,544
Adjustments:			
Depreciation		**3,072**	5,940
Losses/(profit) investment		**1,306,555**	(1,727,060)
Revenue from investment in Islamic instrument		**-**	(738)
Financial cost		**40,211**	47,107
Provision for doubtful debts		**-**	135,380
Operating loss before changes in working capital		**(204,243)**	(517,827)
Financial investments at fair value – statement of income		**(2,784,554)**	1,314,533
Receivable and other debit balances		**28,523**	(26,836)
Related parties		**3,028,871**	(626,452)
Payables and other credit balances		**248,362**	(177,268)
Net cash generated from/(used in) operating activities		**316,959**	(33,850)
Cash flows from investing activities			
Paid to purchase available for sale investment		**(14,560,253)**	(2,018,786)
Proceeds on sale of available for sale investment		**6,863,636**	2,751,116
Cash dividends received		**2,777**	49,507
Investment in islamic instrument		**-**	(403,237)
Paid to purchase property and equipment		**-**	(1,030)
Net cash (used in)/generated from investing activities		**(7,693,840)**	377,570
Cash flows from financing activities			
Share capital increase		**9,000,000**	-
Purchase treasury shares		**(1,566,964)**	(1,246,254)
Sale treasury shares		**1,421,149**	1,486,874
Financial cost paid		**(40,211)**	-
Murabahat and Tawaruq contract payable		**(2,298,011)**	-
Net cash generated from financing activities		**6,515,963**	240,620
Net (decrease)/increase in cash and cash equivalents		**(860,918)**	584,340
Cash and cash equivalents at beginning of the year		**3,081,147**	2,496,807
Cash and cash equivalents at end of the year	5	**2,220,229**	3,081,147

The accompanying notes form an integral part of these consolidated financial statements.

Ekttitab Holding Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of changes in equity for the year ended December 31, 2013
"All amounts are in Kuwaiti Dinar"

	Equity attributable to the shareholders of the parent Company							
	Share capital	Treasury shares	Statutory reserve	Cumulative change in fair value reserve	Retained earnings / (accumulated losses)	Total	Non-controlling interests	Total equity
Balance at January 1, 2012	22,862,423	(149,589)	-	(1,097,978)	(23,806)	21,591,050	-	21,591,050
Net profit for the year	-	-	-	-	945,151	945,151	76,393	1,021,544
Other comprehensive income items								
Change in fair value of available for sale investments	-	-	-	(434,660)	-	(434,660)	-	(434,660)
Transferred to statement of income on sale of available for sale investments	-	-	-	608,282	-	608,282	-	608,282
Impairment of available for sale investments	-	-	-	300,062	-	300,062	-	300,062
Total other comprehensive income items	-	-	-	473,684	-	473,684	-	473,684
Net movement on non-controlling interests	-	-	-	-	-	-	6,631	6,631
Purchase of treasury shares	-	(1,246,254)	-	-	-	(1,246,254)	-	(1,246,254)
Sale of treasury shares	-	1,284,749	-	-	94,466	1,479,215	7,659	1,486,874
Transferred to reserve	-	-	94,506	-	(94,506)	-	-	-
Balance at December 31, 2012	22,862,423	(11,094)	94,506	(624,294)	921,305	23,242,846	90,683	23,333,529
Balance at January 1, 2013	22,862,423	(11,094)	94,506	(624,294)	921,305	23,242,846	90,683	23,333,529
Share capital increase	9,000,000	-	-	-	-	9,000,000	-	9,000,000
Net loss for the year	-	-	-	-	(1,535,652)	(1,535,652)	(18,429)	(1,554,081)
Other comprehensive loss	-	-	-	(2,195,042)	-	(2,195,042)	(55,326)	(2,250,368)
Total other comprehensive loss	-	-	-	(2,195,042)	(1,535,652)	(3,730,694)	(73,755)	(3,804,449)
Net movement on non-controlling interests	-	-	-	-	-	-	(12,702)	(12,702)
Purchase of treasury shares	-	(1,566,964)	-	-	-	(1,566,964)	-	(1,566,964)
Sale of treasury shares	-	1,578,058	-	-	(147,990)	1,430,068	(8,919)	1,421,149
Balance at December 31, 2013	**31,862,423**	-	**94,506**	**(2,819,336)**	**(762,337)**	**28,375,256**	**(4,693)**	**28,370,563**

The accompanying notes form an integral part of these consolidated financial statements.

Ekttitab Holding Company

K.S.C. (Public)
and its subsidiaries
Kuwait

Notes to the consolidated financial statements for the year ended December 31, 2013
"All amounts are in Kuwaiti Dinar unless otherwise stated"

1- Information about company

Ekttitab Holding Company (the Company) - K.S.C. (Public) - established in 1999. The Company is registered in the Commercial Register under No. 105414, and listed in Kuwait Stock Exchange at December 19, 2005.

The Company's activities are represented in carrying out all transactions related to establishing and acquiring companies with limited liability, Kuwaiti shareholding and foreign companies, borrowings and acting as grantor for such companies.

The number of the company's employees was 10 employees as of December 31, 2013 (2012: 9 employees).

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

The Board of Directors approved these consolidated financial statements for the year ended December 31, 2013 for issue on March 27, 2014.

2- Application of new and revised International Financial Reporting Standards (IFRS)

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year and the amended and new Standards which are effective for annual period beginning on or after January 1, 2013.

2/1) Standards effective for the current year:

IFRS 7 Financial Instruments: Disclosures – Transfer of financial assets
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users of financial statement to evaluate the nature of, and risks associated with, such involvement.

IAS 1 Presentation of Items of Other Comprehensive Income (amendments)
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments)
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position.

The new disclosures are required for all recognised financial instruments that are set off in accordance with *IAS 32 Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in *IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure or rights, to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the returns.
Further in November 2012, IASB has issued an amendment to *IFRS 10 Consolidated Financial Statements* to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity.
The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with *IFRS 9 Financial Instruments*.

IFRS 11 Joint Arrangements
IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures.

IFRS 12 Disclosure of Involvement with Other Entities
IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

IFRS 13: Fair Value Measurement
IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

2/2) Standards issued but not yet effective:

Below are the new and revised IFRSs that are not yet mandatorily effective for the year ending December 31, 2013 (but allow early application).

IFRS 9 financial instruments (as revised in 2010)
(Effective for annual periods beginning on or after January 1, 2015)

IFRS 9 is a new standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety

The replacement project consists of the following phases:
- Phase 1: classification and measurement of financial assets and financial liabilities.
- Phase 2: Impairment Phase.
- Phase 3: Hedge accounting.

Amendments of IAS 32 offsetting financial assets and financial liabilities
(Effective for accounting periods beginning on or after January 1, 2014)
The amendments to IAS 32 clarify existing application issue relating to the offsetting requirements. Specifically, the amendments clarify the meaning of currently has a legally enforceable right of set-off: and simultaneous relation and settlement. The amendments to IAS 32 are effective for annual periods beginning on or January 1, 2014. Retrospective application is required.

Amendments to IFRS 10,12 and IAS 27 investment Entities
(Effective for accounting periods beginning on or after January 1, 2014)
The amendments to IFRS 10 introduce an exception from the requirements to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investments entities that provide services that relate to the investment entity's investment activities.
Amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities. In general, the amendments require retrospective application, with specific transitional provisions.

The management anticipates that the new standards will be adopted in the Group's accounting policies for the period beginning on or after the effective date of the pronouncement, and those new standards that have been issued but are not relevant to the Group's operations will not be expected to have a material impact on the Group's financial statements.

Ekttitab Holding Company

K.S.C. (Public)
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Kuwait

Notes to the consolidated financial statements for the year ended December 31, 2013
"All amounts are in Kuwaiti Dinar unless otherwise stated"

3- Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

3/1) Basis of preparation

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Companies' Law requirements in the State of Kuwait.
- The accounting policies used in preparation of these consolidated financial statements are consistent with those used in preparation of the consolidated financial statements for the previous period.

3/2) Accounting convention

- The consolidated financial statements are prepared under the historical cost convention following the accrual basis.
- The consolidated financial statements are presented in Kuwaiti Dinar.

3/3) Basis of consolidation

- The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) (Note – 4) and investees controlled by its subsidiaries.
- The Group controls an investee if and only if the Group has:

• Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
• Exposure, or rights, to variable returns from its involvement with the investee, and
• The ability to use its power over the investee to affect its returns.
• When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
• The contractual arrangement with the other vote holders of the investee;
• Rights arising from other contractual arrangements;
• Voting rights and potential voting rights;

- The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.
- Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders.

Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

- Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.
- If a parent loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests.
- Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of profit or loss.

3/4) **Critical accounting estimates and judgments**
The preparation of the consolidated financial statements in conformity with international Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge, the actual results may differ from those estimates.

3/5) **Recognition and de-recognition of financial assets and liabilities**
A financial assets or a financial liability is recognized when the Group become a party to the contractual provisions of the instrument. A financial asset is de-recognized either when the contractual rights to cash flows from the financial asset expire, the Group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards, but no longer has control over the asset or a proportion of the asset. A financial liability is de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

3/6) **Cash and cash equivalents**
Cash and cash equivalents comprise of cash on hand and at banks and short-term bank deposits with a maturity date not exceeding three months from the date of deposit.

3/7) **Trade receivables**
Account receivables are recognized at its nominal value less the provision for doubtful debts. The management estimates this provision based on reviewing the customers periodically on individual basis, the current economic circumstances, the previous experience and other related factors.

3/8) **Inventory**
Inventories are stated at lower of cost and not realizable voule after deduction of provision for slow moving items, cost is determined using the weighted average basis. Cost includes purchase cost, freight instance and other related direct expenses.

3/9) **Intangible assets**

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.
Intangible assets are amortized on a straight - line basis over their estimated useful lifes.

Goodwill represents the difference cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired in business combination or the associates at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets, Goodwill on acquisition of associates is included in investments in associates. Goodwill is allocated to each cash generating unit and for the purpose of impairment testing. Goodwill is testing at least annually for impairment at cost less accumulated impairment losses.

Gain and losses on disposal of a subsidiary or part of the subsidiary include the carrying amount of goodwill relating to the subsidiary or the portion sold. For the purpose of determining impairment, assets are consolidated at the lowest level has can determine cash flows independently of that group of assets. If there is an indication that the carrying value of intangible assets is greater than its recoverable amount, it is written down to its recoverable value and the resultant impairment loss is recognized in the consolidated statement of income. And that the resultant relting to goodwill cannot be reserved in a subsequent periods.

3/10) **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. The recoverable value of property and equipment are reviewed by the management at the consolidated financial position date. If the recoverable value of property and equipment decreased from the book value then the book value is written down to the recoverable value. If the useful lives are different from their estimated lives then the useful lives are adjusted from the beginning of the year in which the change occurred without going into retroactive periods.

Gains or losses on disposal of property and equipment in the statement of comprehensive income by the difference between the net realizable value and net book value.

3/11) **Impairment of non-financial assets**

The carrying amounts of the Group's non financial assets are reviewed at the consolidated financial position date to determine whether there is any objective evidence of impairment. If any such evidence exists, the assets' recoverable amount is estimated and an impairment loss is recognized in the consolidated statement of income whenever the carrying amount of an asset exceeds its recoverable amount. Reversal of impairment loss recognized in prior years are recorded as revenue, when there is an indication that the impairment losses recognized no longer exist or has decreased.

3/12) **Account payables**

Account payables are stated at their nominal value.

3/13) **Provision for end of service indemnity**

Provision for end of service indemnity has been made as per the Labour Law in the private sector and signed contracts on the assumption of ending the services of all staff at the consolidated financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of the company towards employees indemnity for past and current periods.

3/14) Revenue recognition

- Revenue from sales is recognized when the significant risks and rewards are transferred to the buyer, and no significant uncertainties remain regarding the derivation of consideration, associated or the possible return of goods.
- Other categories of income are recognized when earned at the time the related services are rendered on the basis of the terms of the contractual agreement of each activity.

3/15) Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event , it is probable that an outflow of the resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each consolidated financial position date and adjusted to reflect the current best estimate.

3/16) Finance charges

Interest on borrowings is calculated on the accrual basis and is recognized in the statement of income in the period in which it is incurred.

3/17) Foreign currencies

The functional currency of the parent company is the Kuwaiti Dinar ("KD") and accordingly, the consolidated financial statements are presented in KD. Transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transaction.Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in the consolidated equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in the consolidated equity.

The assets and liabilities of the Group's foreign operations are expressed in KD using exchange rates prevailing at the consolidated financial position date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising (If any), are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognized in the consolidated statement of income in the period in which the foreign operation disposed.

3/18) **Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but disclosed when an inflow of economic benefits is probable.

4- **Subsidiaries**

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (together referred to as Group) as stated below:

			Ownership percentage%	
Company name	**Legal form**	**Country**	**2013**	2012
Petro Integrated Business Holding Company	K.S.C. (Holding)	State of Kuwait	**96.25**	92.5

The financial information of the subsidiary as at December 31, 2013 was consolidated based on financial statements prepared by the management. The total assets of this Company amounted to KD 15,166,902 as at December 31, 2013 (KD 7,474,444 as at December 31, 2012) and net losses of KD 491,441 for the year ended December 31, 2013 (profit KD 1,150,223 for the year ended December 31, 2012).

During the year, the parent company increased its ownership percentage in the subsidiary Petro Integrated Business Holding Company share capital to become its ownership percentage 96.25% through the re-issuing new capital and fully paid by the parent company at cost.

5- **Cash and cash equivalents**

	2013	2012
Cash on hand	**637**	102
Cash at banks and financial institutions	**1,851,459**	1,042,981
Cash at investments portfolios and Kuwait Clearing Company	**368,133**	2,038,064
	2,220,229	3,081,147

6- Investments at fair value – statement of income

	2013	2012
Investments held for trading	**1,047,189**	6,110,391
Investments at fair value through statement of income at acquisition	**9,993,286**	2,915,576
	11,040,475	9,025,967
Investments in local shares – quoted	**1,047,189**	6,110,391
Investments in local shares – unquoted	**9,775,843**	2,607,939
Investments in local funds – unquoted	**217,443**	307,637
	11,040,475	9,025,967

The fair value of the quoted investments is determined based on the last bid price. The fair value of unquoted investments is determined based on other technical assessment methods as at December 31, 2013. The fair value of the investment in funds is determined based on the net assets value of those funds.

Investments in local quoted and unquoted shares include KD 64,858 as at December 31, 2013 (KD 58,959 as at December 31, 2012) recorded in the name of related parties, and there is a letters of assignment of ownership to these investments in favor of the Group.

Investments at fair - the statement of income value includes investments secured against Murabaha payables (note - 8).

7- Available for sale investments

	2013	2012
Local quoted shares	**6,046,057**	1,151,796
Local unquoted shares	**185,000**	185,000
	6,231,057	1,336,796

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.

Investments available for sale includes investments secured against Murabaha payables (note - 8).

8- Investment in Islamic instruments

	2013	2012
Musharakat	**12,521,413**	12,521,413
	12,521,413	12,521,413
Average yield (%)	-	-

All Islamic instruments generated to related parties and matured during 2014.

The Group does not calculate fixed returns based on Sharia Supervisory board advice until the settlement of these contracts.

A list of guarantees received by the Group against investments in Islamic debt instruments:

	2013	2012
Investment portfolio mortgaged - second level - managed by related party	**4,724,766**	8,530,827
Unquoted foreign shares	**3,990,413**	574,207
Unquoted local shares	**7,952,486**	3,625,240

The Group obtained this guarantee as per mortgage contract signed with those parties but it is not registered in favor of the Group.

9- Murabahat and Tawaruq contracts payable

	2013	2012
Murabahat and Tawaruq contracts payables from local financial institutions (Kuwaiti Dinar)	**4,764,718**	4,764,718
Murabahat payables from foreign financial institutions (Sterling Pound)	**-**	2,298,011
	4,764,718	7,062,729

	2013	2012
Murabahat payables	**3,235,411**	5,533,422
Tawaruq contracts payables	**1,529,307**	1,529,307
	4,764,718	7,062,729

Murabahat and Tawaruq contracts payable were past due and not paid due to lawsuits between the Group and all creditors. The Group has stopped recognizing finance costs of Murabahat and Tawaruq contracts that were past due and unpaid since the due date. Such lawsuits are still in its initial stages and currently it is difficult to predict the resultant outcome thereof.

Murabahat payables are secured against investments at fair value - statement of income and available for sale investment with fair value of KD 2,785,800 as of December 31, 2013 (KD 2,973,050 as of December 31, 2012).

10- Payable and other credit balance

	2013	2012
Payable for the purchase of investments	**5,000**	5,000
Cash dividends payable	**30,946**	34,546
KFAS	**73,198**	66,837
National Labour Support Tax	**262,505**	262,505
Zakat	**19,990**	8,656
Other	**300,774**	66,507
	692,413	444,051

11- Share capital

On December 21, 2011, the General Assembly approved to increase the share capital in cash with an amount of KD 9,000,000 distributed over 90,000,000 shares with nominal value of 100 fils each without share premium. This increase has been registered in the Commercial Register on January 9, 2012.
During the period the Board of Directors called the capital increase was full subscription in the capital increase. Accordingly, the issued and fully paid capital become KD 31,862,423 divided into 318,624,230 shares with a nominal value of 100 fils per share and all shares in cash.

12- Treasury shares

	2013	2012
Number of treasury shares (share)	-	123,547
Percentage to the total share capital (%)	-	0.05
Market value	-	8,772

13- (Losses)/Gains from investments

	2013	2012
Investments at fair value – statement of income		
Realized (losses)/gains	**(408)**	2,342,348
(Losses)/Gains from change in fair value	**(769,638)**	(196,300)
Dividends income	**2,777**	192,757
	(767,269)	2,338,805
Available for sale investments		
Realized losses	**(539,286)**	(311,683)
Impairment in value	**-**	(300,062)
	(539,286)	(611,745)
	(1,306,555)	1,727,060

14- (Loss)/ earning per share/(fils)

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

	2013	2012
Net (loss)/ profit for the year attributable to shareholders of the parent company	**(1,535,652)**	945,151
Weighted average number of outstanding shares during the period/(share)	**316,318,142**	227,969,026
(Loss)/ earning per share/(fils)	**(4.85)**	4.15

15- 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 Company's management approval, there were transactions with related parties, the existing major shareholder, its subsidiary, the significant transactions and outstanding balances with related parties, other than what disclosed in other notes, were as follows:

	2013	2012
Consolidated Statement of Financial position		
Investments in Islamic instruments	-	738
Due from related parties	**1,880,232**	4,727,374
Financial investment purchase payable	**168,330**	-
Due to a related party	**181,729**	-
Cash at investments portfolios	-	915,869

Consolidated statement of income	2013	2012
Income from investment in Islamic instruments	-	87,637

Investments at fair value - statement of income include a portfolio which the fair value amounted to KD 429,509 as at December 31, 2013 (KD 1,225,523 – December 31, 2012) pledged against Murabahat payable granted to a related party.
These transactions are subject to the approval of the Shareholders General Assembly.

16- Financial instruments

A) Financial instruments:

Significant accounting policies
Details of the significant accounting policies - including the criteria for measurement and recognition of revenue and expenses in respect of each class of financial assets and liabilities - are disclosed in note (3) to the financial statements.

Categories of financial instruments
The Group's financial assets and financial liabilities are categorized in the interim condensed consolidated statement of financial position as follows:

Financial assets:	2013	2012
Cash and cash equivalents	**2,220,229**	3,081,147
Investments at fair value – statement of income	**11,040,475**	9,025,967
Availables for sale investments	**6,231,057**	1,336,796
Investments in Islamic instruments	**12,521,413**	12,521,413
Receivables and other debit balances	**114,036**	142,559
Due from related parties	**1,880,232**	4,727,374
	34,007,442	30,835,256

Notes to the consolidated financial statements for the year ended December 31, 2013
"All amounts are in Kuwaiti Dinar unless otherwise stated"

Financial liabilities:	**2013**	2012
Murabahat and Tawaruq Contracts payable	**4,764,718**	7,062,729
Payables and other credit balances	**692,413**	444,051
Due to related parties	**181,729**	-
	5,638,860	7,506,780

Fair value of financial instruments
The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group has used the assumptions and accepted methods in the assessment of fair values of financial instruments. The fair values of the Group's financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active market are determined with reference to quoted market prices.

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions and dealer quotes for similar instrument.
  Fair value of the non-derivative financial instruments is not materially different from its respective carrying value.

  The following table presents financial assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy, where the hierarchy classifies the financial assets and liabilities to three levels based on the importance of the inputs used in the measurement of the fair value of the financial assets and liabilities.

  The hierarchy levels of fair value are set out below:
  - Level 1: prices included (unadjusted) in active markets for identical assets or liabilities.
  - Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (inputs relating to prices).
  - Level 3: inputs for assets and liabilities that are not based on observable market information (non observable information).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant inputs to the fair value measurement.

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Assets:				
Investments at fair value - statement of income				
Quoted investment	**464,129**	**-**	**583,059**	**1,047,188**
Unquoted investment	**-**	**7,322,682**	**2,453,162**	**9,775,844**
Investments funds	**-**	**-**	**217,443**	**217,443**
Available for sale investments				
Quoted investment	**5,799,057**	**-**	**247,000**	**6,046,057**
Net fair value	**6,263,186**	**7,322,682**	**3,283,221**	**16,869,089**

	Level 1	Level 2	Level 3	Total
December 31, 2012				
Assets:				
Investments at fair value - statement of income				
Quoted investment	4,691,011	-	1,418,380	6,110,391
Unquoted investment	-	154,778	2,453,161	2,607,939
Investments funds	-	307,637	-	307,637
Available for sale investments				
Quoted investment	931,396	-	220,400	1,151,796
Net fair value	5,623,407	462,415	4,091,941	10,177,763

B) Financial risks management

The group's use of financial instruments exposes it to a variety of financial risks such as credit risks, liquidity risks and market risks.

The group continuously reviews its risks exposure and takes the necessary procedures to limit these risks to acceptable levels.

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to bear a financial loss. Financial assets, which potentially expose the company to credit risk, consist principally of cash and cash equivalents. Cash and cash equivalents are placed in financial institutions with high credit repute.

- **Liquidity risks**

Liquidity risks are the risks that the company will be unable to meet its cash obligations. The management of liquidity risks consists of keeping sufficient cash and arranging financing sources through enough credit facilities, managing highly liquid assets, and monitoring liquidity on a periodical basis by method of future cash flows.

The maturity of liabilities stated below is based on the period from the consolidated financial position date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed and the liability settled.

The maturity of liabilities as of December 31, 2013 is as follows:

	within one year	**More than one year**	**Total**
Murabahat and Tawaruq Contracts payable	**4,764,718**	**-**	**4,764,718**
payable and other credit balances	**679,767**	**12,646**	**692,413**
Due to related parties	**181,729**	**-**	**181,729**
	5,626,214	**12,646**	**5,638,860**

The maturity of liabilities as of December 31, 2012 is as follows:

	within one year	More than one year	Total
Murabahat and Tawaruq Contracts payable	7,062,729	-	7,062,729
payable and other credit balances	431,712	12,339	444,051
	7,494,441	12,339	7,506,780

- **Market risks**

Market risks comprise of foreign currencies risks, interest rate risks and equity price risks. These risks arise from changes in market prices, interest rates and foreign currencies prices.

Foreign currencies risks

Foreign currencies risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

These risks arise from transactions with foreign currencies. The Group manages these risks by setting limits on transaction with other foreign currencies and limiting its transaction business in major currencies with reputable counterparties.

Interest rate risks

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates in the market.
The group's interest rate risks arise from long-term borrowings. Borrowings at variable interest rates expose the group to cash flows interest rate risks.

The Group practices its operation in accordance with Islamic Shariaa thus the Group are not exposed to interest risk.

The effect in the consolidated statement of income due to change in fair value of investment at fair value – statement of income as of December 31, 2013 as a result of expected changes in Kuwait Stock Exchange by (±10%) (2012: ±10%) and other variables held constant is as follows:

	Effect on consolidated statement of income	
	2013	2012
Investment at fair value – statement of income	**104,719**	611,037
Available for sale investment	**604,606**	115,179

17- Capital risks management

A) Objectives in managing capital:

The Group's objectives when managing capital are:

- To safeguard the group's ability to continue as a going concern to be able to provide returns for partners and benefits for other stakeholders.
- To maintain an optimal returns to partners by pricing its products and services commensurately with risk level.

The Group determines share capital that is adequate for risks and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders.

B) Debt to equity ratio:

Consistent with others in the same field, the group monitors capital on the basis of net debt to consolidated equity ratio. This ratio is calculated as net debt divided by total adjusted capital. Net debt is calculated as total debt including loans and other bank facilities, as shown in the consolidated statement of financial position less cash and cash equivalents. Total adjusted capital comprises of all components of equity shareholder of the parent company (share capital, treasury shares, cumulative change in fair value, treasury shares and (Accumulated losses)/retained earnings) plus net debt.

The net debt ratio is as follows:

	2013	2012
Debt	**4,764,718**	7,062,729
Less: Cash and cash equivalents	**(2,220,229)**	(3,081,147)
Net debt	**2,544,489**	3,981,582
Total equity attributable to the shareholders of parent company	**28,375,256**	23,425,020
Total adjusted capital	**30,919,745**	27,406,602
Net debt ratio	**8.23%**	14.53%

18- Segment distribution

The Group's activities are mainly concentrated in the investment segment.

19- Comparative figures

Certain comparative figures for the financial previous year have been reclassified to conform with the current year presentation.