Ekttitab Holding Company
K.S.C. - Public
and its subsidiary
Kuwait

Consolidated financial statements
For the financial year ended December 31, 2018
with
Independent auditor's report

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Independent auditor's report

The shareholders,
Ekttitab Holding Company
K.S.C. - Public
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Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ekttitab Holding Company - K.S.C. - (Public) –"the Parent Company" - and its subsidiary (together referred to as "the Group") which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ekttitab Holding Company - K.S.C. - (Public) and its subsidiary as of December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have identified the following key audit matter:

Investment securities
The Group's investments in securities are classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income are in accordance with the amendments to IFRS 9. The Group's policy regarding valuation of investments in securities and impairment are described in Note 3/4 on the consolidated financial statements.

As part of the audit procedures and other procedures, we have checked the evaluation methods used, the bases upon which it is based and its reasonableness. We have reviewed the management's policy related to the assessment of any impairment indicator or evidence exists in those investments carried out at cost, we further assessed the adequacy of the disclosures related to those investments in the consolidated financial statements.

Other information
Other information consists of the information included in the Parent Company's Board of Directors Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. We expect to obtain the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it is available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by "the Parent company", physical counting was carried out in accordance with recognized practices, the consolidated financial statements together with the financial contents of the report of the Board of Directors of the parent company are in accordance therewith. we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate the information that is required by the Companies' Law no. 1 of year 2016 and its related executive regulation as amended, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and related executive regulation as amended and the Parent company's memorandum of incorporation and articles of association, as amended. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 1 of year 2016, and its related executive regulation as amended, law no. 7 of 2010 in respect of the establishment of Capital Market Authority, the organization of the securities activity and its related executive regulations or of the Parent company's memorandum of incorporation and articles of association, as amended; during the year ended December 31, 2018 that might have had a material effect on the Parent company's business or its consolidated financial position.

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

March 25, 2019
State of Kuwait

Exhibit-A

Ekttitab Holding Company K.S.C. - Public
and its subsidiary
Kuwait

Consolidated statement of financial position as of December 31, 2018
"All amounts are in Kuwaiti Dinar"

	Note	2018	2017
Assets			
Cash and cash equivalent	6	**106,284**	773,860
Investments at fair value – statement of profit or loss	7	**763,500**	1,688,512
Investments in an associate	8	**4,761,038**	-
Investments at fair value through other comprehensive income	9	**7,484,143**	-
Available for sale investments	10	**-**	13,522,709
Receivables and other debit balances	11	**586,840**	975,276
Due from related parties	17	**4,455,990**	4,553,099
Property and equipment		**48,381**	53,400
Total assets		**18,206,176**	21,566,856
Liabilities and equity			
Liabilities			
Payables and other credit balances	12	**446,833**	427,713
Due to related parties	17	**1,413,831**	1,413,831
Total liabilities		**1,860,664**	1,841,544
Equity			
Share capital	13	**31,862,423**	31,862,423
Statutory reserve	14	**94,506**	94,506
Change in fair value reserve		**(4,685,299)**	(3,156,154)
Accumulated losses		**(10,911,192)**	(9,074,305)
Total equity attributable to the shareholders of "the Parent Company"		**16,360,438**	19,726,470
Non-controlling interests		**(14,926)**	(1,158)
Total equity		**16,345,512**	19,725,312
Total liabilities and equity		**18,206,176**	21,566,856

Arif Abdullah Mushait Ajami
Chairman

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

Ekttitab Holding Company K.S.C. - Public
and its subsidiary
Kuwait

Consolidated statement of profit or loss for the financial year ended December 31, 2018
"All amounts are in Kuwaiti Dinar"

	Note	2018	2017
Revenue			
Losses on investments	15	**(350,382)**	(922,985)
Net revenue of contracts		**204,659**	161,851
"The Group" share in results of an associate	8	**1,570**	(344,171)
Gain on acquisition of share in associate at reduced prices	8	**89,010**	-
Profit from sale of share in an associate		**-**	262,805
Total losses		**(55,143)**	(842,500)
Expenses and other charges			
General and administrative expenses		**(512,634)**	(583,792)
Doubtful debts		**(11,399)**	-
Other expenses		**(3,917)**	(9,892)
Total expenses and other charges		**(527,950)**	(593,684)
Net loss for the year		**(583,093)**	(1,436,184)
Attributable to:			
Shareholders of "the Parent Company"		**(591,244)**	(1,420,269)
Non-controlling interests		**8,151**	(15,915)
Net loss for the year		**(583,093)**	(1,436,184)
Loss per share/(fils)	16	**(1.86)**	(4.46)

Ekttitab Holding Company K.S.C. - Public

and its subsidiary
Kuwait

Consolidated statement of profit or loss and other comprehensive income for the financial year ended December 31, 2018
"All amounts are in Kuwaiti Dinar"

	2018	2017
Net loss for the year	**(583,093)**	(1,436,184)
Other comprehensive loss for the year items:		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Change in fair value of investments at fair value through other comprehensive income	**(1,529,145)**	-
Result of sale investments at fair value through other comprehensive income	**(527,406)**	-
Transfer to the statement of profit or loss resulted from reserve of associate	-	(262,805)
Change in fair value of available for sale investments	-	(1,347,163)
Transfer to the statement of profit or loss resulted from sale of available for sale investments	-	74,670
Transfer to the statement of profit or loss resulted from impairment in value	-	378,491
	(2,056,551)	(1,156,807)
Total comprehensive loss for the year	**(2,639,644)**	(2,592,991)
Attributable to:		
Shareholders of "the Parent Company"	**(2,625,876)**	(2,585,303)
Non-controlling interests	**(13,768)**	(7,688)
Total comprehensive loss for the year	**(2,639,644)**	(2,592,991)

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

Exhibit-D

Ekttitab Holding Company K.S.C. - Public
and its subsidiary
Kuwait

Consolidated statement of changes in equity for the financial year ended December 31, 2018
"All amounts are in Kuwaiti Dinar"

	Equity attributable to the shareholders of "the Parent"							
	Share capital	Statutory reserve	Change in fair value reserve	"The Group" share in an associate reserves	Accumulated losses	Total	Non-controlling interests	Total equity
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 year	-	-	-	-	(1,420,269)	(1,420,269)	(15,915)	(1,436,184)
Other comprehensive loss for the year	-	-	(902,229)	(262,805)	-	(1,165,034)	8,227	(1,156,807)
Total comprehensive loss for the year	-	-	(902,229)	(262,805)	(1,420,269)	(2,585,303)	(7,688)	(2,592,991)
Balance at December 31, 2017	31,862,423	94,506	(3,156,154)	-	(9,074,305)	19,726,470	(1,158)	19,725,312
Balance at January 1, 2018	31,862,423	94,506	(3,156,154)	-	(9,074,305)	19,726,470	(1,158)	19,725,312
Transition adjustment on adoption of IFRS 9 on January 1, 2018 (Notes -11&17)	-	-	-	-	(740,156)	(740,156)	-	(740,156)
Balance at January 1, 2018 "adjusted"	31,862,423	94,506	(3,156,154)	-	(9,814,461)	18,986,314	(1,158)	18,985,156
Net loss for the year	-	-	-	-	(591,244)	(591,244)	8,151	(583,093)
Other comprehensive loss for the year	-	-	(1,529,145)	-	(505,487)	(2,034,632)	(21,919)	(2,056,551)
Total comprehensive loss for the year	-	-	(1,529,145)	-	(1,096,731)	(2,625,876)	(13,768)	(2,639,644)
Balance at December 31, 2018	**31,862,423**	**94,506**	**(4,685,299)**	**-**	**(10,911,192)**	**16,360,438**	**(14,926)**	**16,345,512**

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

Exhibit-E

Ekttitab Holding Company K.S.C. - Public
and its subsidiary
Kuwait

Consolidated statement of cash flows for the financial year ended December 31, 2018
"All amounts are in Kuwaiti Dinar"

	Note	2018	2017
Cash flows from operating activities			
Net loss for the year		**(583,093)**	(1,436,184)
Adjustments:			
Depreciation of property and equipment		**16,397**	8,503
Doubtful debts		**11,399**	-
Losses on investments		**350,382**	922,985
"The Group" share in results of an associate		**(1,570)**	344,171
Gain on acquisition of share in associate at reduced prices		**(89,010)**	-
Gain from sale of share in associate		**-**	(262,805)
Operating loss before changes in working capital items		**(295,495)**	(423,330)
Receivables and other debit balances		**377,037**	260,525
Related parties		**97,109**	(5,007,156)
Payables and other credit balances		**19,120**	30,283
Net cash generated from/(used in) operating activities		**197,771**	(5,139,678)
Cash flows from investing activities			
Investments at fair value – statement of profit or loss		**(184,694)**	88,033
Proceeds from sale a share in an associate		**-**	4,700,749
Investments at fair value through other comprehensive income		**(655,507)**	-
Available for sale investments		**-**	34,200
Paid to purchase property and equipment		**(11,378)**	(12,425)
Net cash (used in)/generated from investing activities		**(851,579)**	4,810,557
Cash flows from financing activities			
Net change for non-controlling interests		**(13,768)**	8,227
Net cash (used in)/generated from financing activities		**(13,768)**	8,227
Net decrease in cash and cash equivalents		**(667,576)**	(320,894)
Cash and cash equivalents at beginning of the year		**773,860**	1,094,754
Cash and cash equivalents at end of the year	6	**106,284**	773,860

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

Ekttitab Holding Company K.S.C. - Public
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Notes to the consolidated financial statements for the financial year ended December 31, 2018
"All amounts are in Kuwaiti Dinar 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 borrowing company shouldn't be less than 20% at least.
- The ownership of the industrial property rights, patents, industrial relationships, industrial fees or any other relevant rights and lease the same to others to be utilized within or outside Kuwait.
- Owns moveable properties or real estate which it needs to carry out its activities in accordance with law.
- Utilization of excess funds available with the company by investing them in financial portfolios managed by specialized companies.

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

The Parent Company's office is located at Jassim Al-Asfour Building – Kuwait city.

The consolidated financial statements for the financial year then ended December 31, 2018 were authorised for issue by the Board of Directors on March 25, 2019.

The consolidated financial statements are subject to approval of the Shareholder's General Assembly that has the ability to adjust the consolidated financial statements after issuance.

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

2/1) Newly effective standard and amendments and improvements to standards

The Group adopted IFRS 15 and IFRS 9 with effect from January 1, 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- **IFRS 15 Revenue from Contracts with Customers**
  IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. January 1, 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

There is no impact of adopting IFRS 15 on consolidated statement of profit or loss and other comprehensive income or consolidated statement of financial position.

- **IFRS 9 "Financial instruments"**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(There is impact of transition to IFRS 9 on the opening balance of reserves and accumulated losses) as mentioned.

A) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as of 1 January 2018.

Classification and measurement of financial assets and financial liabilities

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 1, 2018.

Kuwaiti Dinar	**IAS 39 carrying amounts December 31, 2017**	**Reclassification**	**IFRS 9 carrying amounts January 1, 2018**
Financial assets			
Investments at fair value through other comprehensive income	-	13,933,685	13,933,685
Available for sale investments	13,522,709	(13,522,709)	-
Investments at fair value – statement of profit or loss	1,688,512	(410,976)	1,277,536
Amortised cost			
Cash and cash equivalent	773,860	-	773,860
Receivable and other debit balances	975,276	-	953,184
Due from related parties	4,553,099	-	3,835,035
Total financial assets	**21,513,456**	-	**20,773,300**

Ekttitab Holding Company K.S.C. - Public
and its subsidiary
Kuwait

Notes to the consolidated financial statements for the financial year ended December 31, 2018
"All amounts are in Kuwaiti Dinar unless otherwise stated"

The following table reconciles the carrying amounts of financial liabilities under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 1, 2018.

Kuwaiti Dinar	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial liabilities				
Payable and other credit balances	Other financial liabilities	Other financial liabilities	427,713	427,713
Due to related parties	Other financial liabilities	Other financial liabilities	1,413,831	1,413,831
Total financial liabilities			**1,841,544**	**1,841,544**

B) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Impact of the new impairment model

For trade and other receivables in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Group has concluded that the application of impairment requirements in accordance with IFRS 9 as of 1 January 2018 resulted in the recording of KD 11,399 on the consolidated statement of profit or loss in respect of credit losses relating to balances of receivables and other debit balances and recorded an additional amount of KD 740,156 for opening accumulated losses in the consolidated statement of changes in equity for the previous years including an amount of KD 22,092 relating to receivables &other debit balances (Note -11) and KD 718,064 relating to balances due from related parties (Note -17) in accordance with the requirements of IFRS 9.

The effect of IFRS 9 on the classification and measurement of investments is the reclassification of the Group's investments in accordance with the requirements of the Standard as described in Note (9&10) on the consolidated financial statements.

C) Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using the cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods.

Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as of January 1, 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but those of IAS 39.

The assessment has been made on the basis of the facts and circumstances that existed at the date of initial application. The impact of the adoption of IFRS 9, with respect to the reclassification and measurement of investments is reclassification of the group's investment according to the requirements of IFRS 9 as described above in "impact of the new impairment model".

- **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or nonmonetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

2/2) New and amended standards not yet effective, but available for early adoption
The below new and amended International Financial Reporting Standards ("IFRS" or "standards") that are available for early adoption for financial years ending 31 December 2018 are not effective until a later period, They have not been applied in preparing these consolidated financial statements.

A. Adoption expected to impact the Group financial statements (subsequently):

- **IFRS 16 Leases**
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability

upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after January 1, 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17. The Group is in the process of assessing the impact of IFRS 16 to its consolidated financial statements.

B. Adoption not expected to impact the Group financial statements:

Effective date	Description
January 1, 2019	• IFRIC Interpretation 23 Uncertainty over Income Tax Treatment • Amendments to IFRS 9: Prepayment Features with Negative Compensation • Amendments to IAS 19: Plan Amendment, Curtailment or Settlement • Amendments to IAS 28: Long-term interests in associates and joint ventures • Annual Improvements 2015-2017 Cycle (issued in December 2017) – Amendments to IFRS 3 Business Combinations – Amendments to IFRS 11 Joint Arrangements – Amendments to IAS 12 Income Taxes – Amendments to IAS 23 Borrowing Costs
January 1, 2021	• IFRS 17 Insurance Contracts
Effective date to be determined	• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3- Significant accounting policies

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

3/1) Basis of the consolidated financial statements preparation

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies' Law requirements and subsequent amendments.

- The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements of "the Group" for the previous financial year except for the adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers from January 1, 2018.
- These consolidated financial statements are prepared under the historical cost basis of measurement as modified by the revaluation of some financial assets (Investments at fair value through profit or loss and investment at fair value through other comprehensive income). These financial statements have been presented in Kuwaiti Dinars.
- The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note (4).

3/2) Basis of consolidation

The consolidated financial statements include the financial statements of Ekttitab Holding Company K.S.C (Public) ("the Parent Company") and its subsidiary (together referred to as "the Group") disclosed under Note (5).

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent Company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee,
- Ability to use its power to affect the investee returns.

When the Parent Company does not has majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between the Parent Company and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Other potential voting rights.

The financial statements of subsidiaries acquired or disposed are included in the consolidated financial statements from the date the control effectively commences until the date that control effectively end.

The financial statements of the subsidiaries are consolidated on a line–by–line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter–company balances and transactions, including unrealized profits or losses arising from inter–company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries' financial year date and the Parent Company's financial year date.

Non–controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non–controlling interests consist of the interest at the date of the original business combination and the non–controlling interest share of changes in equity since the date of the combination. Profits and losses attributed to the owners of the Parent Company and to the non–controlling interests in the ratio of their respective shareholdings even if that resulted in the non–controlling interests having a deficit balance.

When ownership of subsidiaries changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiaries reported in statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiaries at fair value at date of loss of control;
- Derecognize non–controlling interests.
- Recognize the profit or loss resulting from the loss of control in the statement of profit or loss.

3/3) Financial liabilities / equity

Financial liabilities "other than at fair value through consolidated profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

3/4) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset.
  - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria.

as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Subsequent measurement of financial assets

- **Financial assets at amortised cost**

  Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

– they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

Equity investments at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument‐by‐instrument basis) to designate investments in equity instruments as of FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:
– it has been acquired principally for the purpose of selling it in the near term; or
– on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short‐term profit‐taking; or
– it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

- **Financial assets at FVTPL**
  Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). The category also contains investments in equity shares.

  Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise of the following:

- Investment in bonds
- Investment in equity shares

Impairment of financial assets
All financial assets except for those at FVTPL and Equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Group of financial assets is impaired.

3/5) Business combinations
Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquired (if any), the excess is recognised immediately in consolidated statement of profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-Transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in consolidated statements of profit or loss and other comprehensive income are reclassified to consolidated profit or loss where such treatment would be appropriate if that interest were disposed off.

3/6) Cash and cash equivalents

Cash on hand and time deposits with banks whose original maturities do not exceed three months, net of bank overdrafts are classified as cash and cash equivalents in the consolidated statement of cash flows.

3/7) Investment in an associate

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The group's investment in associates is accounted for under the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the associate, less any impairment and the consolidated statement of profit or loss reflects the group's share of the results of operations of associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the parent company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition.

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the group's share in the associate arising from changes in the associate's equity. Changes in the group's share in associate's equity are recognised immediately in the consolidated statement of changes in equity.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the parent company's reporting date or to a date not earlier than three months of the parent company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the parent company's reporting date.

Upon loss of significant influence over the associate, the group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

3/8) Property and equipment

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

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

Property and equipment are depreciated on straight line over there estimated useful live which is Five years.

Properties in the course of construction for production or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these properties, on the same basis as other property and equipment, commences when the properties are ready for their intended use.

3/9) Accounts receivable

Accounts receivable are stated at their nominal value, less the expected credit loss .The Company always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL.

3/10) Impairment of non-financial assets

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

3/11) Accounts payable and liabilities

Accounts payable and liabilities are stated at nominal value and liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3/12) Provision for end of service indemnity

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

3/13) Equity and reserves

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the parent's articles of association.

Change in fair value reserve – which comprise of profits and losses related to financial assets through other comprehensive income.

Accumulated losses include all current and prior period profits and losses. All transactions with owners of the parent company are recorded separately within equity.

3/14) Revenue recognition

- Revenue is recognized either at a certain time or over time when the Group meets performance obligations by transferring goods or services to its customers. The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognized either at a certain time or over time when the Group meets performance obligations by transferring goods or services to its customers .The Group recognizes contract obligation for amounts received in respect of unsatisfactory performance obligations and provides these, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group fulfills a performance obligation before it receives the consideration, the Group recognizes either the origin of the contract or receivable, if any, in its consolidated statement of financial position, depending on whether there is anything other than the time required before the amounts are due.

- Revenue from services is recognized on time and material basis when services are provided. Bills are periodically issued to customers in accordance with individual contracts as the work progresses. Any remaining unearned amounts at the end of the reporting period are presented in the consolidated statement of financial position as receivables since only time is required before the payment is due.
- Gain on sale of investments included the difference between the net cash proceeds from sales and the carrying amount of the investment sold.
- Recognizes included by dividend income from investments when the right to receive.
- Other categories of income are recognized when earned at the time the related services are rendered on the basis of the terms of the contractual agreement of each activity.

3/15) Provisions

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

3/16) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial position only when there is a legally enforceable right to set off the recognized amounts and the management intends to settle on a net basis so as to realize the assets and liabilities simultaneously.

3/17) Foreign currencies

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

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

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

3/18) National Labor Support Tax (NLST)

NLST is calculated in accordance with La w No. 19 of 2000 and the Minister of Finance Resolutions No.24 of 2006 at 2.5% of taxable profit of the Group after deducting directors' fees for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

3/19) Kuwait Foundation for the Advancement of Science

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

3/20) Zakat

Contribution to Zakat is calculated at 1% of the profit of the group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.
Based on the regulations issued with respect to national labors support tax and zakat, no losses are carried forward to future periods or charging them to previous years.

3/21) Contingent liabilities and assets

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

3/22) Segment reporting

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. Such operating segments are classified as either business segments or geographical segments.
A business segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and returns that are different from those of other segments.
A geographic segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment which is subject to risks and returns different from those of segments operating in other economic environments.

4- Significant management judgements and estimation uncertainty.

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

Contingent liabilities / liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Key sources of estimation uncertainty

Impairment of tangible assets and useful lives

The Group's management tests annually whether tangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives and related depreciation and charge. The depreciation and charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

5- Subsidiary

The consolidated financial statements include the financial statements of "the Parent Company" and its subsidiary and its details are as follows:

Company name	Legal form	Activity	Country	Ownership percentage% 2018	2017
Petro for Integrated Business Holding Company	K.S.C. closed	Holding Company	State of Kuwait	**98.75%**	98.75%

- The financial statements of the subsidiary as of December 31, 2018 have been consolidated based on audited financial statements as of December 31, 2018.

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

Company name	Legal form	Activity	Country	Ownership percentage% 2018	2017
Educational Arabian Pen Company	K.S.C. closed	Educational services	State of Kuwait	**99.33%**	99.33%

- The financial statements of the subsidiary as of December 31, 2018 have been consolidated based on audited financial statements as of December 31, 2018.

6- Cash and cash equivalents

	2018	2017
Cash on hand	**1,107**	1,380
Cash at banks	**47,297**	111,688
Cash at investment portfolios	**57,880**	660,792
	106,284	773,860

7- Investments at fair value – statement of profit or loss

	2018	2017
Investments held for trading	**670,501**	1,595,513
Investments in investment funds	**92,999**	92,999
	763,500	1,688,512

Investments in local shares – quoted	**666,217**	1,184,537
Investments in foreign shares – quoted	**4,284**	-
Investments in local shares – unquoted	**-**	410,976
Investments in local funds – unquoted	**92,999**	92,999
	763,500	1,688,512

- On January 1, 2018, and as a result of the adoption of IFRS 9, the Group reclassified investment at fair value through statement of profit or loss with a book value of KD 410,976 to investments at fair value through statement of other comprehensive income (Note -9).
- Investments at fair value through profit or loss were evaluated according to the evaluation methods disclosed in (Note -21).

8- Investment in associate

The investment in associate item stated as follow:

	Ownership percentage%		**Value (KD)**	
Company name	**2018**	2017	**2018**	2017
Dar Al Salam Takaful Insurance Company K.S.C (closed)	**44.48%**	-	**4,761,038**	-

During the current year, 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 an associate (Note -9). The Group's share in the results of the Company's business has been recognized based on financial statements prepared by the management as of December 31, 2018. This transaction has been eliminated from consolidated cash flows as it is non-cash transaction.

Ekttitab Holding Company K.S.C. - Public
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The investment's movement during the financial year was as follows:

	2018	2017
Balance at January 1,	-	7,139,785
Additions	2,235,000	1,527,097
Disposals	-	(4,902,658)
"The Group's" share in the business results	1,570	(344,171)
Gain on acquisition of share in associate at reduced prices	89,010	-
Transfer from/(to) investments at fair value through statement of other comprehensive income	2,435,458	(3,420,053)
Balance at December 31,	4,761,038	-

The following are the summarized financial statements of Dar El Salam for Takaful Insurance Company K.S.C (closed). The above mentioned financial statements represent the amounts shown in accordance with the financial statements prepared by the management of that associate.

	2018	2017
Assets	10,705,911	-
Liabilities	(2,252)	-
Net assets	10,703,659	-
Group's share of associates	44.48%	-
Group's share in assets	4,761,038	-
Net Profit	3,529	-
Group's share in the business results	1,570	-

9- 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, and as a result and in accordance with IFRS 9 as of January 1, 2018. The Group decided to reclassify investments with an amount of KD13,522,709 from available for sale investments (Note -10) and an amount with KD 410,976 from investments at fair value – statement of profit or loss (Note -7) to investments at fair value through other comprehensive income.

	2018	2017
Investments in quoted shares	4,862,104	-
Investments in unquoted shares	2,622,039	-
	7,484,143	-

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

	2018	2017
Impact of adopting IFRS 9	**13,933,685**	-
Additions	**1,486,032**	-
Disposals	**(3,970,971)**	-
Transferred to an investment in an associate	**(2,435,458)**	-
Change in fair value	**(1,529,145)**	-
	7,484,143	-

- During the current financial year, 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 consolidated cash flows statement ,as it is non-cash transaction.
- Investments at fair value through other comprehensive income include pledged investments amounting to KD 404,762 (KD 404,762 as at 31 December 2017) against Murabaha payable to a related party.
- The investment at fair value through other comprehensive income is valued in accordance with the valuation technique disclosed in (Note -21).

10- Available for sale investments

	2018	2017
Local shares quoted	-	6,043,604
Local shares unquoted	-	7,466,394
Foreign shares unquoted	-	12,711
	-	13,522,709

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 -9)

11- Receivable and other debit balances

	2018	2017
Trade receivables	**418,640**	651,555
Provision of doubtful debts	**(33,491)**	-
	385,149	651,555
Accrued revenue	**182,418**	301,777
Refundable deposits	**15,200**	15,200
Other	**4,073**	6,744
	586,840	975,276

On adoption of IFRS 9 on January 1, 2018 the Group estimated its ECL under IFRS 9 and recognized KD 11,399 for the financial year ended December 31, 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.

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and its subsidiary
Kuwait

Notes to the consolidated financial statements for the financial year ended December 31, 2018
"All amounts are in Kuwaiti Dinar unless otherwise stated"

12- Payable and other credit balance

	2018	2017
Accrued expenses	**74,588**	67,906
Dividends payable	**23,583**	23,583
Taxable deductions	**258,569**	270,569
Other	**90,093**	65,655
	446,833	427,713

13- Share capital

The authorized, issued, and fully paid up capital of "the Parent company" amounted to K.D 31,862,423 divided into 318,624,230 shares with a nominal value of 100 fils per share and all are cash shares.

14- Statutory reserve

In accordance with the Companies Law and "The Parent" company's Articles of Association, 10% of net profit before contribution to Kuwait Foundation for the Advancement of Science, Board of Directors' remuneration, Zakat and National Labor Support Tax has been transferred to the statutory reserve. "The Group" may discontinue such transfer when the reserve equal 50 % of share capital. This reserve is not available for distribution except in cases stipulated by the law. There were no transfers to the statutory reserve due to the accumulated losses.

15- Losses from investments

	2018	2017
Investments at fair value – statement of profit or loss		
Realized (losses)/gains	**(74,830)**	115,238
Change in fair value	**(275,552)**	(291,635)
	(350,382)	(176,397)
Available for sale investments		
Realized losses	-	(368,097)
Impairment in value	-	(378,491)
	-	(746,588)
	(350,382)	(922,985)

16- Loss per share/(fils)

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

	2018	2017
Net loss for the year attributable to shareholders of "the parent company"	**(591,244)**	(1,420,269)
Weighted average number of outstanding shares during the year/(share)	**318,624,230**	318,624,230
Loss per share/(fils)	**(1.86)**	(4.46)

17- Related party transactions

Related parties are "the Parent" shareholders who have representation in the Board of Directors, members of the Board of Directors and major shareholders. In the normal course of business, subject to the Company's management approval, there were transactions with related parties, the existing major shareholder and its subsidiary during the financial year ended; these transactions were in accordance with the terms of dealing with others and the Board of Director's approval.

The transactions and outstanding balances with related parties, other than what disclosed in other notes, were as follows:

	2018	2017
Consolidated Statement of Financial position:		
Due from related parties	**4,455,990**	4,553,099
Due to a related parties	**1,413,831**	1,413,831

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

Consolidated statement of profit or loss:

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

On adoption of IFRS 9 on January 1, 2018 the Group estimated its ECL under IFRS 9 and recognized an impairment on due from related parties balances KD 718,064, this balance is adjusted in the opening balance of accumulated losses in the consolidated statement of change in equity.

18- Proposed dividends and Board of Directors' remuneration

On March 25, 2019 the Board of Directors has proposed not to distribute remuneration for the Board of Directors members for the financial year ended December 31, 2018 (2017: Nil).

19- General Assembly of Shareholders

The General Assembly of Shareholders was held on May 3, 2018 has approved the consolidated financial statements for the financial year ended December 31, 2017, approved non remuneration granting for the Board of Directors for the financial year ended December 31, 2017 and non-distribution for dividends have been distributed for the financial year ended December 31, 2017.

20- Operating segments

The disclosure of operating segment information is based on the internal financial reporting structure of the Department, which is regularly reviewed by the chief operation decision maker. The Group practices most of its activities through a core segment in one area of business, maily in investment activity.

Geographic information

"The Group" operates in one geographic region: The following tables show the distribution of the Group's revenue, assets and liabilities according to the geographic region.
The following table shows the information analysis according to segments results as of December 31.

	2018	2017
Net losses	**(350,382)**	(922,985)
Assets	**18,206,176**	21,566,856
Liabilities	**(1,860,664)**	(1,841,544)

	2018	2017
Total losses	**(350,382)**	(922,985)
Other revenues	**295,239**	80,485
Net loss for the year	**(55,143)**	(842,500)

Total segments assets		
Cash and cash equivalent	**106,284**	773,860
Investments at fair value –statement of profit or loss	**763,500**	1,688,512
Investment in an associate	**4,761,038**	-
Investments at fair value through statement of other comprehensive income	**7,484,143**	-
Available for sale investments	**-**	13,522,709
Receivables and other debit balances	**586,840**	975,276
Due from related parties	**4,455,990**	4,553,099
	18,157,795	21,513,456

"The Group" operates its business in a main geographic market which is the local market in the State of Kuwait.

21- Financial instruments

A) Financial instruments:
Significant accounting policies

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

Categories of financial instruments
The Group's financial instruments are categorized in the consolidated statement of financial position as follows:

Financial assets:	**2018**	2017
Cash and cash equivalents	**106,284**	773,860
Investments at fair value – statement of profit or loss	**763,500**	1,688,512
Investments in an associate	**4,761,038**	-
Investments at fair value through statement of other comprehensive income	**7,484,143**	-
Available for sale investments	**-**	13,522,709
Receivables and other debit balances	**586,840**	975,276
Due from related parties	**4,455,990**	4,553,099
	18,157,795	21,513,456

Financial liabilities:	**2018**	2017
Payables and other credit balances	**446,833**	427,713
Due to related parties	**1,413,831**	1,413,831
	1,860,664	1,841,544

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.

The hierarchy levels of fair value are set out below:

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2018				
Assets:				
Investments at fair value - statement of profit or loss				
Quoted shares	**670,501**	-	-	**670,501**
Unquoted shares	-	-	-	-
Investment funds	-	**92,999**	-	**92,999**
Investments at fair value through statement of other comprehensive income				
Quoted shares	**4,862,104**	-	-	**4,862,104**
Unquoted shares	-	-	**2,622,039**	**2,622,039**
Net fair value	**5,532,605**	**92,999**	**2,622,039**	**8,247,643**

	Level 1	Level 2	Level 3	Total
December 31, 2017				
Assets:				
Investments at fair value - statement of profit or loss				
Quoted shares	1,184,537	-	-	1,184,537
Unquoted shares	-	-	410,976	410,976
Investment funds	-	92,999	-	92,999
Available for sale investments				
Quoted shares	6,043,604	-	-	6,043,604
Unquoted shares	-	-	7,479,105	7,479,105
Net fair value	7,228,141	92,999	7,890,081	15,211,221

B) Financial risks management

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

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

The Board of Director sets written bases for risk management frame work, and written policies covering certain areas like foreign currency risk, interest rate risk, credit risk and financial surpluses investment risk.

The main risks to the Group are:

- **Credit risks**

Credit risks are the risks that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets that primarily expose the Group to credit risks are mainly cash and cash equivalents, receivables and other debit balances. The accumulated credit losses on accumulated losses amount to KD 740,156. For further details see Note (11&17). Cash and cash equivalents are placed within financial institutions with a high credit rating. The balance of accounts receivable is recognized net of provision for credit losses.

Concentration of maximum exposure to credit risk

Concentrations of credit risks arise from exposure to the risks of customers with similar characteristics in terms of the geographical location or in the industrial sector in which they operate, so that their ability to meet contractual obligations may be similarly affected by changes in political, economic or other conditions.
Credit risks may also arise from large concentrations of the Group's assets with any independent counterparty. These risks are managed through diversification of portfolios.

The Group considers its maximum exposure to credit risk to be as follows:

	2018	2017
Cash at banks	**47,297**	111,688
Trade receivables	**385,149**	651,555
Due from related parties	**4,455,990**	4,553,099
	4,888,436	5,316,342

For further information, refer back to notes (6&11&17). Financial assets whose maturity date has expired and its value have not impaired are disclosed in Note (11). The maturity date of the other financial assets has not expired.

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- **Liquidity risks**

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

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

The maturity of financial liabilities as of December 31, 2018 is as follows:

	within one year	More than one year	Total
Payables and other credit balances	370,806	76,027	446,833
Due to related parties	1,413,831	-	1,413,831
	1,784,637	76,027	1,860,664

The maturity of financial liabilities as of December 31, 2017 is as follows:

	within one year	More than one year	Total
Payables and other credit balances	367,082	60,631	427,713
Due to related parties	1,413,831	-	1,413,831
	1,780,913	60,631	1,841,544

- **Market risks**

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

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

These risks arise from transactions with foreign currencies. "the Group" manages these risks by setting limits on transaction with other foreign currencies and limiting its transaction business in major currencies (US Dollar) with reputable counterparties.

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

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

Equity price risks
An equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. This risk results due to the changes in the fair value of the investments in stocks.

The effect in the Consolidated statement of profit or loss due to change in fair value of investment at fair value – statement of profit or loss and investment at fair value through other comprehensive income as of December 31, 2018 as a result of expected changes in Kuwait Stock Exchange by (±10%) (2017: ±10%) and other variables held constant is as follows:

	Effect on consolidated statement of profit or loss	
	2018	2017
Investments at fair value – statement of profit or loss	**67,050**	118,454
Investments at fair value through statement of other comprehensive income	**486,210**	-
Available for sale investment	-	604,360

22- Capital risks management

The "Parent Company" manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders and other beneficiaries through the optimization of the debt and equity.

The capital structure of the "the Group" consists of equity which comprises share capital, statutory reserve, change in fair value reserve, aaccumulated losses and Non-controlling interests

Currently, The Group does not have borrowings or bank facilities.