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, 2018
With review report

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Rödl
Middle East
Burgan-International Accountants
Ali Al-Hasawi & Co

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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 - "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, 2018 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine month 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 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 accounting books of "the parent company". We further report that, to the best of our knowledge and belief, no violations has occurred during the nine month period ended September 30, 2018 of the Companies Law No. 1 of year 2016 and its executive regulations as amended, or law No. 7 of year 2010 in respect of the establishment of the Capital Market Authority and the organization of Securities activity, and its executive regulations, or the Parent Company's article of incorporation and memorandum of association, as amended, that might have had a material effect on the business of "the parent company" or on its interim condensed consolidated financial position.

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

November 8, 2018
State of Kuwait

Exhibit – A

Ekttitab Holding Company K.S.C Public

And its subsidiary
Kuwait

Interim Condensed Consolidated Statement of Financial Position as of September 30, 2018 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Assets				
Cash and cash equivalents	4	**170,183**	773,860	765,667
Investments at fair value through statement of profit or loss	5	**1,623,773**	1,688,512	2,317,012
Investments at fair value through statement of other comprehensive income	6	**8,256,743**	-	-
Available for sale investments	7	-	13,522,709	6,813,417
Investments in associate	8	**4,753,084**	-	8,322,901
Receivables and other debit balances	9	**1,183,965**	975,276	996,249
Due from related parties	11	**4,555,808**	4,553,099	4,467,243
Property and equipment		**63,441**	53,400	53,954
Total assets		**20,606,997**	21,566,856	23,736,443
Liabilities and equity				
Liabilities				
Payables and other credit balances	10	**422,857**	427,713	413,954
Due to related parties	11	**1,413,831**	1,413,831	1,329,480
Total liabilities		**1,836,688**	1,841,544	1,743,434
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		**(3,385,980)**	(3,156,154)	(2,032,309)
"Group's" share in associate reserves		-	-	262,805
Accumulated losses		**(9,791,112)**	(9,074,305)	(8,193,565)
Total equity attributable to the shareholders of "the Parent Company"		**18,779,837**	19,726,470	21,993,860
Non-controlling interests		**(9,528)**	(1,158)	(851)
Total equity		**18,770,309**	19,725,312	21,993,009
Total liabilities and equity		**20,606,997**	21,566,856	23,736,443

Aref Abdulah Mshait Alajmi
Chairman

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

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

Interim Condensed Consolidated Statement of profit or loss for the Nine Months Ended September 30, 2018
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	The Three Months Ended September 30, 2018	The Three Months Ended September 30, 2017	The Nine Months Ended September 30, 2018	The Nine Months Ended September 30, 2017
Revenue					
(Losses)/gains on investments	12	**(34,777)**	(323,407)	**(267,549)**	80,545
Net revenue of contracts		**118,209**	112,970	**135,417**	126,185
"Group" share in results of associate	8	**(1,169)**	-	**82,626**	(344,170)
Other revenue		**-**	(415)	**-**	4,704
Total losses		**82,263**	(210,852)	**(49,506)**	(132,736)
Expenses and other charges					
General and administrative expenses		**(115,739)**	(132,937)	**(343,882)**	(415,881)
Provision for doubtful debts		**-**	-	**(11,399)**	-
Total Expenses and other charges		**(115,739)**	(132,937)	**(355,281)**	(415,881)
Net loss for the period		**(33,476)**	(343,789)	**(404,787)**	(548,617)
Attributable to:					
Shareholders of "the Parent Company"		**(33,983)**	(337,824)	**(401,970)**	(539,529)
Non-controlling interests		**507**	(5,965)	**(2,817)**	(9,088)
Net loss for the period		**(33,476)**	(343,789)	**(404,787)**	(548,617)
Loss per share/(fils)	13	**(0.11)**	(1.06)	**(1.26)**	(1.69)

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

Ekttitab Holding Company K.S.C Public

And its subsidiary
Kuwait

Interim Condensed Consolidated Statement of profit or loss and other comprehensive income for the Nine Months Ended September 30, 2018
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	The Three Months Ended September 30,		The Nine Months Ended September 30,	
	2018	2017	**2018**	2017
Net loss for the period	**(33,476)**	(343,789)	**(404,787)**	(548,617)
Other comprehensive (loss)/income items:				
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss				
Change in fair value of available for sale investments	-	(85,453)	-	(145,355)
Transferred to statement of profit or loss on sale of available for sale investments	-	64,360	-	368,678
Result of sale of investments at fair value through statement of other comprehensive income	**(179,420)**	-	**(295,945)**	-
Change in fair value of investments at fair value through statement of other comprehensive income	**(60,461)**	-	**(232,179)**	-
Other comprehensive (loss)/income for the period	**(239,881)**	(21,093)	**(528,124)**	223,323
Total comprehensive loss for the period	**(273,357)**	(364,882)	**(932,911)**	(325,294)
Attributable to:				
Shareholders of "the Parent company"	**(269,562)**	(360,406)	**(924,541)**	(317,913)
Non-controlling interests	**(3,795)**	(4,476)	**(8,370)**	(7,381)
Total comprehensive loss for the period	**(273,357)**	(364,882)	**(932,911)**	(325,294)

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

Exhibit - D

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

Interim Condensed Consolidated Statement of Changes in Equity for the Nine Months Ended September 30, 2018
(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's share in associate reserves	Accumulated losses	Total equity attributable to the shareholders of "the Parent Company"	Non-controlling interests	Total
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	-	-	-	-	(539,529)	(539,529)	(9,088)	(548,617)
Other comprehensive income for the period	-	-	221,616	-	-	221,616	1,707	223,323
Total comprehensive loss for the period	-	-	221,616	-	(539,529)	(317,913)	(7,381)	(325,294)
Balance at September 30, 2017	31,862,423	94,506	(2,032,309)	262,805	(8,193,565)	21,993,860	(851)	21,993,009
Balance at January 1, 2018	31,862,423	94,506	(3,156,154)	-	(9,074,305)	19,726,470	(1,158)	19,725,312
Impact of adopting IFRS 9 at January 1, 2018 (Note - 9)	-	-	-	-	(22,092)	(22,092)	-	(22,092)
Balance at January 1, 2018 (adjusted)	31,862,423	94,506	(3,156,154)	-	(9,096,397)	19,704,378	(1,158)	19,703,220
Net loss for the period	-	-	-	-	(401,970)	(401,970)	(2,817)	(404,787)
Other comprehensive loss for the period	-	-	(229,826)	-	(292,745)	(522,571)	(5,553)	(528,124)
Total comprehensive loss for the period	-	-	(229,826)	-	(694,715)	(924,541)	(8,370)	(932,911)
Balance at September 30, 2018	**31,862,423**	**94,506**	**(3,385,980)**	-	**(9,791,112)**	**18,779,837**	**(9,528)**	**18,770,309**

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

Ekttitab Holding Company K.S.C Public

And its subsidiary
Kuwait

Interim Condensed Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2018

(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Nine Months Ended September 30, 2018	2017
Cash flows from operating activities			
Net loss for the period		**(404,787)**	(548,617)
Adjustments:			
Depreciation of property and equipment		**-**	1,156
Losses/(gains) on investments		**267,549**	(80,545)
"Group" share in results of associate		**(82,626)**	344,170
provision for doubtful debts		**11,399**	-
Adjusted operating loss before calculating changes effect in working capital items		**(208,465)**	(283,836)
Receivables and other debit balances		**(242,181)**	239,552
Related parties		**(2,709)**	(374,086)
Payables and other credit balances		**(4,856)**	16,524
Net cash used in operating activities		**(458,211)**	(401,846)
Cash flows from investing activities			
Investments at fair value through statement of profit or loss		**(202,810)**	(282,147)
Paid for purchase of available for sale investments		**(3,061,617)**	(5,644,122)
Proceeds from sale of available for sale investments		**5,372,372**	6,002,953
Investment in associate		**(2,235,000)**	-
Property and equipment		**(10,041)**	(5,632)
Net cash (used in)/generated from investing activities		**(137,096)**	71,052
Cash flows from financing activities			
Net change on non-controlling interests		**(8,370)**	1,707
Net cash (used in)/generated from financing activities		**(8,370)**	1,707
Net decrease in cash and cash equivalents		**(603,677)**	(329,087)
Cash and cash equivalents at the beginning of the period		**773,860**	1,094,754
Cash and cash equivalents at the end of the period	4	**170,183**	765,667

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

Ekttitab Holding Company K.S.C Public
And its subsidiary
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Notes to the interim condensed consolidated financial information for the Nine Months Ended September 30, 2018
(Unaudited)
(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 December 19, 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 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 Al Merqab - Jassim Al Asfour Complex – Floor 18 – Kuwait city.

This interim condensed consolidated financial information was approved for issuance by the Board of Directors on November 8, 2018.

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, 2017 except for the adoption of IFRS 9: Financial Instruments ("IFRS 9") and IFRS 15: Revenue from Contracts with Customers ("IFRS 15") from January 1, 2018. The changes in the accounting policies arising from the adoption of these standards are explained below.

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 consolidated period are not necessarily indicative of the results that may be expected for the consolidated year ending December 31, 2018. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2017.

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

2/2) Application of new International Financial Reporting Standards (IFRSs)

- **Adoption of IFRS 9: Financial Instruments**
  The Group has adopted IFRS 9 issued in July 2014 with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

Financial assets
The Group classifies financial assets upon initial recognition of IFRS 9 into following categories:

- Fair Value Through Profit and Loss (FVTPL)
- Fair value though other comprehensive income (FVOCI)
- Amortised cost (AC)

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognized in the interim condensed consolidated statement of profit or loss.

Fair value through profit and loss (FVTPL)
Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the interim condensed consolidated statement of profit or loss. Interest income and dividends are recognised in the interim condensed consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Fair value through other comprehensive income (FVOCI)
Debt instruments at FVOCI
The Group classifies debt instruments at FVOCI if it meets both of the following conditions:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in the interim condensed consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to interim condensed consolidated statement of profit or loss.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.
Equity instruments at FVOCI are subsequently measured at fair value. Changes in fair value including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in interim condensed consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses will be reclassified from fair value reserve to retained earnings in the interim condensed consolidated statement of changes in equity.

Amortised cost (AC)
The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognized in the interim condensed consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the interim condensed consolidated statement of profit or loss.

Financial liabilities
The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from Group's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the interim condensed consolidated statement of profit or loss.
Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Classification and measurement of financial assets and financial liabilities
The Group determines classification and measurement category of financial assets, except equity instruments and derivatives, based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account.

The SPPI test
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows met the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Impairment of financial assets
IFRS 9 replaces the "incurred loss" model in IAS 39 with an "Expected Credit Loss" (ECL) model. Accordingly, the Group applies the new impairment model for its financial assets. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Incorporating forward-looking information increases the degree of judgment required as to how changes in these macro-economic factors will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

IFRS 9 introduces three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognized.

Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Group expects to apply the simplified approach to recognize lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorized under stage 2 and lifetime ECL is recognized.

Objective evidence that debt instrument is impaired includes whether any payment of principal or profit is overdue by more than 90 days or there are any known difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc. The Group assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for assets measured at fair value.

The effect of adoption of IFRS 9 regarding ECL amounted to KD 11,399 for the nine month period ended on September 30, 2018, and the additional impairment in value amounted to KD 22,092 was recorded in accumulated losses balance in the interim condensed consolidated statement of change in equity as shown in note (9) on the interim condensed consolidated financial information.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a. Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2017 under IFRS 9.
b. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
   - The determination of the business model within which a financial asset is held;
   - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL;
   - The designation of certain investments in equity instruments not held for trading as at FVOCI.
   - If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

- **Adoption of IFRS 15: Revenue from Contract from Customers**
  IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after January 1, 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

  Step 1 : Identify the contract(s) with a customer
  Step 2 : Identify the performance obligations in the contract
  Step 3 : Determine the transaction price
  Step 4 : Allocate the transaction price to the performance obligations in the contract
  Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

  The Group adopted IFRS 15 "Revenue from Contract from Customers" resulting in no change in the revenue recognition policy of the Group in relation to its contracts with customers. Further, adoption of IFRS 15 had no impact on this interim condensed consolidated financial information of the Group.

Ekttitab Holding Company K.S.C Public
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Notes to the interim condensed consolidated financial information for the Nine Months Ended September 30, 2018
(Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

2/3) **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, 2017.

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**	**September 30, 2018**	December 31, 2017 (Audited)	September 30, 2017
Petro Integrated Business Holding Company K.S.C (closed)	Holding Company	State of Kuwait	**98.75%**	98.75%	96.25%

The financial information of the subsidiary was consolidated based on financial information prepared by the management as of September 30, 2018.

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

			Ownership percentage%		
Company name	**Activity**	**Country**	**September 30, 2018**	December 31, 2017 (Audited)	September 30, 2017
Educational Arabic Pen – K.S.C (closed)	Educational services	State of Kuwait	**99.33%**	99.33%	%98

The financial information of the subsidiary were consolidated based on financial information prepared by the management as of September 30, 2018.

4- **Cash and cash equivalents**

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Cash on hand	**1,639**	1,380	1,494
Cash at banks	**54,714**	111,688	118,065
Cash at investment portfolios	**113,830**	660,792	646,108
	170,183	773,860	765,667

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

Notes to the interim condensed consolidated financial information for the Nine Months Ended September 30, 2018
(Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

5- Investments at fair value through statement of profit or loss

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Investments held for trading	**1,119,798**	1,184,537	1,812,360
Investments at fair value through statement of profit or loss	**503,975**	503,975	504,652
	1,623,773	1,688,512	2,317,012

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Investments in local shares – quoted	**1,119,798**	1,184,537	1,812,360
Investments in local shares – unquoted	**410,976**	410,976	410,976
Investments in local funds – unquoted	**92,999**	92,999	93,676
	1,623,773	1,688,512	2,317,012

- 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, 2018. The fair value of the investment in unquoted funds is determined based on the net asset value of unit funds as of December 31, 2017.

- Investments at fair value through statement of profit or loss include mortgaged investments with an amount of KD 404,762 (December 31, 2017: KD 404,762 , September 30, 2017: KD 404,762) against Murabaha payables in favor of a related party.

6- Investments at fair value through statement of other comprehensive income

Investments at fair value through statement of other comprehensive income represent a non-trading equity securities for which the management has made an irrevocable decision on initial recognition to recognize changes in fair value through statement of other comprehensive income and because it is a strategic investments and the Group considers it more relevant, an as a result and in accordance with IFRS 9 as of January 1, 2018. The Group decided to reclassify investments with an amount of KD 13,522,709 from available for sale investments (Note 7).

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Investments in quoted shares	**5,637,340**	-	-
Investments in unquoted shares	**2,619,403**	-	-
	8,256,743	-	-

The movement in investments at fair value through other comprehensive income during the period/year/period is as follows:

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Transferred from available for sale investments	**13,522,709**	-	-
Additions	**626,618**	-	-
Disposals	**(2,929,460)**	-	-
Transferred to an investment in an associate	**(2,435,000)**	-	-
Change in fair value	**(528,124)**	-	-
	8,256,743	-	-

- During the current period, the Group has increased the share up to 44.48% which owns in Dar El Salam for Takaful Insurance Company K.S.C (closed). Consequently, the Group has obtained a significant influence on the financial and operational policies of the company. Accordingly the classification of these assets has been changed from investment at fair value through other comprehensive income to investment in associate. This transaction has been eliminated from interim condensed consolidated cash flow, as it is non cash transaction.

- The investment at fair value through other comprehensive income is valued in accordance with the valuation technique disclosed in (Note 15).

7- Available for sale investments

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Local quoted shares	-	6,043,604	2,275,874
Local unquoted shares	-	7,479,105	4,537,543
	-	13,522,709	6,813,417

On January 1, 2018 the Group applied IFRS 9, as a result of that, the classification for available for sale with a book value of KD 13,522,709 has been reclassified to investment at fair value through the other comprehensive income (Note 6)

8- Investment in associate

The analysis of investment in associate was as follow:

Company name	**Ownership percentage%**			**Value (KD)**		
	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017	**September 30, 2018**	December 31, 2017 (Audited)	September 30, 2017
Sarh Capital for Real Estate company K.S.C (closed)	-	-	%21.59	-	-	8,322,901
Dar Al Salam Takaful Insurance Company K.S.C (closed)	**%44.48**	-	-	**4,753,084**	-	-

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During the current financial period, the Group's investment held in Dar El Salam Takaful Insurance Company K.S.C (closed) was increased to be 44.48% as of September 30, 2018. Accordingly the Group has obtained a significant influence on the financial and operational policies of the company. Accordingly, the investment has been reclassified from fair value through other comprehensive income to investment in associate (Note 6), the Group has approved its share results in this Company based on financial statement prepared by the management as of September 30, 2018.

The investment's movement during the period was as follow:

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Balance at January 1,	-	7,139,785	7,139,785
Additions	2,235,000	1,527,097	1,527,286
Disposals	-	(4,902,658)	-
"The Group" share in an associate share result	82,626	(344,170)	(344,170)
Transfer from/(to) investments at fair value through statement of other comprehensive income	2,435,458	(3,420,054)	-
	4,753,084	-	8,322,901

9- **Receivable and other debit balances**

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Trade receivables	651,555	651,555	651,555
Provision of doubtful debts	(33,491)	-	-
	618,064	651,555	651,555
Accrued revenue	122,712	301,777	322,099
Refundable deposits	15,200	15,200	15,200
Other	427,989	6,744	7,395
	1,183,965	975,276	996,249

On adoption of IFRS 9 on January 1, 2018 the Group estimated its ECL under IFRS 9 and recognized KD 11,399 for the nine months ended on September 30, 2018, it also recognized additional impairment of KD 22,092 on its trade receivables, this balance is adjusted in the opening balance of accumulated losses.

10- **Payables and other credit balance**

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Accrued expenses	74,760	67,906	57,135
Dividends payable	23,583	23,583	23,583
Taxable deductions	262,569	270,569	270,569
Other	61,945	65,655	62,667
	422,857	427,713	413,954

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11- 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, 2018	December 31, 2017 (Audited)	September 30, 2017
Interim condensed consolidated statement of financial position			
Due from related parties	**4,555,808**	4,553,099	4,467,243
Due to related parties	**1,413,831**	1,413,831	1,329,480

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

Interim condensed consolidated statement of profit or loss

The Interim condensed consolidated statement of profit or loss does not include transactions with related parties.

12- (Losses)/gains on investments

	The Three Months Ended September 30		The Nine Months Ended September 30	
	2018	2017	2018	2017
Investments at fair value through statement of profit or loss				
(Losses)/realized gains for investments at fair value through statement of profit or loss	**(6,759)**	(32,985)	**(26,021)**	321,495
Change in fair value for investments at fair value through statement of profit or loss	**(28,018)**	(206,924)	**(241,528)**	(199,576)
	(34,777)	(239,909)	**(267,549)**	121,919
Available for sale investments				
Realized losses	-	(83,498)	-	(41,374)
	(34,777)	(323,407)	**(267,549)**	80,545

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13- 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 September 30		The Nine Months Ended September 30	
	2018	2017	**2018**	2017
Net loss for the period attributable to shareholders of the "Parent Company"	**(33,983)**	(337,824)	**(401,970)**	(539,529)
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)	**(0.11)**	(1.06)	**(1.26)**	(1.69)

14- Shareholders' General Assembly

On May 3, 2018, the Annual General Assembly of the Shareholders held and approved the consolidated financial statements for the financial year ended December 31, 2017 and approved the Board of Directors' proposals to not distribute dividends for the financial year ended December 31, 2017 and also not to distribute board of directors rewards for the financial year ended December 31, 2017.

15- 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, 2018**	December 31, 2017 (Audited)	September 30, 2017
Cash and cash equivalents	**170,183**	773,860	765,667
Investments at fair value through statement of profit or loss	**1,623,773**	1,688,512	2,317,012
Investments at fair value through statement of other comprehensive income	**8,256,743**	-	-
Available for sale investments	-	13,522,709	6,813,417
Receivables and other debit balances	**1,183,965**	975,276	996,249
Due from related parties	**4,555,808**	4,553,099	4,467,243
Investment in associate	**4,753,084**	-	8,322,901
	20,543,556	21,513,456	23,682,489

Financial liabilities:	**September 30, 2018**	December 31, 2017 (Audited)	September 30, 2017
Payables and other credit balances	**422,857**	427,713	413,954
Due to related parties	**1,413,831**	1,413,831	1,329,480
	1,836,688	1,841,544	1,743,434

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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).

	Level 1	Level 2	Level 3	Total
September 30, 2018				
Assets:				
Investments at fair value through statement of profit or loss				
Quoted shares	1,119,798	-	-	1,119,798
Unquoted shares	-	-	410,976	410,976
Investments funds	-	92,999	-	92,999
Investment at fair value through statement of other comprehensive income				
Quoted shares	5,637,340	-	-	5,637,340
Unquoted shares	-	-	2,619,403	2,619,403
Total	6,757,138	92,999	3,030,379	9,880,516

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	Level 1	Level 2	Level 3	Total
September 30, 2017				
Assets:				
Investments at fair value through statement of profit or loss				
Quoted shares	1,812,360	-	-	1,812,360
Unquoted shares	-	-	410,976	410,976
Investments funds	-	93,676	-	93,676
Available for sale investment				
Quoted shares	2,275,874	-	-	2,275,874
Unquoted shares	-	-	4,537,543	4,537,543
Total	4,088,234	93,676	4,948,519	9,130,429

There were no transfers between the levels during the period.

16- Segment distribution

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