

Ekttitab Holding Company
K.S.C. Holding
And its subsidiary
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine months ended 30 September 2011
With Review Report

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ekttitab Holding Company K.S.C. Holding "the Parent Company" and its subsidiary "the Group" as of 30 September 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. The Parent Company's management is responsible for the preparation and 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 Standards on Review Engagements 2410, "Review of Interim condensed consolidated Financial Information Performed by the Independent Auditor of the Entity".

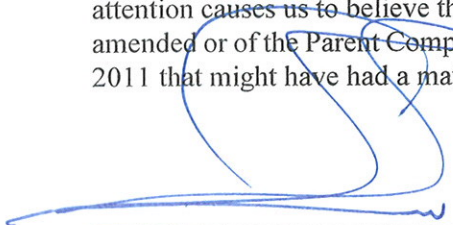
A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company and to the extent of information made available to us, nothing has come to our attention 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 nine-month period ended 30 September 2011 that might have had a material effect on the business of the Group or on its financial position.


Bader A. Al Wazzan
Licence No. 62 A
Deloitte & Touche
Al-Fahad, Al-Wazzan & Co.

Kuwait
3 November 2011



Dr. Saud Hamad Al-humaidi
License No. 51 A
Dr. Saud Al-humaidi & Partners
Member of Baker Tilly International

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

Interim Condensed Consolidated Statement of Financial Position as of 30 September 2011
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 September 2011	31 December 2010 (Audited)	30 September 2010
Assets				
Cash and cash equivalents		1,601,121	2,263,626	3,889,583
Investments at fair value through profit or loss	3	7,150,641	11,392,659	10,377,741
Available for sale investments	4	2,132,465	5,475,051	4,147,192
Murabaha investments	5	12,012,817	10,999,161	19,219,291
Receivables and other debit balances		244,855	266,097	284,668
Due from related parties	11	5,160,238	3,458,650	706,324
Properties held for trading		-	-	2,447,959
Fixed assets		11,448	15,904	16,025
Total assets		28,313,585	33,871,148	41,088,783
Liabilities and equity				
Liabilities				
Murabaha payables	6	6,969,189	7,736,257	7,639,280
Payables and other credit balances		465,465	1,602,113	1,622,991
Due to related parties	11	92	92	3,897,327
Total liabilities		7,434,746	9,338,462	13,159,598
Equity				
Equity attributable to the shareholders of the Parent Company				
Share capital		51,700,000	51,700,000	51,700,000
Treasury shares	7	(149,589)	(386,827)	(6,490)
Statutory reserve		1,545,914	1,545,914	1,545,914
Voluntary reserve		1,545,914	1,545,914	1,545,914
Change in fair value reserve		(1,432,814)	(922,966)	(4,235,331)
Accumulated losses		(32,330,586)	(28,949,349)	(28,292,919)
		20,878,839	24,532,686	22,257,088
Non-controlling interest		-	-	5,672,097
Total equity		20,878,839	24,532,686	27,929,185
Total liabilities and equity		28,313,585	33,871,148	41,088,783

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


Emad Hossen Naema
Chairman & Managing Director




Dr. Ali Darweesh Al-Shamali
Vice Chairman

Ekttitab Holding Company

K.S.C. Holding

And its subsidiary

**Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2011
(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	Note	Three months ended 30 September		Nine months ended 30 September	
		2011	2010	2011	2010
Revenues					
Losses from investments	8	(486,143)	(1,068,840)	(3,360,626)	(5,468,660)
Murabaha income		178,793	314,348	506,051	929,459
Other income/ (losses)		88,700	(63,853)	60,795	44,731
		<u>(218,650)</u>	<u>(818,345)</u>	<u>(2,793,780)</u>	<u>(4,494,470)</u>
Expenses and other charges					
Finance cost		(65,489)	(121,959)	(248,571)	(376,346)
General and administrative expenses		<u>(112,746)</u>	<u>(139,233)</u>	<u>(259,200)</u>	<u>(457,498)</u>
		<u>(178,235)</u>	<u>(261,192)</u>	<u>(507,771)</u>	<u>(833,844)</u>
Net loss for the period		<u>(396,885)</u>	<u>(1,079,537)</u>	<u>(3,301,551)</u>	<u>(5,328,314)</u>
Attributable to:					
Shareholders of the Parent Company		(396,885)	(1,033,782)	(3,301,551)	(5,291,359)
Non-controlling interest		-	(45,755)	-	(36,955)
		<u>(396,885)</u>	<u>(1,079,537)</u>	<u>(3,301,551)</u>	<u>(5,328,314)</u>
Loss per share (fils)	10	<u>(0.78)</u>	<u>(2.00)</u>	<u>(6.46)</u>	<u>(10.24)</u>

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

Ektitab Holding Company

K.S.C. Holding

And its subsidiary

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2011**(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Net loss for the period	(396,885)	(1,079,537)	(3,301,551)	(5,328,314)
Other comprehensive losses				
Change in fair value of available for sale investments	(98,777)	(264,028)	(955,436)	(3,200,511)
Transferred to statement of income in result of sale of available for sale investments	26,720	(80,254)	445,588	319,933
Other comprehensive losses	(72,057)	(344,282)	(509,848)	(2,880,578)
Total comprehensive loss for the period	(468,942)	(1,423,819)	(3,811,399)	(8,208,892)
Attributable to:				
Shareholders of the Parent Company	(468,942)	(1,378,064)	(3,811,399)	(8,171,937)
Non controlling interest	-	(45,755)	-	(36,955)
	(468,942)	(1,423,819)	(3,811,399)	(8,208,892)

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

Ektitab Holding Company
K.S.C. Holding
And its subsidiary

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2011
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company					Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Change in fair value reserve	Accumulated losses	Total
Balance at 1 January 2010	51,700,000	-	1,545,914	1,545,914	(1,354,753)	(23,001,413)	36,144,714
Total comprehensive loss for the period	-	-	-	-	(2,880,578)	(5,291,359)	(8,208,892)
Purchase of treasury shares	-	(781,955)	-	-	-	-	(781,955)
Sale of treasury shares	-	775,465	-	-	-	(147)	775,318
Balance at 30 September 2010	51,700,000	(6,490)	1,545,914	1,545,914	(4,235,331)	(28,292,919)	27,929,185
Balance at 1 January 2011	51,700,000	(386,827)	1,545,914	1,545,914	(922,966)	(28,949,349)	24,532,686
Total comprehensive losses for the period	-	-	-	-	(509,848)	(3,301,551)	(3,811,399)
Purchase of treasury shares	-	(1,362,937)	-	-	-	-	(1,362,937)
Sale of treasury shares	-	1,600,175	-	-	-	(79,686)	1,520,489
Balance at 30 September 2011	51,700,000	(149,589)	1,545,914	1,545,914	(1,432,814)	(32,330,586)	20,878,839

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

Ektitab Holding Company
K.S.C. Holding
And its subsidiary

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2011
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended 30 September	
		2011	2010
Cash flows from operating activities			
Net loss for the period		(3,301,551)	(5,328,314)
Adjustments:			
Losses from investments		3,360,626	5,468,660
Depreciation		4,456	3,053
Murabaha income		(506,051)	(929,459)
Finance Cost		248,571	376,346
Operating loss before changes in the operating assets and liabilities		(193,949)	(409,714)
Investments at fair value through profit or loss		2,051,014	(1,365,574)
Receivables and other debit balances		21,242	(100,883)
Due from related parties		440,181	333,316
Payables and other credit balances		(1,134,107)	(372,669)
Due to related parties		(1,744,121)	576,842
Net cash used in operating activities		(559,740)	(1,338,682)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(1,462,058)	(4,702,062)
Proceeds from sale of available for sale investments		3,109,371	9,083,311
Cash dividends received		15,803	80,069
Murabaha investments		(931,396)	-
Cash from sale of a subsidiary	9	23,602	-
Net cash generated from investing activities		755,322	4,461,318
Cash flows from financing activities			
Purchase of treasury shares		(1,362,937)	(781,955)
Sale of treasury shares		1,520,489	775,318
Finance cost paid		(315,611)	(303,668)
(Paid for)/ proceeds from Murabaha payables		(700,028)	8,077
Net cash used in financing activities		(858,087)	(302,228)
Change in cash and cash equivalent		(662,505)	2,820,408
Cash and cash equivalent at the beginning of the period		2,263,626	1,069,175
Cash and cash equivalents at the end of the period		1,601,121	3,889,583

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

Notes to Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2011

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Overview

Ektitab Holding Company K.S.C.C.H (The Parent Company) is a Kuwaiti Shareholding Company established in 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 13028 State of Kuwait.

The Parent Company is engaged principally in incorporating and acquiring Kuwaiti and foreign companies, extending borrowings and acting as grantor for such companies.

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

Company's name	Legal form	Incorporation country	Ownership %		
			30 September 2011	31 December 2010	30 September 2010
				(Audited)	
India Holding Company	K.S.C.H	State of Kuwait	-	-	66.67
Aswaq Al-Madina Holding Company	K.S.C.H	State of Kuwait	-	100	100
Petrol Market for Central Markets Co.	K.S.C.C	State of Kuwait	100	100	100

Management accounts of the subsidiaries have been used in the consolidated financial information as of 30 September 2011. The total assets of these subsidiaries amounted to KD 3,807,741 as of 30 September 2011 (KD 3,012,052 as of 31 December 2010) and their net loss is KD 184,142 for the period ended 30 September 2011 (income of KD 246,906 for the period ended 30 September 2010).

The Group sold Aswaq Al-Madina Holding Company during the period ended 30 September 2011 (note 9).

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 3 November 2011.

2. Basis of preparation of interim financial information

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 period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For further information, refer to the financial statements and its related disclosures for the year ended 31 December 2010.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2010 except for the amendments to standards as below which are applicable for the Group from 1 January 2011.

Notes to Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2011

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

- **IAS 24 Related party disclosures (Revised)**

The amended Standard clarified the definition of a related party and laid down additional requirement for disclosure of outstanding commitments to related parties. The adoption of the amendment did not have any impact on the financial position or performance of the Group, but gave rise to additional disclosures in the interim consolidated financial information.

- **IAS 34 Interim Financial Reporting (Revised)**

The amended standard provided clarification about significant events and transactions to be disclosed in the interim financial report and clarifies how to apply this principal in respect of financial instruments and their fair values. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

3. Investments at fair value through profit or loss

	30 September 2011	31 December 2010 (Audited)	30 September 2010
Investments held for trading	3,185,370	6,538,751	5,542,230
Investments at fair value through profit or loss at acquisition	3,965,271	4,853,908	4,835,511
	<u>7,150,641</u>	<u>11,392,659</u>	<u>10,377,741</u>
Investments in local shares – quoted	2,588,551	3,625,295	3,134,198
Investments in local shares – unquoted	3,412,439	3,416,578	3,421,578
Investments in foreign shares – quoted	596,819	2,913,456	2,408,033
Investments in foreign shares –unquoted	215,589	217,894	225,626
Investments in local funds – unquoted	337,243	1,219,436	1,188,306
	<u>7,150,641</u>	<u>11,392,659</u>	<u>10,377,741</u>

3.1 The fair value of the quoted investments is determined using the last bid prices. The fair value of unquoted investments are determined based on the latest deals that took place on those investments, discounted cash flows and by using other valuation techniques as of 31 December 2010. The fair value of the investments in funds is determined using the net assets value of those funds.

3.2 Investments in local quoted and unquoted shares include KD 73,150 as of 30 September 2011 (KD 111,464 as of 31 December 2010 – KD 114,129 as of 30 September 2010) registered in the name of related parties, providing letters of assignment of ownership to these investments in favor of the Group.

3.3 During the period, the Group's recovery on its investment in a local fund amounted to KD 771,947 with foreign parties, this transaction resulted a loss amounted to KD 103,637 and recorded in the consolidated statement of income for the period ended 30 September 2011.

4. Available for sale investments

	30 September 2011	31 December 2010 (Audited)	30 September 2010
Local quoted shares	1,947,465	5,290,051	3,650,416
Foreign quoted shares	-	-	311,776
Foreign unquoted shares	185,000	185,000	185,000
	<u>2,132,465</u>	<u>5,475,051</u>	<u>4,147,192</u>

Notes to Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2011

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

5. Murabaha investments

- 5.1 All Murabaha investments granted to related parties are dominated in Kuwait Dinars, the average effective rate of return is 7.35% as of 30 September 2011 (7.35% as of 31 December 2010, 7.35% as of 30 September 2010). All Murabaha investments maturities are during 2011.
- 5.2 The Murabaha and the amount due from related parties are granted to the related parties against the pledge of unquoted local shares owned by those related parties which their carrying value amounted to KD 13,060,700 as of 31 December 2010.
- 5.3 During the period, the Group settled an amount of KD 826,600 due from related parties and signed a Murabaha contract with the same amount and transferred to investment in Murabaha. This transaction was eliminated from the statements of cash flow for the period ended 30 September 2011, as it is non-cash transaction.

6. Murabaha payables

- 6.1 This item represents the amounts granted from local and foreign financial institutions in accordance with Murabaha contracts. These Murabaha payable carry a fixed finance cost rate. The average effective cost rate is 7.94% as of 30 September 2011 (7.94% as of 31 December 2010, 7.94% as of 30 September 2010).
- 6.2 Murabaha payables are secured against investments at fair value through profit or loss and available for sale investments and its fair value amounted to KD 3,391,439 as of 30 September 2011 (KD 2,100,081 as of 31 December 2010, KD 1,841,570 as of 30 September 2010).
- 6.3 A Murabaha payable of KD 2,298,328 due to a foreign entity matured and not yet paid. There is a lawsuit from this party in order to settle this Murabaha and an arbitration verdict has been issued to oblige the Company to pay £ 5,000,000. The Company intends to appeal against the verdict. These Murabaha are jointly secured from a related party.

Also Murabaha payable of KD 1,529,307 due to a local entity matured and not paid.

7. Treasury shares

	30 September 2011	31 December 2010 (Audited)	30 September 2010
Number of treasury shares (share)	4,960,000	10,684,850	240,000
Percentage to the total share capital (%)	0.96	2.07	0.05
Market value	114,080	363,285	6,204

8. Losses from investments

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Investment at fair value through profit or loss				
Realized losses	(639,053)	(625,208)	(1,195,223)	(1,240,930)
Gain/ (loss) from change in fair value	218,691	(20,386)	(995,781)	(3,580,564)
Dividends income	10,775	19,187	15,803	80,069
	<u>(409,587)</u>	<u>(626,407)</u>	<u>(2,175,201)</u>	<u>(4,741,425)</u>
Available for sale investments				
Realized losses	<u>(76,556)</u>	<u>(442,433)</u>	<u>(1,185,425)</u>	<u>(727,235)</u>
	<u>(76,556)</u>	<u>(442,433)</u>	<u>(1,185,425)</u>	<u>(727,235)</u>
Losses from investments	<u>(486,143)</u>	<u>(1,068,840)</u>	<u>(3,360,626)</u>	<u>(5,468,660)</u>

Notes to Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2011

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

9. Disposal of investment in subsidiary

During the period, the Group sold its full share in Al-Madina Market Holding Company to a related party by its carrying value as of the disposal date. The following is the net assets of the subsidiary as at the disposal date:

	<u>Amount</u>
Assets	
Cash and cash equivalent	27
Investments in Murabaha with related party	1,249,655
Due from Parent Company	1,744,121
Due from related parties	54,279
Liabilities	
Trade and other payables	(1,793)
Due to related parties	(55,027)
Net assets	<u>2,991,262</u>
The selling price due was settled as follow:	2,991,262
 The carrying amount due from the Parent Company to the disposed subsidiary allocated to the buyer	 (1,744,121)
The remaining amount recorded as due from related party	<u>(1,223,512)</u>
Cash collected	23,629
Less: cash in subsidiary as at the disposal date	<u>(27)</u>
Cash resulted from disposal	<u>23,602</u>

The non-cash portion from this transaction was eliminated from the statements of cash flow for the period ended 30 September 2011.

10. Loss per share

Loss per share is calculated by dividing net loss for the period by the weighted average number of outstanding shares during the period as follows the calculation of loss per share:

	Three months ended		Nine months ended	
	30 September		30 September	
	2011	2010	2011	2010
Net loss for the period	(396,885)	(1,033,782)	(3,301,551)	(5,291,359)
Weighted average number of outstanding shares during the period	512,010,989	516,734,783	511,365,936	516,907,692
Loss per share (fils)	<u>(0.78)</u>	<u>(2.00)</u>	<u>(6.46)</u>	<u>(10.24)</u>

11. Related party transactions

Related parties are the Parent Company's shareholders who have representation in the Board of Directors, members of the Board of Directors and major shareholders. In the normal course of business, subject to the Parent Company's management approval, there were transactions with related parties, the existing major shareholder, its subsidiaries, the significant transactions and outstanding balances with related parties, other than what disclosed in other notes, were as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2011	2010	2011	2010
Transactions				
Murabaha income	178,791	314,348	506,051	929,459
Sale of investments at fair value through profit or loss	-	-	-	2,220,616
Purchase of investments at fair value through profit or loss	-	-	-	2,282,896

Notes to Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2011

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	30 September 2011	31 December 2010 (Audited)	30 September 2010
Balances			
Murabaha investments	12,012,817	10,999,161	19,219,291
Due from related parties	5,160,238	3,458,650	706,324
Due to related parties	92	92	3,897,327
Cash at investment portfolios	52,202	1,062,094	3,502,559

Available for sale investments include investment portfolio with fair value of KD 326,320 as of 30 September 2011 pledged against Murabaha payable in favor of related party.

Related parties transactions are subject to the approval of the General Assembly of the shareholders.

12. Dividends

On 30 May 2011, the General Assembly meeting of the shareholders approved the financial statements for the year ended 31 December 2010 and approved not to distribute dividends for the year ended 31 December 2010 (Nil for the year ended 31 December 2009).

On 28 August 2011, the Board of Directors proposed the following:

- Amortized the accumulated losses amounted to KD 31,929,405 as of 30 June 2011 to be closed in the statutory reserve and voluntary reserve by KD 3,091,828 and close the remaining amount in the capital by KD 28,837,577, accordingly the capital will be KD 22,862,423.
- Increase the share capital in cash by issuing of 90,000,000 shares with 100 fils and without share premium, share capital will be KD 31,862,423 distributed over 318,624,230 shares. The increase of share capital will be in one installment and it is allocated to shareholders registered in Company's records at the end of the day prior to the subscription date.

This proposal is subject to the approval of the regulatory and the shareholders in the general assembly.

13. Segment distribution

Segment information

The Group carries out only in investment segment which represents in owed investment through profit or loss, available for sale investments, and investment in associate.

A financial analysis of activities for the six months ended 30 September 2011:

	Investment activities				
	Kuwait	UAE	Egypt	Other	Total
Revenues	(306,688)	(1,819,164)	(665,623)	(2,305)	(2,793,780)
Loss of the period	(791,818)	(1,841,805)	(665,623)	(2,305)	(3,301,551)
Assets	26,341,805	1,212,343	543,848	215,589	28,313,585
Liabilities	5,136,418	-	-	2,298,328	7,434,746

A financial analysis of activities for the nine months ended 30 September 2010:

	Investment activities				
	Kuwait	UAE	Egypt	Other	Total
Revenues	(2,138,559)	(1,844,452)	(506,374)	(5,085)	(4,494,470)
Loss of the period	(2,905,261)	(1,910,760)	(507,208)	(5,085)	(5,328,314)
Assets	33,347,551	6,205,128	1,310,478	225,626	41,088,783
Liabilities	9,620,874	994,845	-	2,543,879	13,159,598