Ekttitab Holding Company - K.S.C Public

And its subsidiary
State of Kuwait
Interim Condensed Consolidated Financial Information
(Unaudited)
For The Six Months Ended June 30, 2017
With review report

Contents

Rödl
Middle East
Burgan-International Accountants
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Review report on the interim condensed consolidated financial information

Introduction

We have reviewed the interim condensed consolidated statement of financial position of Ekttitab Holding Company - K.S.C Public - Kuwait "the Parent Company" and its subsidiary (together referred to as "the Group") as of June 30, 2017 and the interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management of the "Parent Company" 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 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 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 six month period ended June 30, 2017 of the Companies' Law no. 1 of year 2016 and its related executive regulations 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.

Abdul Hussain M. Al- Rasheed
License No. 67 (A)
Rödl Middle East
Burgan - International Accountants

July 27, 2017
State of Kuwait

Ekttitab Holding Company

K.S.C Public
And its subsidiary

Interim Condensed Consolidated Statement of Financial Position as of June 30, 2017
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Assets				
Cash and cash equivalents	4	**850,750**	1,094,754	865,313
Investments at fair value - statement of profit or loss	5	**2,555,804**	1,912,946	3,730,454
Investments in associate	6	**6,795,615**	7,139,785	7,231,994
Available for sale investments	7	**6,929,466**	6,992,006	5,719,337
Receivables and other debit balances		**1,245,503**	1,235,801	544,621
Due from related parties	8	**4,485,407**	4,564,611	4,603,950
Property and equipment		**50,122**	49,478	1,974
Total assets		**22,912,667**	22,989,381	22,697,643
Liabilities and equity				
Liabilities				
Payables and other credit balances		**403,800**	397,430	384,784
Due to related parties	8	**150,976**	273,648	153,648
Total liabilities		**554,776**	671,078	538,432
Equity				
Share capital		**31,862,423**	31,862,423	31,862,423
Statutory reserve		**94,506**	94,506	94,506
Change in fair value reserve		**(2,009,727)**	(2,253,925)	(2,932,600)
"Group" share in associate reserves		**262,805**	262,805	191,736
Accumulated losses		**(7,855,741)**	(7,654,036)	(7,005,536)
Total equity attributable to the shareholders of "the Parent Company"		**22,354,266**	22,311,773	22,210,529
Non-controlling interests		**3,625**	6,530	(51,318)
Total equity		**22,357,891**	22,318,303	22,159,211
Total liabilities and equity		**22,912,667**	22,989,381	22,697,643

Mohammed Salah Al-Ayoub
CEO

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

Exhibit - B

Ekttitab Holding Company

K.S.C Public
And its subsidiary

Interim Condensed Consolidated Statement of profit or loss for the Six months ended June 30, 2017 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	The Three Months Ended June 30,		The Six Months Ended June 30,	
		2017	2016	2017	2016
Revenue					
Gain/(losses) on investments	9	**9,801**	44,522	**403,952**	(143,898)
Net revenue of contracts		**4,805**	47,335	**13,215**	52,022
"Group" share in results of associate	6	**(344,170)**	(6,164)	**(344,170)**	(6,164)
Other revenue		**5,119**	-	**5,119**	-
		(324,445)	85,693	**78,116**	(98,040)
Expenses and other charges					
General and administrative expenses		**(129,517)**	(110,277)	**(282,944)**	(183,817)
Net loss for the period		**(453,962)**	(24,584)	**(204,828)**	(281,857)
Attributable to:					
Shareholders of "the Parent Company"		**(439,227)**	(21,109)	**(201,705)**	(274,358)
Non-controlling interests		**(14,735)**	(3,475)	**(3,123)**	(7,499)
Net loss for the period		**(453,962)**	(24,584)	**(204,828)**	(281,857)
Loss per share/(fils)	10	**(1.4)**	(0.07)	**(0.63)**	(0.86)

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 profit or loss and other comprehensive income for the Six months ended June 30, 2017
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	The Three Months Ended June 30,		The Six Months Ended June 30,	
	2017	2016	**2017**	2016
Net loss for the period	**(453,962)**	(24,584)	**(204,828)**	(281,857)
Other comprehensive income/(Loss):				
Change in fair value of available for sale investments	**(367,505)**	89,501	**(59,902)**	(569,325)
Transferred to statement of profit or loss on sale of available for sale investments	**65,718**	334,375	**304,318**	396,793
Total other comprehensive income/(loss) for the period	**(301,787)**	423,876	**244,416**	(172,532)
Total comprehensive income/(loss) for the period	**(755,749)**	399,292	**39,588**	(454,389)
Attributable to:				
Shareholders of "the Parent company"	**(737,190)**	388,695	**42,493**	(450,313)
Non-controlling interests	**(18,559)**	10,597	**(2,905)**	(4,076)
Total comprehensive income/(loss) for the period	**(755,749)**	399,292	**39,588**	(454,389)

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 Six months ended June 30, 2017
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity attributed to the shareholders of "the Parent company"							
	Share capital	Statutory reserve	Change in fair value reserve	Group' share in associate reserves	Accumulated losses	Total	Non-controlling interests	Total equity
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	-	-	-	-	(274,358)	(274,358)	(7,499)	(281,857)
Other comprehensive loss for the period	-	-	(175,955)	-	-	(175,955)	3,423	(172,532)
Total comprehensive loss for the period	-	-	(175,955)	-	(274,358)	(450,313)	(4,076)	(454,389)
Balance as of June 30, 2016	31,862,423	94,506	(2,932,600)	191,736	(7,005,536)	22,210,529	(51,318)	22,159,211
Balance at January 1, 2017	31,862,423	94,506	(2,253,925)	262,805	(7,654,036)	22,311,773	6,530	22,318,303
Net loss for the period	-	-	-	-	(201,705)	(201,705)	(3,123)	(204,828)
Other comprehensive income for the period	-	-	244,198	-	-	244,198	218	244,416
Total comprehensive income for the period	-	-	244,198	-	(201,705)	42,493	(2,905)	39,588
Balance as of June 30, 2017	**31,862,423**	**94,506**	**(2,009,727)**	**262,805**	**(7,855,741)**	**22,354,266**	**3,625**	**22,357,891**

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 Six months ended June 30, 2017 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30, 2017	Six months ended June 30, 2016
Cash flows from operating activities		
Net loss for the period	**(204,828)**	(281,857)
Adjustments:		
Depreciation of property and equipment	**1,156**	200
Gain/(losses) on investments	**(403,952)**	143,898
"Group" share in results of associate	**344,170**	6,164
Adjusted operation loss before calculating changes effect in working capital items	**(263,454)**	(131,595)
Investments at fair value - statement of profit or loss	**(281,030)**	583,326
Receivables and other debit balances	**(9,702)**	(177,738)
Related parties	**(43,468)**	(54,344)
Payables and other credit balances	**6,370**	(79,202)
Net cash (used in)/generated from operating activities	**(591,284)**	140,447
Cash flows from investing activities		
Paid for purchase of available for sale investments	**(4,701,146)**	(2,100,368)
Proceeds from sale of available for sale investments	**5,050,008**	2,419,306
Property and equipment	**(1,800)**	-
Net cash generated from investing activities	**347,062**	318,938
Cash flows from financing activities		
Change on non-controlling interests	**218**	3,423
Net cash generated from financing activities	**218**	3,423
Net (decrease)/increase in cash and cash equivalents	**(244,004)**	462,808
Cash and cash equivalents at the beginning of the period	**1,094,754**	402,505
Cash and cash equivalents at the end of the period	**850,750**	865,313

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

1. Company's Overview

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 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 putative 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 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.

This interim condensed consolidated financial information was approved for issuance by the Board of Directors on July 27, 2017.

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, 2016.

During the period "the Group" has adopted all the standards that came into effect for annual periods beginning January 1, 2017. The adoption of these standards did not have any material impact on this interim condensed consolidated financial information.

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, 2017. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2016.

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Notes to the interim condensed consolidated financial information for the Six Months Ended June 30, 2017
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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, 2017 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, 2016.

3. Subsidiary

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 name	**Activity**	**Incorporation country**	**June 30, 2017**	December 31, 2016 (Audited)	June 30, 2016
Petro Integrated Business Holding Company	Holding Company	State of Kuwait	**96.25%**	96.25%	96.25%

The financial information of the subsidiary as of June 30, 2017 was consolidated based on financial statements prepared by the management.

The subsidiary Petro for Integrated Business Holding Company has a subsidiary and its details are as follows:

			Ownership percentage%		
Company name	**Activity**	**Country**	**June 30, 2017**	December 31, 2016 (audited)	June 30, 2016
Educational Arabic 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 June 30, 2017.

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4. Cash and cash equivalents

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Cash on hand	**1,062**	956	448
Cash at banks	**88,635**	213,966	216,422
Cash at investment portfolios	**761,053**	879,832	648,443
	850,750	1,094,754	865,313

5. Investments at fair value – statement of profit or loss

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Investments held for trading	**2,050,755**	1,407,028	955,043
Investments at fair value - statement of profit or loss	**505,049**	505,918	2,775,411
	2,555,804	1,912,946	3,730,454
Investments in local shares – quoted	**2,050,755**	1,407,028	955,043
Investments in local shares – unquoted	**410,976**	410,976	2,638,912
Investments in local funds – unquoted	**94,073**	94,942	136,499
	2,555,804	1,912,946	3,730,454

- 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 June 30, 2017 and December 31, 2016. The fair value of the investment in unquoted funds is determined based on the net asset value of unit funds.

- Investments at fair value - statement of profit or loss include investments with an amount of KD 404,762 (December 31, 2016: KD 404,762, June 30, 2016: KD 404,762) mortgaged against Murabaha payables in favor of a related party.

6. Investment in associate

The investment in associate item stated as follow:

	Shareholding percentage%			Value (KD)		
Company name	**June 30, 2017**	December 31, 2016 (audited)	June 30, 2016	**June 30, 2017**	December 31, 2016 (audited)	June 30, 2016
Sarh Capital for Real Estate company – K.S.C. (closed)	**%21.17**	%21.17	%21.17	**6,795,615**	7,139,785	7,231,994

The share result of the Group in associate Company was calculated based on financial statements prepared by the management as of June 30, 2017.

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The investment's movement during the financial period was as follows:-

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Balance at January 1,	**7,139,785**	7,041,157	7,041,157
Additions	-	197,000	197,001
"Group" share in an associate reserves	-	73,838	-
"Group" share in results of associate	**(344,170)**	(172,210)	(6,164)
	6,795,615	7,139,785	7,231,994

7. **Available for sale investments**

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Local quoted shares	**2,491,923**	2,554,463	2,716,336
Local unquoted shares	**4,424,832**	4,424,832	2,990,290
Foreign unquoted shares	**12,711**	12,711	12,711
	6,929,466	6,992,006	5,719,337

- Unquoted shares were recorded with last bid price or at cost as its fair value could not be reliably determined.

8. **Related party 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:

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Interim condensed consolidated statement of financial position			
Due from related parties	**4,485,407**	4,564,611	4,603,950
Due to related parties	**150,976**	273,648	153,648

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

Interim condensed consolidated statement of profit or loss

The statement of profit or loss did not include transactions with related parties.

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9. Gain/(losses) on investments

	The Three Months Ended June 30		The Six Months Ended June 30	
	2017	2016	**2017**	2016
Investments at fair value – statement of profit or loss				
Realized gains	**62,972**	192,807	**354,480**	159,907
Change in fair value	**25,456**	184,540	**7,348**	118,895
	88,428	377,347	**361,828**	278,802
Available for sale investments				
Realized gain/(losses)	**(78,627)**	(332,825)	**42,124**	(422,700)
	9,801	44,522	**403,952**	(143,898)

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 as follows:

	The Three Months Ended June 30		The Six Months Ended June 30	
	2017	2016	**2017**	2016
Net loss for the period attributable to shareholders of the Parent Company	**(439,227)**	(21,109)	**(201,705)**	(274,358)
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)	**(1.4)**	(0.07)	**(0.63)**	(0.86)

11. Shareholders' General Assembly

On May 25, 2017, the Annual General Assembly of the Shareholders held and approved the consolidated financial statements for the financial year ended December 31, 2016 and approved the Board of Directors' proposals to not distribute dividends for the financial year ended December 31, 2016 and also not to distribute board of directors rewards for the financial year ended December 31, 2016.

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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:	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Cash and cash equivalents	**850,750**	1,094,754	865,313
Investments at fair value - statement of profit or loss	**2,555,804**	1,912,946	3,730,454
Investments in associate	**6,795,615**	7,139,785	7,231,994
Available for sale investments	**6,929,466**	6,992,006	5,719,337
Receivables and other debit balances	**1,245,503**	1,235,801	544,621
Due from related parties	**4,485,407**	4,564,611	4,603,950
	22,862,545	22,939,903	22,695,669

Financial liabilities:	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Payables and other credit balances	**403,800**	397,430	384,784
Due to related parties	**150,976**	273,648	153,648
	554,776	671,078	538,432

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 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.

	Level 1	Level 2	Level 3	Total
June 30, 2017				
Assets:				
Investments at fair value - statement of profit or loss				
Quoted shares	2,050,755	-	-	2,050,755
Unquoted shares	-		410,976	410,976
Investments funds	-	94,073	-	94,073
Available for sale investments				
Quoted shares	2,491,923	-	-	2,491,923
Unquoted shares	-	-	4,437,543	4,437,543
Net fair value	4,542,678	94,073	4,848,519	9,485,270

	Level 1	Level 2	Level 3	Total
June 30, 2016:				
Assets:				
Investments at fair value - statement of profit or loss				
Quoted securities	955,043	-	-	955,043
Unquoted shares	-	-	2,638,912	2,638,912
Investments funds	-	136,499	-	136,499
Available for sale investments				
Quoted securities	2,716,336	-	-	2,716,336
Unquoted securities	-	-	3,003,001	3,003,001
Net fair value	3,671,379	136,499	5,641,913	9,449,791

There are no transfers between the levels during the period.

13. **Segment distribution**

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