Ekttitab Holding Company - K.S.C (Public)

And its subsidiary
State of Kuwait
Interim Condensed Consolidated Financial Information
(Unaudited)
For the nine months ended September 30, 2016
With Review Report

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Contents

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The Board of Directors
Ekttitab Holding Company
K.S.C (Public)
And its subsidiary
Kuwait

Review report on the interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of Ekttitab Holding Company K.S.C (Public)- Kuwait "the parent company" and its subsidiary (together referred to as "the Group") which comprise the interim condensed consolidated statement of financial position as of September 30, 2016 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 presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (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 the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditors 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 matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of "the Parent Company". We further report that nothing has come to our attention indicating any contravention during the nine months period ended September 30, 2016 of the Companies' Law no. 1 of year 2016 and related Executive Regulations (note 1) and its regulation and "the Parent company's" memorandum and articles of association that might have had a material effect on the business of "the Parent company" or on its interim condensed consolidated statement of financial position.

Ali A. Al Hasawi	**Adel Al- Sanea**
Licence No. 30 (A)	**Auditors Registry No. 86 Category (A)**
Rödl Middle East – Burgan International Accountants	**Kuwaiti Accounting Auditing**
	A member of H.L.B International

November 10, 2016
State of Kuwait

Ekttitab Holding Company
K.S.C (Public)
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Kuwait

Interim Condensed Consolidated Statement of Financial Position as at September 30, 2016 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Assets				
Cash and cash equivalents	4	**845,742**	402,505	350,640
Investments at fair value – statement of income	5	**4,002,854**	4,034,978	6,131,651
Investments in an associate	6	**7,231,994**	7,041,157	8,756,306
Available for sale investments	7	**5,693,291**	6,636,930	6,966,338
Receivables and other debit balances		**258,714**	366,883	415,510
Due from related parties	8	**4,562,860**	4,748,407	4,757,679
Property and equipment		**19,875**	2,174	3,012
Total assets		**22,615,330**	23,233,034	27,381,136
Liabilities and equity				
Liabilities				
Payables and other credit balances		**382,448**	463,986	474,127
Due to related parties	8	**153,649**	155,448	85,486
Total liabilities		**536,097**	619,434	559,613
Equity				
Share capital		**31,862,423**	31,862,423	31,862,423
Statutory reserve		**94,506**	94,506	94,506
Cumulative change in fair value reserve		**(2,906,736)**	(2,756,645)	(1,520,094)
The Group's share in an associate's reserves		**191,736**	191,736	-
Accumulated losses		**(7,111,180)**	(6,731,178)	(3,589,613)
Total equity attributable to the shareholders of "the Parent company"		**22,130,749**	22,660,842	27,426,405
Non-controlling interests		**(51,516)**	(47,242)	(25,699)
Total equity		**22,079,233**	22,613,600	26,821,523
Total liabilities and equity		**22,615,330**	23,233,034	27,381,136

Dr./ Sarah Ali Al-Shamali
Vice Chairman

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

Ekttitab Holding Company
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Interim Condensed Consolidated Statement of income for the nine months ended September 30, 2016 (Unaudited)
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	Note	The three months ended September 30		The nine months ended September 30	
		2016	2015	**2016**	2015
Revenue					
Losses from investments	9	**(46,679)**	(16,336)	**(190,577)**	(434,006)
Net contract revenue		**49,372**	(16,040)	**101,394**	165,630
Group's share in an associate's results	6	**-**	-	**(6,164)**	(3,198)
Gain from sale of share in an associate	6	**-**	530	**-**	530
Provision no longer required		**-**	-	**-**	290,727
Other loss		**(5,934)**	(2,571)	**(5,934)**	7,457
Total loss		**(3,241)**	(34,417)	**(101,281)**	27,140
Expenses and other charges					
General and administrative expenses		**(102,863)**	(82,465)	**(286,680)**	(295,294)
Total Expenses and other charges		**(102,863)**	(82,465)	**(286,680)**	(295,294)
Net loss for the period before KFAS, National Labour Support Tax and Zakat		**(106,104)**	(116,882)	**(387,961)**	(268,154)
Net loss for the period		**(106,104)**	(116,882)	**(387,961)**	(268,154)
Attributable to:					
Shareholders of "the Parent company"		**(105,644)**	(115,523)	**(380,002)**	(256,944)
Non-controlling interests		**(460)**	(1,359)	**(7,959)**	(11,210)
Net loss for the period		**(106,104)**	(116,882)	**(387,961)**	(268,154)
Loss per share/(fils)	10	**(0.33)**	(0.37)	**(1.19)**	(0.81)

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

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Interim Condensed Consolidated Statement of comprehensive income for the nine months ended September 30, 2016
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(All amounts are in Kuwaiti Dinars)

	The three months ended September 30		The nine months ended September 30	
	2016	2015	**2016**	2015
Net loss for the period	**(106,104)**	(116,882)	**(387,961)**	(268,154)
Change in fair value of available for sale investments	**(71,585)**	(423,472)	**(640,910)**	(1,301,858)
Transferred to statement of income as a result from sale of available for sale investments	**97,711**	62,896	**494,504**	746,031
Other comprehensive losses for the period	**26,126**	(360,576)	**(146,406)**	(555,827)
Total comprehensive loss for the period	**(79,978)**	(477,458)	**(534,367)**	(823,981)
Attributable to:				
Shareholders of "the Parent company"	**(79,780)**	(463,622)	**(530,093)**	(836,264)
Non-controlling interests	**(198)**	(13,836)	**(4,274)**	12,283
Total comprehensive loss for the period	**(79,978)**	(477,458)	**(534,367)**	(823,981)

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

Ekttitab Holding Company

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Interim Condensed Consolidated Statement of changes in equity for the nine months ended September 30, 2016
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	Equity attributable to the shareholders of "the Parent company"							
	Share capital	Statutory reserve	Cumulative change in fair value reserve	The Group's share in an associate's reserves	Accumulated losses	Total	Non-controlling interests	Total
Balance at January 1, 2015	31,862,423	94,506	(940,774)	-	(3,332,669)	27,683,486	(37,982)	27,645,504
Net loss for the period	-	-	-	-	(256,944)	(256,944)	(11,210)	(268,154)
Other comprehensive loss for the period	-	-	(579,320)	-	-	(579,320)	23,493	(555,827)
Total comprehensive loss for the period	-	-	(579,320)	-	(256,944)	(836,264)	12,283	(823,981)
Balance at September 30, 2015	31,862,423	94,506	(1,520,094)	-	(3,589,613)	26,847,222	(25,699)	26,821,523
Balance at January 1, 2016	31,862,423	94,506	(2,756,645)	191,736	(6,731,178)	22,660,842	(47,242)	22,613,600
Net loss for the period	-	-	-	-	(380,002)	(380,002)	(7,959)	(387,961)
Other comprehensive loss for the period	-	-	(150,091)	-	-	(150,091)	3,685	(146,406)
Total comprehensive loss for the period	-	-	(150,091)	-	(380,002)	(530,093)	(4,274)	(534,367)
Balance at September 30, 2016	**31,862,423**	**94,506**	**(2,906,736)**	**191,736**	**(7,111,180)**	**22,130,749**	**(51,516)**	**22,079,233**

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

Ekttitab Holding Company
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Interim Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2016
(Unaudited)
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	Note	The nine months ended September 30 2016	2015
Cash flows from operating activities			
Net loss for the period		**(387,961)**	(268,154)
Adjustments:			
Depreciation		**300**	728
Losses from investments		**190,577**	434,006
Provision no longer required		**-**	(290,727)
Group's share in an associate's results		**6,164**	3,198
Gain from sale of share in an associate		**-**	(530)
Adjusted loss before calculating the effect of changes in working capital items		**(190,920)**	(121,479)
Investments at fair value - statement of income		**290,479**	149,187
Receivables and other debit balances		**108,169**	(353,045)
Related parties		**(13,253)**	(2,164,368)
Payables and other credit balances		**(81,538)**	(98,473)
Net cash generated from/(used in) operating activities		**112,937**	(2,588,178)
Cash flows from investing activities			
Paid for purchase of available for sale investments		**(3,014,819)**	(6,691,528)
Proceeds from sale of available for sale investments		**3,359,434**	8,313,161
Cash dividends received		**-**	35,301
Property and equipment		**(18,000)**	(1,371)
Net cash generated from investing activities		**326,615**	1,655,563
Cash flows from financing activities			
Net movement on non-controlling interests		**3,685**	23,493
Net cash generated from financing activities		**3,685**	23,493
Net increase/(decrease) in cash and cash equivalents		**443,237**	(909,122)
Cash and cash equivalents at the beginning of the period		**402,505**	1,259,762
Cash and cash equivalents at the end of the period	5	**845,742**	350,640

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

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1. Brief on "the Parent company"

Ekttitab Holding Company "the Parent 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 on 19 December 2005.

The purposes for which "the Parent company" was established are as follows:

- Owning shares of Kuwaiti or foreign shareholding companies, as well as ownership of shares in Kuwaiti or foreign limited liability companies or participation in the incorporation of these companies and its management.
- Lending the companies in which it owns shares and acting as its sponsor before third parties and in such case, the participation of the holding company in the capital of the borrowing company shouldn't be less than 20% at least.
- The ownership of the industrial property rights, patents, industrial relationships, industrial fees or any other relevant rights and lease the same to others to be utilized within or outside Kuwait.
- Owns moveable properties or real estate which it needs to carry out its activities in accordance with law.
- Utilization of excess funds available with the company by investing them in financial portfolios managed by specialized companies.

The number of the company's employees was 10 employees as of September 30, 2016 (2015: 10 employees).

The parent company operates its activities according to Islamic sharia regulations.

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

Companies law no. 1 of year 2016 ("new law") was issued on January 24, 2016 and published in the official gazette on February 1, 2016 which has cancelled the companies law no. 25 of year 2012, as amended ("previous law"). The new law shall be applied as of November 26, 2012 and the executive regulation of previous law will continue until the issuance of an executive regulation for the new law within two months of publishing in the official gazette

This interim condensed consolidated financial information was approved for issuance by the Board of Directors on November 10, 2016.

2. Significant Accounting Policies

2/1) Basis of preparation

The interim condensed consolidated financial information of "the Group" has been prepared in accordance with IAS 34, "***Interim Financial Reporting***". Accordingly, it does not include all of the information and footnotes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of "the Group" for the year ended December 31, 2015.
During the period "the Group" has adopted all the standards that came into effect for annual periods beginning January 1, 2016. The adoption of these standards did not have any material impact on this interim condensed consolidated financial information.

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In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2015.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of "the Group".

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2016 did not have any material impact on the accounting policies, financial position or performance of "the Group".

2/2) Critical judgments and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying "the Group's" accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2015.

3. Subsidiary company

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

			Ownership percentage %		
Company's name	**Legal form**	**Incorporation country**	**September 30, 2016**	December 31, 2015 (audited)	September 30, 2015
Petro Integrated Business Holding Company	K.S.C.H	State of Kuwait	**96.25%**	96.25%	96.25%

The financial information of the subsidiary as of September 30, 2016 has been consolidated based on financial statements prepared by the management.

Petro Integrated Business Holding Company owns a subsidiary and its details are as follows:

			Ownership percentage%		
Company name	**Activity**	**Incorporation country**	**September 30, 2016**	December 31, 2015 (audited)	September 30, 2015
Educational Ararbic Pen – K.S.C (closed)	Educational services	State of Kuwait	**98%**	98%	98%

The financial statements of the subsidiary were consolidated based on financial statements prepared by the management as of September 30, 2016.

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4. Cash and cash equivalents

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Cash on hand	**380**	1,016	161
Cash at banks	**172,033**	250,985	219,346
Cash at investment portfolios	**673,329**	150,504	131,133
	845,742	402,505	350,640

5. Investments at fair value – statement of income

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Investments held for trading	**1,235,466**	1,401,137	2,662,225
Investments at fair value – statement of income	**2,767,388**	2,633,841	3,469,426
	4,002,854	4,034,978	6,131,651
Investments in local shares – quoted	**1,235,466**	1,401,137	2,662,225
Investments in local shares – unquoted	**2,638,911**	2,485,912	3,302,141
Investments in local funds – unquoted	**128,477**	147,929	167,285
	4,002,854	4,034,978	6,131,651

- 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 technique methods as of September 30, 2016 and December 31, 2015. The fair value of the investment in unquoted funds is determined based on the net asset value of unit for funds.

- Investments at fair value - statement of income include investments with an amount of KD 404,762 (As of December 31, 2015 KD 404,762 – as of September 30, 2015 KD 2,635,050) mortgaged against Murabahat payables in favor of a related party.

6. Investment in an associate

The Investment in an associate detail is as follows:

Company name	**Ownership percentage%**			**Value (KD)**		
	September 30, 2016	December 31, 2015 (audited)	September 30, 2015	**September 30, 2016**	December 31, 2015 (audited)	September 30, 2015
Sarh Capital for Real Estate company – K.S.C. (closed)	**21.17%**	20.56%	26.37%	**7,231,994**	7,041,157	8,756,306

- "The Group's" share in an associate's results has been proved based on managerial financial statements prepared by the management as of June 30, 2016.

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The movement on investments during the period is as follows:-

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Balance at beginning period/year/period	**7,041,157**	11,507,636	11,507,636
Additions	**197,001**	143,250	-
Disposals	-	(4,823,418)	(2,754,528)
"The Group's" share in an associate reserves	-	199,206	-
"The Group's" share in the business results	**(6,164)**	14,483	3,198
Balance at end of the period/year/period	**7,231,994**	7,041,157	8,756,306

7. Available for sale investments

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Local quoted shares	**2,690,290**	3,633,929	6,768,627
Local unquoted shares	**2,990,290**	2,990,290	185,000
Foreign unquoted shares	**12,711**	12,711	12,711
	5,693,291	6,636,930	6,966,338

- Unquoted shares were stated at cost as its fair value could not be reliably determined; the Group's management believes that there is no indication of impairment of these investments.

8. Related parties transactions

Related parties comprise of associates, major shareholders, Board of Directors, key management personnel of the Group and companies which they controlled or jointly controlled or significantly influence. The Group's management approved the pricing policies and terms of these transactions. The balances and amounts due from/to related parties are interest free and have no specific maturity date.

The balances and movement of transactions with related parties included in the interim condensed consolidated financial information are as follows:

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Interim Condensed Consolidated Statement of Financial position			
Due from related parties	**4,562,860**	4,748,407	4,757,679
Due to a related party	**153,649**	155,448	85,486

These transactions are subject to the approval of the shareholders General Assembly.

Interim Condensed Consolidated statement of income
The interim consolidated statement of income does not include transactions with related parties.

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Notes to Interim Condensed Consolidated Financial Information for the nine months ended September 30, 2016
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9. Losses from investments

	The three months ended September 30		The nine months ended September 30	
	2016	2015	**2016**	2015
Investments at fair value – statement of income				
Realized gains	**46,895**	49,667	**206,802**	404,507
(Loss)/gain from change in fair value	**(67,342)**	8,433	**51,553**	129,392
Dividends income	**-**	1,337	**-**	35,301
	(20,447)	59,437	**258,355**	569,200
Available for sale investments				
Loss from impairment in value	**-**	-	**-**	(4,209,459)
Realized loss	**(26,232)**	(75,773)	**(448,932)**	3,206,253
	(26,232)	(75,773)	**(448,932)**	(1,003,206)
	(46,679)	(16,336)	**(190,577)**	(434,006)

10. Loss per share/(fils)

Loss per share to shareholders of "the Parent Company" is calculated by dividing net loss for the period by the weighted average number of outstanding shares during the period. The calculation of loss per share is as follows:

	The three months ended September 30		The nine months ended September 30	
	2016	2015	**2016**	2015
Net loss for the period attributable to shareholders of the parent company	**(105,644)**	(115,523)	**(380,002)**	(256,944)
Weighted average number of outstanding shares during the period/(share)	**318,624,230**	318,624,230	**318,624,230**	318,624,230
Loss per share/(fils)	**(0.33)**	(0.37)	**(1.19)**	(0.81)

11. Shareholders' General Assembly

On May 4, 2016, the Annual General Assembly of the Shareholders has been held and approved the consolidated financial statements for the financial year ended December 31, 2015 and approved the Board of Directors' proposals to not distribute dividends for the financial year ended December 31, 2015 and also not to distribute a remunerations to the Board of Directors for the financial year ended December 31, 2015.

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12. Financial instruments

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	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Cash and cash equivalents	**845,742**	402,505	350,640
Investments at fair value – statement of income	**4,002,854**	4,034,978	6,131,651
Investments in an associate	**7,231,994**	7,041,157	8,756,306
Available for sale investments	**5,693,291**	6,636,930	6,966,338
Receivables and other debit balances	**258,714**	366,883	415,510
Due from related parties	**4,562,860**	4,748,407	4,757,679
	22,595,455	23,230,860	27,378,124

Financial liabilities	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Payables and other credit balances	**382,448**	463,986	474,127
Due to related parties	**153,649**	155,448	85,486
	536,097	619,434	559,613

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 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.

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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.

September 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Investments at fair value - statement of income				
Quoted shares	**1,235,466**	**-**	**-**	**1,235,466**
Unquoted shares	**-**	**-**	**2,638,911**	**2,638,911**
Investments funds	**-**	**128,477**	**-**	**128,477**
Available for sale investments				
Quoted shares	**2,690,290**	**-**	**-**	**2,690,290**
Unquoted shares	**-**	**-**	**3,003,001**	**3,003,001**
Net fair value	**3,925,756**	**128,477**	**5,641,912**	**9,696,145**

September 30, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Investments at fair value - statement of income				
Quoted shares	2,662,226	-	-	2,662,226
Unquoted shares	-	-	3,302,140	3,302,140
Investments funds	-	167,285	-	167,285
Available for sale investments				
Quoted shares	6,768,627	-	185,000	6,953,627
Unquoted shares	-	-	12,711	12,711
Net fair value	9,430,853	167,285	3,499,851	13,097,989

There are no transfers between the levels during the period.

13. Segment distribution

The Group's activities are mainly concentrated in the investment segment inside state of Kuwait.