Ekttitab Holding Company - K.S.C Public

And its subsidiary
State of Kuwait
Interim Condensed Consolidated Financial Information
(Unaudited)
For the three months ended March 31, 2017
With Review Report

Ekttitab Holding Company - K.S.C Public
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State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
For the three months ended March 31, 2017
With Review Report

Contents

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The Board of Directors
Ektitab 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 March 31, 2017 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 other legal and regulatory matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting books of the "Parent Company". We further report that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of year 2016 and related Executive Regulations or the "Parent Company" memorandum and articles of association, as it's amendments, have occurred during the three month period ended March 31, 2017 that might have had a material effect on the business of the "Parent Company" or on its interim condensed consolidated financial position.

Ali Abdul Rahman Al Hasawi
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Kuwaiti Accountant Auditing
A member of H.L.B International

May 11, 2017
State of Kuwait

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

Interim Condensed Consolidated Statement of Financial Position as at March 31, 2017 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Assets				
Cash and cash equivalents	4	**975,216**	1,094,754	763,208
Investments at fair value – statement of profit or loss	5	**2,465,770**	1,912,946	3,635,815
Available for sale investments	7	**7,320,576**	6,992,006	6,178,195
Receivables and other debit balances	8	**1,233,332**	1,235,801	12,534
Due from related parties	10	**4,487,501**	4,564,611	4,474,161
Investments in associate	6	**7,139,785**	7,139,785	7,238,158
Property and equipment		**49,622**	49,478	2,064
Total assets		**23,671,802**	22,989,381	22,304,135
Liabilities and equity				
Liabilities				
Payables and other credit balances	9	**406,472**	397,430	390,570
Due to related parties	10	**151,690**	273,648	153,646
Total liabilities		**558,162**	671,078	544,216
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		**(1,711,762)**	(2,253,925)	(3,342,404)
The Group' share in associate reserves		**262,805**	262,805	191,736
Accumulated loss		**(7,416,514)**	(7,654,036)	(6,984,427)
Total equity attributable to the shareholders of "the Parent company"		**23,091,458**	22,311,773	21,821,834
Non-controlling interests		**22,182**	6,530	(61,915)
Total equity		**23,113,640**	22,318,303	21,759,919
Total liabilities and equity		**23,671,802**	22,989,381	22,304,135

Mohammed Salah Al-Ayoub
CEO

اكتتاب القابضة

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

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

Interim Condensed Consolidated Statement of profit or loss for the three months ended March 31, 2017
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	The three months ended March 31	
		2017	2016
Revenue			
Gain/(losses) on investments	11	**394,151**	(188,420)
Net revenue of contracts		**8,410**	4,687
		402,561	(183,733)
Expenses and other charges			
General and administrative expenses		**(144,786)**	(73,540)
Net profit/(loss) for the period before National Labor Support Tax & zakat		**257,775**	(257,273)
Zakat		**(2,469)**	-
National Labor Support Tax		**(6,172)**	-
Net profit/(loss) for the period		**249,134**	(257,273)
Attributable to:			
Shareholders of "the Parent company"		**237,522**	(253,249)
Non-controlling interests		**11,612**	(4,024)
Net profit/(loss) for the period		**249,134**	(257,273)
Profit/(loss)/ per share (fils)	12	**0.75**	(0.79)

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 three months ended March 31, 2017
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	The three months ended March 31	
	2017	2016
Net profit/(loss) for the period	**249,134**	(257,273)
Other comprehensive income/(loss) items:		
Change in fair value of available for sale investments	**307,603**	(658,826)
Transferred to statement of profit of loss on sale of available for sale investments	**238,600**	62,418
Other comprehensive income/(losses)	**546,203**	(596,408)
Total comprehensive income/(loss) for the period	**795,337**	(853,681)
Attributable to:		
Shareholders of "the Parent company"	**779,685**	(839,008)
Non-controlling interests	**15,652**	(14,673)
Total comprehensive income/(loss) for the period	**795,337**	(853,681)

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 three months ended March 31, 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	-	-	-	-	(253,249)	(253,249)	(4,024)	(257,273)
Other comprehensive loss for the period	-	-	(585,759)	-	-	(585,759)	(10,649)	(596,408)
Total other comprehensive loss for the period	-	-	(585,759)	-	(253,249)	(839,008)	(14,673)	(853,681)
Balance as of March 31, 2016	31,862,423	94,506	(3,342,404)	191,736	(6,984,427)	21,821,834	(61,915)	21,759,919
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	-	-	-	-	237,522	237,522	11,612	249,134
Other comprehensive loss for the period	-	-	542,163	-	-	542,163	4,040	546,203
Total other comprehensive loss for the period	-	-	542,163	-	237,522	779,685	15,652	795,337
Balance as of March 31, 2017	**31,862,423**	**94,506**	**(1,711,762)**	**262,805**	**(7,416,514)**	**23,091,458**	**22,182**	**23,113,640**

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 three months ended March 31, 2017
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2017	2016
Cash flows from operating activities			
Net profit/(loss) for the period		**249,134**	(257,273)
Adjustments:			
Depreciation of property and equipment		**1,356**	110
Gain/(losses) on investments		**(394,151)**	188,420
Operating loss before calculating the effect in working capital items		**(143,661)**	(68,743)
Investments at fair value - statement of profit of loss		**(279,424)**	300,618
Receivables and other debit balances		**2,469**	54,349
Related parties		**(44,848)**	74,326
Payables and other credit balances		**9,042**	(73,416)
Net cash (used in)/generated from operating activities		**(456,422)**	287,134
Cash flows from investing activities			
Paid for purchase of available for sale investments		**(3,812,582)**	(530,920)
Proceeds from sale of available for sale investments		**4,146,926**	615,138
Purchase property and equipment		**(1,500)**	-
Net cash generated from investing activities		**332,844**	84,218
Cash flows from financing activities			
Change on non-controlling interests		**4,040**	(10,649)
Net cash generated from/(used in) financing activities		**4,040**	(10,649)
Net (decrease)/increase in cash and cash equivalents		**(119,538)**	360,703
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	4	**975,216**	763,208

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

Ekttitab Holding Company
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Notes to Interim Condensed Consolidated Financial Information For the three months ended March 31, 2017
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(All amounts are in Kuwaiti Dinars unless otherwise stated)

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 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" operates its activities according to Islamic sharia regulations.

"The Parent" Company's office is located at Jassim Al Asfour Complex – Floor 18 – Kuwait city.

This interim condensed consolidated financial information was approved for issuance by the Board of Directors on May 11, 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.

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. The subsidiary

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

			Ownership percentage%		
Company name	**Activity**	**Country**	**March 31, 2017**	December 31, 2016 (audited)	March 31, 2016
Petro Integrated Business Holding Company - K.S.C.(closed)	Holding Company	State of Kuwait	**%96.25**	%96.25	%96.25

The financial information of the subsidiary as of March 31, 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**	**March 31, 2017**	December 31, 2016 (audited)	March 31, 2016
Educational Ararbic Pen – K.S.C (closed)	Educational services	State of Kuwait	**%98**	%98	%98

The financial statement of the subsidiary was consolidated based on financial statements prepared by the management as of March 31, 2017.

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

Notes to Interim Condensed Consolidated Financial Information For the three months ended March 31, 2017
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4. Cash and cash equivalents

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Cash on hand	**1,539**	956	225
Cash at banks	**114,661**	213,966	217,315
Cash at investments portfolios	**859,016**	879,832	545,668
	975,216	1,094,754	763,208

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

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Investments held for trading	**1,960,348**	1,407,029	856,887
Investments at fair value - statement of profit or loss	**505,422**	505,917	2,778,928
	2,465,770	1,912,946	3,635,815
Investments in local shares – quoted	**1,941,400**	1,407,029	856,887
Investments in foreign shares – quoted	**18,948**	-	-
Investments in local shares – unquoted	**410,972**	410,975	2,638,912
Investments in local funds	**94,450**	94,942	140,016
	2,465,770	1,912,946	3,635,815

- 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 March 31, 2017 and December 31, 2016. The fair value of the investment in 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 (KD 404,762 as of December 31, 2016 – KD 404,762 as of March 31, 2016) mortgaged against Murabaha payables in favor of a related party.

6. Investment in associate

The investment in associate item stated as follow:

Company name	Ownership percentage%			Value (KD)		
	March 31, 2017	December 31, 2016 (audited)	March 31, 2016	**March 31, 2017**	December 31, 2016 (audited)	March 31, 2016
Sarh Capital for Real Estate company K.S.C (closed)	**%21.17**	%21.17	%21.17	**7,139,785**	7,139,785	7,238,158

- The share result of "the Group" in an associate company was not calculated as there is no financial statement as of March 31, 2017.

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Notes to Interim Condensed Consolidated Financial Information For the three months ended March 31, 2017
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The investment's movement during the period was as follows:-

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Balance at January 1,	7,139,785	7,041,157	7,041,157
Additions	-	197,000	197,001
"The Group" share in an associate reserves	-	73,838	-
"The Group" share in the business results	-	(172,210)	-
	7,139,785	7,139,785	7,238,158

7. **Available for sale investments**

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Local quoted shares	2,883,037	2,554,463	3,175,194
Local unquoted shares	4,424,828	4,424,832	2,990,290
Foreign shares - unquoted	12,711	12,711	12,711
	7,320,576	6,992,006	6,178,195

The investments in unquoted securities are stated by the last bid price or the acquisition cost due un available management method to measure its fair value.

8. **Accounts receivable and other debit balances**

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Trade receivables	1,000,915	1,000,915	4,110
Accrued revenue	214,170	214,170	-
Refundable deposits	14,200	14,200	1,950
Other	4,047	6,516	6,474
	1,233,332	1,235,801	12,534

9. **Payable and other credit balance**

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Accrued expenses	29,593	29,691	26,299
Dividends payable	23,583	23,583	23,583
Taxable deductions	287,209	282,569	290,392
Other	66,087	61,587	50,296
	406,472	397,430	390,570

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Notes to Interim Condensed Consolidated Financial Information For the three months ended March 31, 2017
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10. Related party transactions

Related parties are the Company's shareholders who have representation in the Board of Directors, members of the Board of Directors and major shareholders. In the normal course of business, subject to the Parent'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:

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Interim Condensed Consolidated statement of Financial position			
Due from related parties	**4,487,501**	4,564,611	4,474,161
Due to related parties	**151,690**	273,648	153,646

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

Interim Condensed Consolidated statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income did not include transactions with related parties.

11. Gain/(losses) on investments

	Three months ended March 31	
	2017	2016
Investments at fair value – statement of profit or loss		
Realized losses	**(18,108)**	(32,900)
Change in fair value	**291,508**	(65,645)
	273,400	(98,545)
Available for sale investments		
Realized gain/(losses)	**120,751**	(89,875)
	394,151	(188,420)

12. Gain/(loss)/ per share (Fils)

Gain/(loss) per share to shareholders of "the Parent company" is calculated by dividing net gain /(loss) for the period by the weighted average number of outstanding shares during the period as follows the calculation of gain/(loss) per share:

	Three months ended March 31	
	2017	2016
Net gain/(loss) for the period attributable to shareholders of "the parent company"	**237,522**	(253,249)
Weighted average number of outstanding shares during the period /(share)	**318,624,230**	318,624,230
Gain/(loss)/ per share (fils)	**0.75**	(0.79)

13. Ordinary General Assembly

Until the date of preparing these interim condensed consolidated financial information the Ordinary General Assembly of shareholders has not been held to approve the consolidated financial statements for the year ended December 31, 2016.

14. 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:

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Cash and cash equivalents	**975,216**	1,094,754	763,208
Investments at fair value – statement of profit or loss	**2,465,770**	1,912,946	3,635,815
Available for sale investments	**7,320,576**	6,992,006	6,178,195
Receivables and other debit balances	**1,233,332**	1,235,801	12,534
Due from related parties	**4,487,501**	4,564,611	4,474,161
Investments in associate	**7,139,785**	7,139,785	7,238,158
	23,622,180	22,939,903	22,302,071

Financial liabilities:

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Payables and other credit balances	**406,472**	397,430	390,570
Due to related parties	**151,690**	273,648	153,646
	558,162	671,078	544,216

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.

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Notes to Interim Condensed Consolidated Financial Information For the three months ended March 31, 2017
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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.

March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Investments at fair value - statement of profit or loss				
Quoted shares	**1,960,348**	**-**	**-**	**1,960,348**
Unquoted shares	**-**	**-**	**410,972**	**410,972**
Investments funds	**-**	**94,450**	**-**	**94,450**
Available for sale investments				
Quoted shares	**2,883,037**	**-**	**-**	**2,883,037**
Unquoted shares	**-**	**-**	**4,437,539**	**4,437,539**
Net fair value	**4,843,385**	**94,450**	**4,848,511**	**9,786,346**

March 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Investments at fair value - statement of profit or loss				
Quoted shares	856,887	-	-	856,887
Unquoted shares	-	-	2,638,912	2,638,912
Investments funds	-	140,016	-	140,016
Available for sale investments				
Quoted shares	3,175,194	-	-	3,175,194
Unquoted shares	-	-	3,003,001	3,003,001
Net fair value	4,032,081	140,016	5,641,913	9,814,010

There wear no transaction between the levels

15. Segment distribution

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