

Ektitab Holding Company K.S.C. Holding
(Formerly Kadhma Holding Company K.S.C.Holding)
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
For the Period ended 30 June 2008
With Review Report
(Unaudited)

Ektitab Holding Company K.S.C. Holding
(Formerly Kadhma Holding Company K.S.C.Holding)
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
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Bader & Co. PricewaterhouseCoopers
P.O. Box 20174, Safat 13062
Dar Al-Awadi Complex, 7th Floor
Ahmed Al-Jaber Street, Sharq - Kuwait
Telephone (965) 2408844
Facsimile (965) 2408855
E-mail: pwc.kwt@kw.pwc.com

P O Box 636, Safat 13007 Kuwait
Tel : + 965 - 2412880 / 2410885
Fax : + 965 - 2454248
Ali Al-Salem Str., Thuwaini Bldg. 3rd Flr.
E-Mail : alateeqi@ateeqicpas.com
Website : www.ateeqicpas.com

**Ekttitab Holding Company K.S.C. Holding
Kuwait**

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Ekttitab Holding Company K.S.C.H. "the Parent Company" and its subsidiaries together referred to "the Group" as at 30 June 2008 and the related interim condensed consolidated statement of income, statement of changes in equity and statement of cash flows for the six month period then ended. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with IAS (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim condensed consolidated Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

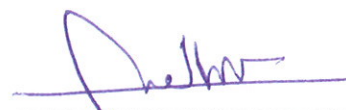
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. "34" - Interim Financial Reporting.

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information agree with the books of the Parent Company and to the extent of information made available to us, nothing has come to our attention that causes us to believe that there are contraventions of the Commercial Companies Law of year 1960, as amended or of the Parent Company's Articles of Association during the six month period ended 30 June 2008 that might have a material effect on the Group's activities or on its financial position.



Bader A. Al Wazzan
Licence No. 62A
PricewaterhouseCoopers



Barrk Al- Ateeqi
Licence No. 69A
An Independent Member of
B.K.R International

Kuwait
27 July 2008

Ekttitab Holding Company K.S.C. Holding
(Formerly Kadhma Holding Company K.S.C.Holding)
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Balance Sheet as at 30 June 2008 (Unaudited)
(all amounts are in Kuwaiti Dinars)

	Note	30 June 2008	31 December 2007 (Audited)	30 June 2007
Assets				
Cash and cash equivalent		4,335,512	4,317,252	956,478
Investments at fair value through profit and loss	3	48,157,163	40,625,397	10,692,554
Available for sale investment	4	12,958,080	-	-
Murabaha investment	5	17,430,737	17,341,718	3,062,636
Receivables and other debit balances		406,689	73,704	23,434
Due from related parties	11	6,607,366	8,085,944	70,500
Property and equipment		30,039	-	-
Total assets		89,925,586	70,444,015	14,805,602
Liabilities and equity				
Liabilities				
Murabaha payable	6	8,326,503	3,477,810	-
Due to related parties	11	1,889,363	4,492,393	2,021,755
Payables and other credit balances		1,145,204	3,800,955	3,222,679
Total liabilities		11,361,070	11,771,158	5,244,434
Equity				
Share capital	7	51,700,000	47,000,000	6,300,000
Treasury shares	8	(820,366)	(286,032)	(305,888)
Gain from sale of treasury shares		-	32,692	-
Statutory reserve		1,545,914	1,545,914	594,627
Voluntary reserve		1,545,914	1,545,914	594,627
Change in the fair value reserve		9,519,893	-	-
Retained earnings		15,073,161	8,834,369	2,377,802
Total equity		78,564,516	58,672,857	9,561,168
Total liabilities and equity		89,925,586	70,444,015	14,805,602

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


Dr. Ali Darweesh AlShamali
Chairman


Mamdouh Al Sherbiny
Vice Chairman

Ektitab Holding Company K.S.C. Holding
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Interim Condensed Consolidated Statement of Income
For the six months ended 30 June 2008 (Unaudited)
(All amounts are in Kuwaiti Dinars)

		Three months ended		Six months ended	
		30 June		30 June	
	Note	2008	2007	2008	2007
Revenues					
Gain from investments at fair value through profit and loss	9	7,532,268	1,212,673	14,245,507	1,212,673
Murabaha income		288,173	72,355	407,042	72,355
Other income		106	17,318	503	91,270
		<u>7,820,547</u>	<u>1,302,346</u>	<u>14,653,052</u>	<u>1,376,298</u>
Expenses and other charges					
Finance cost		201,445	-	376,544	47,334
General and administrative expenses		187,775	304	197,369	41,150
Kuwait Foundation for the Advancement of Science (KFAS)		66,824	11,292	126,694	11,590
National Labor Support Tax		169,771	31,367	330,452	32,195
Zakat expense		115,372	-	132,187	-
		<u>741,187</u>	<u>42,963</u>	<u>1,163,246</u>	<u>132,269</u>
Net profit for the period		<u>7,079,360</u>	<u>1,259,383</u>	<u>13,489,806</u>	<u>1,244,029</u>
Basic Earning per Share (fils)	10	<u>13.78</u>	<u>4.61</u>	<u>26.22</u>	<u>6.11</u>
Diluted Earning per Share (fils)	10	<u>13.72</u>		<u>26.09</u>	

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

Ektitab Holding Company K.S.C. Holding
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Interim Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2008 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Share capital	Treasury shares	Gain from sale of treasury shares	Statutory reserve	Voluntary reserve	Change in fair value reserve	Retained earnings	Total
Balance as at 1 January 2007	6,300,000	-	-	594,627	594,627	-	1,556,575	9,045,829
Net profit for the period	-	-	-	-	-	-	1,244,029	1,244,029
Purchase of treasury shares	-	(1,990,050)	-	-	-	-	-	(1,990,050)
Sale of treasury shares	-	1,684,162	-	-	-	-	(422,802)	1,261,360
Balance as at 30 June 2007	<u>6,300,000</u>	<u>(305,888)</u>	<u>-</u>	<u>594,627</u>	<u>594,627</u>	<u>-</u>	<u>2,377,802</u>	<u>9,561,168</u>
Balance as at 1 January 2008	47,000,000	(286,032)	32,692	1,545,914	1,545,914	-	8,834,369	58,672,857
Change in Fair value of available for sale investment	-	-	-	-	-	9,519,893	-	9,519,893
Total profit recognised directly to equity	-	-	-	-	-	9,519,893	-	9,519,893
Net profit for the period	-	-	-	-	-	-	13,489,806	13,489,806
Net profit recognised during the period	-	-	-	-	-	9,519,893	13,489,806	23,009,699
Cash dividends (Note 12)	-	-	-	-	-	-	(2,343,438)	(2,343,438)
Bonus shares dividends (Note 12)	4,700,000	-	-	-	-	-	(4,700,000)	-
Purchase of treasury shares	-	(57,644,768)	-	-	-	-	-	(57,644,768)
Sale of treasury shares	-	57,110,434	(32,692)	-	-	-	(207,576)	56,870,166
Balance as at 30 June 2008	<u>51,700,000</u>	<u>(820,366)</u>	<u>-</u>	<u>1,545,914</u>	<u>1,545,914</u>	<u>9,519,893</u>	<u>15,073,161</u>	<u>78,564,516</u>

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

Ektitab Holding Company K.S.C. Holding
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Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2008 (Unaudited)
(All amounts are Kuwaiti Dinars)

	Six months ended 30 June	
	2008	2007
Cash flows from operating activities		
Net profit for the period	13,489,806	1,244,029
Adjustments:		
Gain from investments at fair value through profit or loss	(14,245,507)	(1,212,673)
Murabaha income	(407,042)	(72,355)
Finance Cost	376,544	47,334
Operating (loss)/ gain before changes in the operating assets and liabilities	(786,199)	6,335
Investments at fair value through profit or loss	5,417,465	(3,161,718)
Receivables and other debit balances	48,703	(23,434)
Due from related Party	1,478,578	3,843,539
Payables and other credit balances	(2,655,751)	3,164,744
Due to related parties	(2,603,030)	2,021,755
Net cash generated from operating activities	899,766	5,851,221
Cash flows from investing activities		
Investments in Murabaha	-	(3,040,767)
Paid for purchase of available for sale investments	(3,438,187)	-
Paid for purchase of property, plant and equipment	(30,039)	-
Murabaha income received	318,023	50,486
Dividend received	914,588	-
Net cash used in investing activities	(2,235,615)	(2,990,281)
Cash flows from financing activities		
Purchase of treasury shares	(57,644,768)	(1,990,050)
Sale of treasury shares	56,870,166	1,261,360
Dividend paid	(2,343,438)	-
Finance charges paid	(68,123)	(47,334)
Net change of Murabaha payables	4,540,272	(1,505,767)
Net cash generated from/ (used in) financing activities	1,354,109	(2,281,791)
Change in cash and cash equivalent	18,260	579,149
Cash and cash equivalent at the beginning of the period	4,317,252	377,329
Cash and cash equivalents at the end of the period	4,335,512	956,478

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

Notes to Interim Condensed Financial Information
For the six months ended 30 June 2008 (Unaudited)
(All amounts are Kuwaiti Dinars unless otherwise stated)

1. Overview

Ektitab Holding Company (formerly Kadhma Holding Company K.S.C.C.) (The Parent Company) is a Kuwaiti shareholding Company established on 1999. The Parent Company is registered in the Commercial register under No. 105414, and listed on Kuwait Stock Exchange on 19 December 2005.

The Parent Company's office is located at Jassim Al Asfour Building – Sharq – Kuwait city, P. O. Box 2799 Safat 3028 Kuwait.

On 6 May 2007, The Extraordinary General Assembly approved the following:

- Change the name of the Company to Ektitab Holding Company – (K.S.C. Holding); and
- To undertake all of its business activities under the Nobel Islamic Shariaa principles.

The principal activities of the Company are represented in undertaking all the operations related to incorporation of Kuwait and foreign limited liabilities and shareholding companies, acquiring thereof, extending borrowings to these companies and acting as grantor for such companies .

This interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries together referred to as "the Group".

The financial information of the subsidiaries which have been used in the consolidated financial information as at 30 June 2008 are management accounts prepared by management of these subsidiaries. Their total assets as at 30 June 2008 are KD 13,565,224 and their net loss is KD 18,281 for the period then ended.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 27 July 2008.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

- This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34) "Interim financial reporting". The interim condensed consolidated financial information does not contain all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the interim financial information.
- The operation results for the six months period ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008. For further information please refer to the financial statements and its related disclosures for the year ended 31 December 2007.
- The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the latest annual financial statements that were prepared in accordance with International Financial Reporting Standards except for:

2.2 Financial Assets

Classification

Some financial assets acquired are classified as available for sale investments.

These are non-derivative financial assets that are either designated in this category or not included as financial assets at fair value through profit or loss or receivable and are principally, those acquired to be held for indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Notes to Interim Condensed Financial Information
For the six months ended 30 June 2008 (Unaudited)
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Recognition and De-recognition

Regular purchases and sales of financial assets are recognised on the trade date, on which the Group commits to deliver or receive the financial instrument. Financial assets are derecognised when the right to receive cash flows from the assets has expired or has been transferred and the Group has substantially transferred all risks and rewards of ownership.

Measurement

Available for sale assets are initially recognised at fair value plus transaction costs. Subsequently, available for sale assets are re-measured at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When available-for sale financial assets are sold or impaired, the accumulated changes in fair value recognised in equity are transferred to the statement of income.

Fair values

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. Available for sale investment which their fair value can not be measured are recorded at cost less impairment in value.

Impairment in value

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss- is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

3. Investments at fair value through profit and loss

	30 June 2008	31 December 2007 (Audited)	30 June 2007
Investments held for trading	27,265,225	26,417,180	2,323,826
Investment designated at fair value through profit and loss at inception	20,891,938	14,208,217	8,368,728
	<u>48,157,163</u>	<u>40,625,397</u>	<u>10,692,554</u>
Investment in local shares – quoted	11,922,624	22,270,403	2,323,826
Investments in local shares – unquoted	6,224,793	1,246,550	4,363,790
Investments in foreign shares – quoted	15,342,601	4,146,777	-
Investments in foreign shares –unquoted	6,806,187	5,091,811	4,004,938
Investments in local funds – unquoted	7,860,958	7,869,856	-
	<u>48,157,163</u>	<u>40,625,397</u>	<u>10,692,554</u>

- 3.1 Investments in local-quoted shares include investments of KD 1,440,000 (KD 1,761,750 as at 31 December 2007 - Nil as at 30 June 2007) that are registered in the name of related party, who provided an assignment letter of the ownership of these investments in favor of the Group.

Notes to Interim Condensed Financial Information
For the six months ended 30 June 2008 (Unaudited)
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3.2 Investments in foreign-unquoted shares include investments of KD 4,146,777 (KD 4,146,777 as at 31 December 2007 - Nil as at 30 June 2007) that are registered in the name of a related party, who provided an assignment letter of the ownership of these investments in favor of the Group.

3.3 Investments at fair value through profit and loss include investments of KD 6,522,250 as at 30 June 2008 (KD 5,215,066 as at 31 December 2007 - Nil as at 30 June 2007) are pledged against Murabaha payables.

4. Available for sale investments

This item includes foreign quoted shares.

5. Murabaha investments

The average effective rate of return is 5.625% as at 30 June 2008 (6.63% as at 31 December 2007). All Murabaha investments are dominated in Kuwaiti Dinars.

6. Murabaha payables

	30 June 2008	31 December 2007 (Audited)	30 June 2007
Short Term	8,326,503	3,477,810	-
Average effective cost rate	8.29%	8.25%	-

7. Share capital

On 1 May 2008, the General Assembly of the shareholders of the Parent Company approved of bonus shares dividends of 10%, accordingly, the issued and fully paid up capital is KD 51,700,000 distributed over 517,000,000 shares as at 30 June 2008.

8. Treasury Shares

	30 June 2008	31 December 2007 (Audited)	30 June 2007
Number of treasury shares (share)	3,503,750	1,200,000	1,200,000
Percentage to the total share capital (%)	0.68	0.25	1.9
Market value (KD)	777,832	278,400	292,800

9. Gain from investments at fair value through profit and loss

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
Gain from sale	2,210,835	299,455	6,572,429	299,455
Change in fair value	4,635,357	913,218	6,376,802	913,218
Dividends income	686,076	-	1,296,276	-
	<u>7,532,268</u>	<u>1,212,673</u>	<u>14,245,507</u>	<u>1,212,673</u>

The change in fair value includes the fair value of the right issue of 16,617,675 shares of Al-Madina for finance and Investment amounting to KD 3,237,573.

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For the six months ended 30 June 2008 (Unaudited)
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10. Earning Per Share

Basic earning per share:

Basic earning per share is calculated by dividing net profit for the period by the weighted average number of outstanding shares during the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
Net profit for the period (KD)	7,079,360	1,259,383	13,489,806	1,244,029
Weighted average number of outstanding shares during the period (share)	513,793,478	273,280,509	514,466,679	203,611,036
Earning per share (fils)	13.78	4.61	26.22	6.11

The bonus shares (Note 11) have been considered when calculating the earning per share for the current and comparative period.

Diluted earnings per share:

Diluted earnings per share are calculated taking into consideration the shares that may be issued pursuant to the capital increase as a result of Employee Stock option plan (Note 13).

	Three months ended 30 June 2008	Six months ended 30 June 2008
Net profit for the period (KD)	7,079,360	13,489,806
Weighted average number of issued outstanding shares taking into consideration the capital increase shares (share)	516,106,470	517,037,790
Diluted earning per share (fils)	13.72	26.09

11. Related Parties' Transactions

Related parties are the Company's shareholders who have representation in the board of directors, members of the board of directors, senior management, and also board members of associates. In the normal course of business, subject to the Company's management approval, there were transactions with related parties, the existing major shareholder, its subsidiaries and associates and also with previous shareholder during the period ended 30 June 2008. The related parties significant transactions and outstanding balances were as follows:

	Six months ended 30 June	
	2008	2007
Transactions		
Murabaha income	119,344	72,355
Purchase of Sarh Al-Madina shares	2,805,000	-
Purchase of Al-Madina Real Estate Development Company shares	1,968,750	-
	30 June 2008	31 December 2007
Balances		30 June 2007
Investments in murabaha	3,298,867	3,062,636
Due from related parties	6,607,366	70,500
Due to related parties	1,889,363	2,021,755

During the period the Group signed an agreement approved from all parties in order to settle amount due from and due to related parties.

Notes to Interim Condensed Financial Information
For the six months ended 30 June 2008 (Unaudited)
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12. Dividends

On 1 May 2008, the shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2007 and approved cash dividends of 5 fils per share and bonus shares of 10% for the year ended 31 December 2007 (Nil – 2006).

13. Employees' stock option plan

The General Assembly meeting held on 1 May 2008, approved the increase of the Parent Company's share capital by an amount of KD 470,000 by issuing 4,700,000 shares for the employees of the Parent Company under the proposed employees' stock option plan (ESOP), the price of 100 fils for employees over 25 fils share premium. Currently, the determination of program conditions, in terms of the methods of shares issuance, the program duration, and the allocation of shares between the employees is under process.

14. Geographical distribution of assets and liabilities

	Assets			Liabilities		
	30 June 2008	31 December 2007 (Audited)	30 June 2007	30 June 2008	31 December 2007 (Audited)	30 June 2007
State of Kuwait	54,681,422	61,183,127	10,799,877	8,039,058	11,163,958	4,262,041
GCC Countries	2,311,961	5,114,111	4,005,725	598,835	607,200	982,393
MENA	26,143,351	-	-	-	-	-
Europe	6,788,852	4,146,777	-	2,723,177	-	-
	<u>89,925,586</u>	<u>70,444,015</u>	<u>14,805,602</u>	<u>11,361,070</u>	<u>11,771,158</u>	<u>5,244,434</u>

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current presentation of the interim condensed consolidated financial information as of 30 June 2008.