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

Consolidated financial statements
for the financial year ended December 31, 2020
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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Kuwait

Report on the Audit of Consolidated Financial Statements

Qualified 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, 2020 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 financial information.

In our opinion, except for any adjustments that may be necessary as a result of what stated in the basis for qualified opinion mentioned below, 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, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

- The Group's share in the associate (Dar Al Salam Takaful Insurance Company K.S.C (closed)) was recorded and it was accounted for using the equity method with an amount of KD 1,421 as of December 31, 2020 (2019: KD 1,500) based on financial statements prepared by the management, as the audited financial statements for year ending as of December 31, 2020 have not been issued yet, and we have not been able to determine whether it is necessary to make adjustments to the recorded value of the investment in the amount of KD 3,747,809 as of the date of consolidated financial position as of December 31, 2020, or whether there was an indication of its depreciation. To date, we have not received the associate's auditor's replies regarding our inquiries about the financial information relating to this company.
- The Group's management did not include the financial impact disclosed to the Kuwait Stock Exchange issued on April 1, 2021 regarding the cancellation of the capital increase of one of the investee companies (Jiyad Holding Company – K.S.C. (public)) that was in the amount of KD 2,420,559 which has been included in the consolidated financial statements as investments at fair value through other comprehensive income, as described in note (8, 24 and 25) of the consolidated financial statements.

  Due to the significant adjustments that may be made to the financial statements as of December 31, 2020 for Jiyad Holding Company, in addition to the value of the financial impact disclosed above until date or its effect on the accompanying consolidated financial statements, the consolidated financial statements do not include the amendments or adjustments that were necessary to be made on the value of investment at the end of the fiscal year.

- During the current financial year, the group made a debt settlement with a related party according to which the group obtained shares in a company (Arab Facilities Management Company –W.L.L.) that owns one of the subsidiary companies that has a significant investment in, and that is a land deal Its ownership as described in Note (8) of the consolidated financial statements.
  The Group also sold one of its subsidiary companies (Arabic Pen Educational Company K.S.C. (closed)) to a related party, the (Arabic Pen Educational Company K.S.C. Company -KSC (closed)) owns shares in the Jiyad Holding Company that did not include the financial impact in its books up to the date of the report, as described in note (24,25) of the consolidated financial statements.
  Accordingly, as a result of the above, we cannot verify whether it was necessary to make adjustments or amendments in relation to these investments or the effect resulting from them at the end of the financial year.

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 qualified 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 financial 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. With the exception of matters referred to in the basis of qualified opinion, and we found that there are no other key audit matters that may be referred to in our report.

Other information Board of Directors' report

Other information represents 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.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements, including disclosures, and whether the consolidated financial statements express transactions and related events in a manner that achieves the fair presentation.

  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, 2020 that might have had a material effect on the parent company's business or its consolidated financial position.

Rashed Ayoub Yousuf Alshadad
License No. 77 (A)
Rödl Middle East
Burgan International Accountants

April 27, 2021
State of Kuwait

Ekttitab Holding Company K.S.C - Public

and its subsidiary
Kuwait

Consolidated statement of financial position as of December 31, 2020
"All amounts are in Kuwaiti Dinar"

	Note	2020	2019
Assets			
Cash and cash equivalent	6	**148,168**	237,991
Investments at fair value through profit or loss	7	**202,333**	549,586
Investments at fair value through other comprehensive income	8	**5,807,749**	5,282,385
Investments in an associate	9	**3,747,809**	3,977,907
Financing and Musharka	10	**1,200,620**	-
Receivables and other debit balances	11	**53,844**	91,018
Due from related parties	13	**2,408,769**	4,829,209
Property and equipment		**4**	39,090
Total assets		**13,569,296**	15,007,186
Liabilities and equity			
Liabilities			
Payables and other credit balances	12	**352,875**	430,094
Due to related parties	13	**104,075**	1,376,080
Total liabilities		**456,950**	1,806,174
Equity			
Share capital	14	**31,862,423**	31,862,423
Statutory reserve	15	**94,506**	94,506
Change in fair value reserve		**(2,642,894)**	(5,755,477)
"Group's" share in associate reserves		**(1,088,500)**	(858,543)
Accumulated losses		**(15,093,323)**	(12,095,006)
Total equity attributable to the shareholders of "the parent company"		**13,132,212**	13,247,903
Non-controlling interests		**(19,866)**	(46,891)
Total equity		**13,112,346**	13,201,012
Total liabilities and equity		**13,569,296**	15,007,186

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 year ended December 31, 2020
"All amounts are in Kuwaiti Dinar"

	Note	2020	2019
Revenue			
Profit/(losses) on investments	16	**11,691**	(228,415)
Net revenue of contracts		**14,194**	174,451
Gain from sale a subsidiary	17	**167,295**	-
Debt adjustment losses	8	**(5,900)**	-
"The Group" share in results of an associate	9	**1,421**	1,500
Other revenue		**4,508**	31,432
Total revenue/(losses)		**193,209**	(21,032)
Expenses and other charges			
General and administrative expenses		**(204,402)**	(430,494)
Provision for expected credit losses	13	**(900,000)**	-
Other expenses		**-**	(2,193)
Total expenses and other charges		**(1,104,402)**	(432,687)
Net loss for the year		**(911,193)**	(453,719)
Attributable to:			
Shareholders of "the parent company"		**(911,256)**	(452,523)
Non-controlling interests		**63**	(1,196)
Net loss for the year		**(911,193)**	(453,719)
Loss per share attributable to shareholders of "the parent company"/ (fils)	18	**(2.86)**	(1.42)

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 and other comprehensive income for the year ended December 31, 2020

"All amounts are in Kuwaiti Dinar"

	2020	2019
Net loss for the year	**(911,193)**	(453,719)
Other comprehensive income items for the year:		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
The Group' share in associate reserves	**(229,957)**	(16,104)
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Result of sale investments at fair value through other comprehensive income	**792,685**	(813,413)
Change in fair value of investments at fair value through other comprehensive income	**250,625**	(1,092,737)
Total other comprehensive income for the year	**813,353**	(1,922,254)
Total comprehensive income for the year	**(97,840)**	(2,375,973)
Attributable to:		
Shareholders of "the parent company"	**(115,691)**	(2,344,008)
Non-controlling interests	**17,851**	(31,965)
Total comprehensive income for the year	**(97,840)**	(2,375,973)

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 changes in equity for the year ended December 31, 2020
"All amounts are in Kuwaiti Dinar"

	Equity attributable to the shareholders of "the parent company"							
	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, 2019 (as previously stated)	31,862,423	94,506	(4,685,299)	-	(10,911,192)	16,360,438	(14,926)	16,345,512
comparative figures restated	-	-	-	(848,265)	79,738	(768,527)	-	(768,527)
Balance at January 1, 2019 "restated"	31,862,423	94,506	(4,685,299)	(848,265)	(10,831,454)	15,591,911	(14,926)	15,576,985
Net loss for the year	-	-	-	-	(452,523)	(452,523)	(1,196)	(453,719)
Other comprehensive income for the year	-	-	(1,070,178)	(10,278)	(811,029)	(1,891,485)	(30,769)	(1,922,254)
Total comprehensive income for the year	-	-	(1,070,178)	(10,278)	(1,263,552)	(2,344,008)	(31,965)	(2,375,973)
Balance at December 31, 2019	31,862,423	94,506	(5,755,477)	(858,543)	(12,095,006)	13,247,903	(46,891)	13,201,012
Balance at January 1, 2020	31,862,423	94,506	(5,755,477)	(858,543)	(12,095,006)	13,247,903	(46,891)	13,201,012
Net loss for the year	-	-	-	-	(911,256)	(911,256)	63	(911,193)
Other comprehensive income for the year	-	-	1,745,509	(229,957)	(719,987)	795,565	17,788	813,353
Total comprehensive income for the year	-	-	1,745,509	(229,957)	(1,631,243)	(115,691)	17,851	(97,840)
Effect of sale subsidiary (note – 17)	-	-	1,367,074	-	(1,367,074)	-	-	-
Change effect on non-controlling interests as a result of sale a subsidiary	-	-	-	-	-	-	9,174	9,174
Balance at December 31, 2020	**31,862,423**	**94,506**	**(2,642,894)**	**(1,088,500)**	**(15,093,323)**	**13,132,212**	**(19,866)**	**13,112,346**

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

Ekttitab Holding Company K.S.C - Public
and its subsidiary
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Consolidated statement of cash flows for the year ended December 31, 2020
"All amounts are in Kuwaiti Dinar"

	Note	2020	2019
Cash flows from operating activities			
Net loss for the year		**(911,193)**	(453,719)
Adjustments:			
Depreciation of property and equipment		**14,700**	9,291
Profit/(losses) on investments		**(11,691)**	228,415
Debt adjustment losses	8	**5,900**	-
"The Group" share in results of an associate	9	**(1,421)**	(1,500)
Expected credit losses	13	**900,000**	-
Gain of sale subsidiary	17	**(167,295)**	-
Provision no longer required		**-**	(30,000)
Operating loss before calculating the effect of the change in working capital items		**(171,000)**	(247,513)
Receivables and other debit balances		**14,566**	155,425
Related parties		**2,760,704**	(40,573)
Payables and other credit balances		**30,143**	(16,739)
Net cash generated from/(used in) operating activities		**2,634,413**	(149,400)
Cash flows from investing activities			
Investments at fair value through profit or loss		**334,913**	(14,501)
Investments at fair value through other comprehensive income		**(1,832,693)**	295,608
Financing and Musharka		**(1,200,620)**	-
Net cash (used in)/generated from investing activities		**(2,698,400)**	281,107
Net (decrease)/increase in cash and cash equivalents		**(63,987)**	131,707
Cash and cash equivalents at beginning of the year		**237,991**	106,284
Cash and cash equivalents for disposal of subsidiary		**(25,836)**	-
Cash and cash equivalents at end of the year	6	**148,168**	237,991

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 year ended December 31, 2020
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1- Brief on "The parent company"

Ekttitab Holding Company "the parent company" - K.S.C. Public - established in 1999. The Company is registered in the Commercial Register under No. 105414, and listed in Kuwait Stock Exchange on 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's main office is located in: Al-Sharq Area - District - Muhammad Saleh Youssef Behbehani - Floor (16) - Kuwait City.

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

The consolidated financial statements for the financial year then ended December 31, 2020 were authorised for issue by the Board of Directors on April 27, 2021.

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 issuing.

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

2/1) New standards and amendments effective from 1 January 2020

- **Amendments to IFRS 3: Definition of a Business**
  In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, and add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.
  The amendments apply prospectively to transactions or other events that occur on or after the date of first application, therefore, the Group will not be affected by these amendments on the date of transition.

- **Amendments to IAS 1 and IAS 8: Definition of Material**
  In October 2018, the IASB issued amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

  The amendments to the definition of material are not expected to have a significant impact on the consolidated financial statements of the Group.

- **Impact of the initial application of Covid-19- Related Rent concessions Amendment to IFRS 16**
  In May 2020, the IASB issued Covid-19- Related Rent concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19- related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

  The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

  a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021(a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021)., and
  c) There is no substantive change to other terms and conditions of the lease.

  There is no impact for this amended on the consolidated financial statements of the Group.

2/2) New and amended standards not yet effective, but available for early adoption

The new and amended standards and interpretations those are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**
  The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are retrospectively effective for annual periods beginning on or after 1 January 2023, with early application permitted.

- **Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use**

  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

  The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

  If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

  The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

  The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

  The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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"All amounts are in Kuwaiti Dinar unless otherwise stated"

- **Other standards whose application isn't expected to have an impact on the Company's financial statements when they become effective as follows:**

Effective date	Description
January 1, 2021	• Interest Rate Benchmark Reform – phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
January 1, 2022	• Onerous Contracts – cost of Fulifiling a Contract (Amendments to IAS37) • Annual Improvements to IFRS Standards 2018 - 2020 • Property, plant and Equipment: proceeds before intended use (Amendments to IAS 16) • Reference to the Conceptual Framework (Amendments to IFRS 3)
January 1, 2023	• IFRS 17 "Insurance Contracts"
Amendments whose effective date not determined yet	• 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.
- 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 consolidated 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.

The carrying values of the controlling and non-controlling interests are adjusted to reflect the changes in their interest in the subsidiary, and any difference between the value in which the non-controlling interests have been adjusted and the fair value of the amount paid or received directly is recognized in equity and is available to the shareholders of the parent company. Non-controlling interests are presented separately in the consolidated statement of financial position, profit or loss and other comprehensive income. Non-controlling interests are classified as financial liabilities to the extent to which there is an obligation that must be paid in cash or the delivery of other financial assets to settle the non-controlling interests.

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 consolidated 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 consolidated 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

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider. otherwise;
- indications that a debtor will enter bankruptcy; or
- Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for trade receivables, contracts assets and all lease receivables that result from transactions that are within the scope of IAS 17 with an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and information on credit risk assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due. The Group considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising the guarantee (if any is held); or
- The financial asset is more than 365 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured with the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortised cost. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented under general and administrative expenses in the consolidated statement of profit or loss.

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) Murabaha investments

Murabha is an Islamic treatment includes buying and selling an asset at cost plus agreed upon profit. Accrued amount is paid based on deferred payment. When credit risks are related to treatment related to financial institution, accrued amount is considered as Murabha investment. When credit risks are related to an institution which isn't financial, the accrued amount is classified as Murabha debtors. Murabha investments are recorded deducted by impairment provision if exists.

3/9) 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.

3/10) Impairment of tangible and intangible assets (including investment in associates)

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets ha the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

If the impairment of tangible and intangible assets is reversed later, the book value is increased (CGU) to the amount of adjusted estimate for its recoverable amount to the extent that it doesn't exceed its book value which is determined in case of loss resulted of impairment of the value of the asset during prior years (CGU). Reversal of loss resulted from value impairment is recognized directly in consolidated statement of profit or loss except the asset is recorded with the revaluation amount, in that case the reversal from loss resulted from asset impairment is recorded as revaluation surplus.

3/11) 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.

3/12) 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.

3/13) 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.

3/14) 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.

3/15) 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.

3/16) 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.

3/17) 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.

3/18) 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.

3/19) 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.

3/20) 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.

3/21) 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 December 10, 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.

3/22) 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.

3/23) 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 consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these financial statements, as actual results could differ from these estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments and estimates that are significant to the consolidated financial statements are shown below:

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- The subsidiary company

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% 2020	2019
Petro for Integrated Business Holding Company	K.S.C. closed	Holding Company	State of Kuwait	**98.75%**	98.75%

- 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% 2020	2019
Educational Arabic Pen Company	K.S.C. closed	Educational services	State of Kuwait	-	99.33%

During the current financial period, "the Group" sold its full shares in Educational Arabic Pen Company - KSC (closed) which it owned by 99.33% with an amount of KD 450,000 to a related party, resulting in a profit of KD 167,295 which has been recognized in the consolidated statement of profit or loss. And a Transfer of fair value losses reserve through other comprehensive income which was related to the subsidiary with an amount of KD 1,367,074 to the accumulated losses in the consolidated statement of changes in equity of the parent company based on the financial statements prepared by management, and according to that disposal, the "Group" lost control over the operating and financing policies for that company, and its financial statements were not consolidated from the date of sale. The effect of that transaction was eliminated from the consolidated statement of cash flows as it is a non-cash transaction (note – 17).

6- Cash and cash equivalents

	2020	2019
Cash on hand	**1,630**	2,493
Cash at banks	**23,187**	47,326
Cash at investment portfolios	**123,351**	188,172
	148,168	237,991

7- Investments at fair value through profit or loss

	2020	2019
Investments in local shares – quoted	**181,533**	524,265
Investments in foreign shares – quoted	-	3,871
Investments in local funds – unquoted	**20,800**	21,450
	202,333	549,586

- The value of financial investment has been registered in unquoted local funds (Al-Madina Fund) based on the fund net unit value as of September 30, 2020, as this fund is under liquidation.

- Investments at fair value through profit or loss were evaluated according to the evaluation methods disclosed in (Note -22).

8- Investments at fair value through other comprehensive income

	2020	2019
Investments in quoted shares	**1,823,829**	2,626,980
Investments in unquoted shares	**3,983,920**	2,655,405
	5,807,749	5,282,385

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

	2020	2019
Balance at January 1,	**5,282,385**	7,484,143
Additions*	**4,155,976**	2,609,125
Disposals**	**(3,017,682)**	(3,718,146)
Impact of disposal of subsidiary	**(863,555)**	-
Change in fair value	**250,625**	(1,092,737)
	5,807,749	5,282,385

* During the current financial year, the Group held and signed debt settlement contract with one of the related parties upon which the Group possesses investments in an unquoted shares with the amount of KD 2,244,100 in exchange for waiver of accrued debt balance due from this related party which resulted in loss with the amount of KD 5,900 recorded in consolidated profit or loss statement (note-13) at a subsequent dated of the consolidated financial statements, the ownership has been transferred in the name of the parent company consolidated financial statements. This transaction is eliminated from consolidated statement of cash flows as it is considered as non-cash transactions.

* The unquoted investments mentioned above amounting to KD 2,244,100 are investments in Arabia Company for Public Utilities (W.L.L) shares which owns investment in land owned by one of its subsidiary companies (which has been traded on other parties), there is legal dispute about the ownership of the investments, as it has been declared disposed to Kuwait stock exchange on a date subsequent to consolidated statement of financial position at April 13, 2021 by the company which owns the investment. The company management sees that the legal dispute is in her favour, so there is no need to determine its effect on the financial statements as of December 31, 2020 until the legal status is clear within the Group's management that's according to last declaration by Kuwait stock exchange issued on April 25, 2021.

Ekttitab Holding Company K.S.C - Public
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Notes to the consolidated financial statements for the year ended December 31, 2020
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** The eliminations mentioned above contain unquoted shares amounting to KD 923,009 done based on contracts signed with a related party at book value, and it doesn't result in profit or loss as it is recorded in that related party's records. This transaction is eliminated from consolidated statement cash flows as it is considered as non-cash transactions.

Investments mentioned above include investments amounting to KD 2,420,559 the Capital Market Authority has issued a decision to cancel such investments. Determining the financial impact is under process note (24،25).

Investments with fair value are evaluated through other comprehensive income according to declared evaluation methods (note-22).

9- Investment in associate

The investment in associate item stated as follow:

	Ownership percentage%		**Value (KD)**	
Company name	**2020**	2019	**2020**	2019
Dar Al Salam Takaful Insurance Company K.S.C (closed)	**44.48%**	44.48%	**3,747,809**	3,977,907

The Group's shares in results of the associate company were recognised based on financial statement prepared by the management as of December 31, 2020.

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

	2020	2019
Balance at January 1,	**3,977,907**	3,992,511
"The Group" share in the business results	**1,421**	1,500
"The Group" share in an associate reserves	**(231,519)**	(16,104)
Balance at December 31,	**3,747,809**	3,977,907

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

	2020	2019
Assets	**8,425,739**	8,945,319
Liabilities	**-**	(2,290)
Net assets	**8,425,739**	8,943,029
Group's share of associates	**% 44.48**	% 44.48
Group's share in assets	**3,747,809**	3,977,907
Net Profit	**3,195**	3,372
Group share in the business results	**1,421**	1,500

10- Financing and Musharka

The Group has signed a short term financing and Musharka contract with a related party with an annual profit of 4% during the current financial year, the payment is accrued within a year starting from the date of consolidated statement of financial position.

11- Receivable and other debit balances

	2020	2019
Accrued revenue	-	72,040
Refundable deposits	**5,022**	18,272
Other	**48,822**	706
	53,844	91,018

The maximum exposure to credit risks at the consolidated statement of financial position date is disclosed in (Note - 22) to these consolidated financial statements. The other classes within receivables and other receivables are neither past due nor impaired.

12- Payable and other credit balance

	2020	2019
Accrued expenses	**41,237**	76,887
Dividends payable	**23,583**	23,583
Taxable deductions	**250,569**	250,569
Other	**37,486**	79,055
	352,875	430,094

13- Related party transactions

Related parties are "the parent company" 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:

	2020	2019
Consolidated Statement of Financial position:		
Due from related parties*	**3,408,769**	4,929,209
Less: provision for expected credit losses**	**(1,000,000)**	(100,000)
	2,408,769	4,829,209
Financing and Musharka (note 10)	**1,200,620**	-
Due to a related parties	**104,075**	1,376,080

	2020	2019
Consolidated statement of profit or loss:		
Gain from sale a subsidiary (note 17)	**167,295**	-
Debt adjustment losses (note 8)	**(5,900)**	-

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

* During the current financial year, the Group held and signed debt settlement contract with one of the related parties which states that the Group possesses investments in an unquoted shares with the amount of KD 2,244,100 in exchange for waiver of accrued debt balance due from this related party which resulted in loss with the amount of KD 5,900 recorded in consolidated statement profit or loss. This transaction is eliminated from consolidated statement of cash flows as it is considered as non-cash transactions.

** During the current financial year, the group has revaluated its expected its losses which resulted in increasing its expected credit losses provision with the amount of KD 900,000 recorded in consolidated statement of profit or loss, so the expected credit loss provision is increased to an amount of KD 1,000,000.

14- 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.

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15- Statutory reserve

In accordance with the Companies Law and "the parent company" 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.

16- Gain/(losses) from investments

	2020	2019
Investments at fair value through profit or loss		
Realized gains	**35,470**	22,340
Change in fair value	**(23,779)**	(250,755)
	11,691	(228,415)

17- Disposal of subsidiary

During the financial year, the Group has sold all its shares in Educational Arabic Pen company – KSC (closed) which it owned by 99.33% with an amount of KD 450,000 to a related party that resulted in profit amounting to KD 167,295 recorded in consolidated statement profit or loss and converting fair value loss surplus through other comprehensive income which is related to the subsidiary company amounting to KD 1,367,074 to accumulated losses in consolidated statement of changes in equity of the holding company based on financial statements prepared by management at the selling date. As a result, the company no longer holds controls over the financial and operating policies of this company and its financial statements aren't consolidated starting from the selling date. This transaction is eliminated from consolidated statement of cash flows as it is considered as non-cash transaction.

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and its subsidiary
Kuwait

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The following is the effect of eliminating the subsidiary company assets and liabilities Educational Arabic Pen Company – KSC (closed) on the Group's consolidated statement of cash flows at the selling date:

	KD
Assets	
Cash and cash equivalent	**25,836**
Receivables and other debit balances	**22,934**
Due from a related parties	**131,963**
Investments at fair value through profit or loss	**73,219**
Investments at fair value through other comprehensive income	**863,555**
Property and equipment	**24,542**
Total assets	**1,142,049**
Liabilities	
Payables and other credit balances	**108,083**
Due to a related parties	**749,364**
Total liabilities	**857,447**
Net assets	**284,602**
The percentage of ownership disposal of subsidiary	**99.33%**
Net assets disposal	**(282,705)**
Sale value	**450,000**
Profit of sale – consolidated statement of profit or loss	**167,295**
Losses in FVOCI - the consolidated statement of changes in equity	**(1,367,074)**
Net losses of sale	**(1,199,779)**

18- Loss per share attributable to shareholders of "the parent company"/ (fils)

Loss per share to shareholders of "the parent company" 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:

	2020	2019
Net loss for the year attributable to shareholders of "the parent company"	**(911,256)**	(452,523)
Weighted average number of outstanding shares during the year/(share)	**318,624,230**	318,624,230
Loss per share/(fils)	**(2.86)**	(1.42)

19- Proposed dividends

On April 27, 2021 the Board of Directors has proposed not to distribute dividends for the Board of Directors members nor calculating remuneration for board of directors "holding company" for the financial year ended December 31, 2020 (2019: Nil).

20- Shareholders' General Assembly

On July 27, 2020 the Annual General Assembly of the Shareholders held and approved the consolidated financial statements for the financial year ended December 31, 2019 and approved the Board of Directors' proposals to not distribute dividends for the financial year ended December 31, 2019.

21- 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 operating decision maker. The Group practices most of its activities through a core segment in one area of business, main 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.

22- 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 assets and financial liabilities are categorized in the consolidated statement of financial position as follows:

Financial assets:	**2020**	2019
Cash and cash equivalents	**148,168**	237,991
Investments at fair value through profit or loss	**202,333**	549,586
Investments at fair value through other comprehensive income	**5,807,749**	5,282,385
Investments in an associate	**3,747,809**	3,977,907
Financing and Musharka	**1,200,620**	-
Receivables and other debit balances	**53,844**	91,018
Due from related parties	**2,408,769**	4,829,209
	13,569,292	14,968,096

Financial liabilities:	**2020**	2019
Payables and other credit balances	**352,875**	430,094
Due to related parties	**104,075**	1,376,080
	456,950	1,806,174

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);and
- 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, 2020				
Assets:				
Investments at fair value through profit or loss				
Quoted shares	181,533	-	-	181,533
Investment funds	-	20,800	-	20,800
Investments at fair value through other comprehensive income				
Quoted shares	1,823,829	-	-	1,823,829
Unquoted shares	-	-	3,983,920	3,983,920
Net fair value	2,005,362	20,800	3,983,920	6,010,082

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Assets:				
Investments at fair value through profit or loss				
Quoted shares	528,136	-	-	528,136
Investment funds	-	21,450	-	21,450
Investments at fair value through other comprehensive income				
Quoted shares	2,626,980	-	-	2,626,980
Unquoted shares	-	-	2,655,405	2,655,405
Net fair value	3,155,116	21,450	2,655,405	5,831,971

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 at banks, financing and musharka and due from related parties. Cash at banks are placed with financial institutions with a high credit rating. The balance of receivables and due from related parties are recognized by net of provision for expected 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 in which they operate 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 counterparty. These risks are managed through diversification of portfolios.

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

	2020	2019
Cash at banks	23,187	47,326
Financing and Musharka	1,200,620	-
Due from related parties	2,408,769	4,829,209
	3,632,576	4,876,535

For further information, refer back to notes (6,10 and 13). Financial assets whose maturity date has expired and its value have not impaired are disclosed in Note (13). The maturity date of the other financial assets has not expired.

- **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, 2020 is as follows:

	within one year	More than one year	Total
Payables and other credit balances	315,397	37,478	352,875
Due to related parties	104,075	-	104,075
	419,472	37,478	456,950

The maturity of financial liabilities as of December 31, 2019 is as follows:

	within one year	More than one year	Total
Payables and other credit balances	351,031	79,063	430,094
Due to related parties	1,376,080	-	1,376,080
	1,727,111	79,063	1,806,174

- **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 (USA 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 through profit or loss and investment at fair value through other comprehensive income as of December 31, 2020 as a result of expected changes in Kuwait Stock Exchange by (±10%) (2019: ±10%) and other variables held constant is as follows:

	Effect on consolidated statement of profit or loss		**Effect on consolidated statement of changes in equity**	
	2020	2019	**2020**	2019
Investments at fair value through profit or loss	**18,153**	52,814	-	-
Investments at fair value through statement of other comprehensive income	-	-	**182,383**	262,698

23- Capital risks management

The "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,"Group's" share in associate reserve, accumulated losses and Non-controlling interests

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

24- Lawsuits and possible claims

- "The Group" has some potential lawsuits represented in cases pending at various levels of courts with other parties and the results of which cannot be determined till the date of consolidated statement of financial position. "The Group" believes that there is no need to make provision for these amounts before determining the outcome of these claims and issues.

- During previous financial years, the Group has subscribed in increasing the capital of one of the listed companies in Kuwait Stock Exchange through its subsidiary companies. During the current financial year, the Group has sold one of its subsidiary companies (Educational Arabic Pen Company – KSC. closed) to one of its related parties (note-17) whose financial statements include investment at fair value through other comprehensive income with an amount of KD 834,424 at elimination date. On April 1, 2021 the Capital Markets authority issued a decision of cancelling the capital increasing process mentioned above. The Group consequent decision and the impact of the Capital Markets Authority decision is under study to figure out its financial effect, and claims or probable cases that may be issued by the disciplinary board for Capital Markets Authority until it is finally judicially as it is still revaluated and audited by the Group's management.

25- Subsequent events

On April 1, 2021 a decision issued by Capital Markets Authority against one of the investee companies which stated cancelling the shares subscriptions by the Group's subsidiaries (Petro for integrated business holding company - KSC. closed) note-5, and the eliminated company (Educational Arabic Pen company – KSC. closed) note-17 in increasing the capital of investee in company against which the decision has been issued. The financial impact claims or cases that may arise due to the decision taken by disciplinary board for Capital Markets Authority until it are finally judged as it is still being revaluated and audited by the Group's management.

26- Significant events

The outbreak of coronavirus ("COVID-19") pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. Management assessed the impact of the pandemic on the significant estimates and judgments applied by them in arriving at the Group's reported amounts of financial and non-financial assets as of December 31, 2020. Management also assessed that "the Group" has liquidity and plans in place to settle its current liabilities.

The Group's management is continuously revising their assumptions, estimates and judgments and monitoring the liquidity position according to new event that may arise.

27- Comparative figures

The previous year's comparative figures have been reclassified and recategorized to conform with the presentation and the classification of the current financial year's figures.