



Ektitab Holding Company - K.S.C.H
And its subsidiary
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
For the three months ended 31 March 2012
With Review Report



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Ekttitab Holding Company - KSCH **State of 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 - KSCH "the Parent Company" and its subsidiary together referred to as "the Group" as of 31 March 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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 three-month period ended 31 March 2012 that might have had a material effect on the business of the Group or on its consolidated financial position.

Bader A. Al Wazzan

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Al-Fahad, Al-Wazzan & Co.

Kuwait

1 May 2012

Dr. Saud Hamad Al-humaidi

License No. 51 A

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Member of Baker Tilly International

Interim Condensed Consolidated Statement of Financial Position as of 31 March 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	31 March 2012	31 December 2011 (Audited)	31 March 2011
Assets				
Cash and cash equivalents	3	4,598,283	2,496,807	3,800,494
Investments at fair value through profit or loss	4	8,295,665	8,051,202	8,543,435
Available for sale investments	5	3,738,486	2,207,187	2,154,294
Investment in Islamic instruments	6	12,118,176	12,117,438	10,638,768
Receivables and other debit balances		108,326	244,472	266,553
Due from related parties	12	4,402,829	4,100,922	4,050,820
Fixed assets		8,478	9,963	14,418
Total assets		33,270,243	29,227,991	29,468,782
Liabilities and equity				
Liabilities				
Murabaha payables	7	7,062,729	7,015,622	7,696,321
Payables and other credit balances		505,048	621,319	791,071
Total liabilities		7,567,777	7,636,941	8,487,392
Equity				
Share capital	8	22,862,423	22,862,423	51,700,000
Treasury shares	9	(6,569)	(149,589)	(274,211)
Statutory reserve		-	-	1,545,914
Voluntary reserve		-	-	1,545,914
Change in fair value reserve		867,921	(1,097,978)	(1,909,417)
Retained earnings /(accumulated losses)		1,978,691	(23,806)	(31,626,810)
Total equity		25,702,466	21,591,050	20,981,390
Total liabilities and equity		33,270,243	29,227,991	29,468,782

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



Emad Hossen Naema
Chairman & Managing Director





Interim Condensed Consolidated Statement of Income
For the three months ended 31 March 2012

(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended	
		31 March	
		2012	2011
Revenues			
Gain /(losses) from investments	10	2,265,733	(2,562,384)
Income from investment in Islamic instruments		88,375	156,969
Other loss		(7,156)	(23,116)
		<u>2,346,952</u>	<u>(2,428,531)</u>
Expenses and other charges			
Finance cost		(47,107)	(93,738)
General and administrative expenses		(134,406)	(77,837)
Provision for doubtful debt		(223,017)	-
		<u>(404,530)</u>	<u>(171,575)</u>
Net profit /(loss) before deductions		1,942,422	(2,600,106)
Kuwait Foundation for Advancement of Science (KFAS)		(4,596)	-
National Labor Support Tax		(48,955)	-
Zakat expense		(7,711)	-
Net profit / (loss) for the period		<u>1,881,160</u>	<u>(2,600,106)</u>
Earnings /(losses) per share (fils)	11	<u>8.29</u>	<u>(11.67)</u>

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



Interim Condensed Consolidated Statement of Comprehensive Income
For the three months ended 31 March 2012

(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended	
	31 March	
	2012	2011
Net profit / (loss) for the period	1,881,160	(2,600,106)
Other comprehensive income items:		
Change in fair value of available for sale investments	1,583,302	(986,451)
Transferred to statement of income on sale of available for sale investments	82,535	-
Impairment of available for sale investments	300,062	-
Total other comprehensive income /(loss)	1,965,899	(986,451)
Total comprehensive income /(loss) for the period	3,847,059	(3,586,557)

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

Interim Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2012
(Unaudited)

(All amounts are in Kuwaiti Dinars)



	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Change in fair value reserve	(Accumulated losses) / retained earnings	Total
Balance as at 1 January 2011	51,700,000	(386,827)	1,545,914	1,545,914	(922,966)	(28,949,349)	24,532,686
Net loss for the period	-	-	-	-	-	(2,600,106)	(2,600,106)
Other comprehensive income item							
Change in fair value of available for sale investments	-	-	-	-	(986,451)	-	(986,451)
Total comprehensive loss for the period	-	-	-	-	(986,451)	-	(986,451)
Purchase of treasury shares	-	(826,296)	-	-	-	-	(826,296)
Sale of treasury shares	-	938,912	-	-	-	(77,355)	861,557
Balance as at 31 March 2011	<u>51,700,000</u>	<u>(274,211)</u>	<u>1,545,914</u>	<u>1,545,914</u>	<u>(1,909,417)</u>	<u>(31,626,810)</u>	<u>20,981,390</u>
Balance as at 1 January 2012	22,862,423	(149,589)	-	-	(1,097,978)	(23,806)	21,591,050
Net profit for the period	-	-	-	-	-	1,881,160	1,881,160
Other comprehensive income item							
Change in fair value of available for sale investments	-	-	-	-	1,583,302	-	1,583,302
Transferred to statement of income on sale of available for sale investments	-	-	-	-	82,535	-	82,535
Impairment of available for sale investments	-	-	-	-	300,062	-	300,062
Total comprehensive income for the period	-	-	-	-	1,965,899	-	1,965,899
Purchase of treasury shares	-	(429,590)	-	-	-	-	(429,590)
Sale of treasury shares	-	572,610	-	-	-	121,337	693,947
Balance as at 31 March 2012	<u>22,862,423</u>	<u>(6,569)</u>	<u>-</u>	<u>-</u>	<u>867,921</u>	<u>1,978,691</u>	<u>25,702,466</u>

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

Interim Condensed Consolidated Statement of Cash Flows
For the three months ended 31 March 2012
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended	
	31 March	
	2012	2011
Cash flows from operating activities		
Net profit /(loss) for the period	1,881,160	(2,600,106)
Adjustments:		
(Gain) /losses from investments	(2,265,733)	2,562,384
Depreciation	1,485	1,486
Income from investment in Islamic instruments	(88,375)	(156,969)
Finance cost	47,107	93,738
Provision for doubtful debt	223,017	-
Operating loss before changes in operating assets and liabilities	(201,339)	(99,467)
Investments at fair value through profit or loss	2,274,544	968,573
Receivables and other debit balances	766	(456)
Due from related parties	(301,907)	(100,951)
Payables and other credit balances	(116,271)	(808,593)
Net cash generated from /(used in) operating activities	1,655,793	(40,894)
Cash flows from investing activities		
Paid for purchase of available for sale investments	(125,673)	(131,283)
Proceeds from sale of available for sale investments	306,836	1,781,939
Cash dividends received	163	1,917
Cash from sale of a subsidiary	-	23,602
Net cash generated from investing activities	181,326	1,676,175
Cash flows from financing activities		
Purchase of treasury shares	(429,590)	(826,296)
Sale of treasury shares	693,947	861,557
Finance cost paid	-	(133,674)
Net cash generated from / (used in) financing activities	264,357	(98,413)
Change in cash and cash equivalents	2,101,476	1,536,868
Cash and cash equivalents at the beginning of the period	2,496,807	2,263,626
Cash and cash equivalents at the end of the period	4,598,283	3,800,494

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

**Notes to Interim Condensed Consolidated Financial Information
For the three months ended 31 March 2012
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Overview

Ekttitab 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 in 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 and its subsidiary (together referred to as “the Group”) 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 Company and its following subsidiaries (together referred to as “the Group”):

Company's name	Legal form	Incorporation country	Ownership %		
			31 March 2012	31 December 2011 (Audited)	31 March 2011
Petrol Market Company.	K.S.C.C	Kuwait	100	100	100

Management accounts of the subsidiaries have been used in the consolidated financial information as of 31 March 2012. The total assets of the subsidiary amounted to KD 6,585,366 as of 31 March 2012 (KD 4,697,660 as of 31 December 2011) and their net profit is KD 1,290,912 for the period ended 31 March 2012 (loss of KD 6,736 for the period ended 31 March 2011).

The General Assembly meeting was not held for the year ended 31 December 2011, therefore the consolidated financial statements for the year ended 31 December 2011 has not been approved yet.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 1 May 2012.

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 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012. For further information, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2011.

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 2011.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2012 didn't have any material impact on the accounting policies financial position performance of the Group.

3. Cash and cash equivalents

	31 March 2012	31 December 2011 (Audited)	31 March 2011
Cash on hand	1,007	157	960
Cash at bank and financial institutions	243,552	1,077,186	425,896
Cash at portfolio	4,353,724	1,419,464	3,373,638
	<u>4,598,283</u>	<u>2,496,807</u>	<u>3,800,494</u>

Notes to Interim Condensed Consolidated Financial Information
For the three months ended 31 March 2012
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4. Investments at fair value through profit or loss

	31 March 2012	31 December 2011 (Audited)	31 March 2011
Investments held for trading	5,374,284	4,252,085	3,713,922
Investments at fair value through profit or loss at acquisition	2,921,381	3,799,117	4,829,513
	<u>8,295,665</u>	<u>8,051,202</u>	<u>8,543,435</u>
Investments in local shares – quoted	5,216,679	3,825,151	2,973,603
Investments in local shares – unquoted	2,597,688	3,287,689	3,412,439
Investments in foreign shares – quoted	157,605	426,934	740,319
Investments in foreign shares – unquoted	-	215,559	217,894
Investments in local funds – unquoted	323,693	295,869	1,199,180
	<u>8,295,665</u>	<u>8,051,202</u>	<u>8,543,435</u>

4.1 The fair value of the quoted investments is determined based on the last bid prices. The fair value of unquoted investments is determined based on the latest available financial information as of 31 December 2011. The fair value of the investment in funds is determined based on the net assets value of those funds.

4.2 Investments in local quoted and unquoted shares include KD 72,378 as of 31 March 2012 (KD 65,074 as of 31 December 2011 – KD 84,870 as of 31 March 2011) recorded in the name of related parties, providing letters of assignment of ownership to these investments in favor of the Group.

5. Available for sale investments

	31 March 2012	31 December 2011 (Audited)	31 March 2011
Local quoted shares	3,553,486	2,022,187	1,969,294
Local unquoted shares	185,000	185,000	185,000
	<u>3,738,486</u>	<u>2,207,187</u>	<u>2,154,294</u>

Local unquoted shares were carried at cost as its fair value could not be reliably determined, the Group's management believes that no indication of impairment of these investments.

6. Investment in Islamic instruments

6.1 All Islamic instruments investments granted to related parties are dominated in Kuwaiti Dinars, the average effective rate of return of Mudaraba and Musawama is 6% as of 31 March 2012 (5.04% as of 31 December 2011, 7.35% as of 31 March 2011). All maturities are during 2012.

6.2 Murabaha investments and the amount due from related parties are granted to related parties against pledge of unquoted local shares owned by those related parties with carrying value of KD 15,857,310 as of 31 March 2012 (KD 15,857,310 as of 31 December 2011, KD 13,060,700 as of 31 March 2011).

7. Murabaha payables

	31 March 2012	31 December 2011 (Audited)	31 March 2011
Murabaha payables from local financial institutions (Kuwaiti Dinar)	4,764,718	4,717,611	5,296,106
Murabaha payables from foreign financial institutions (Sterling Pound)	2,298,011	2,298,011	2,400,215
	<u>7,062,729</u>	<u>7,015,622</u>	<u>7,696,321</u>

Notes to Interim Condensed Consolidated Financial Information
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(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

- 7.1 This item represents the amounts granted from local and foreign financial institutions in accordance with Murabaha contracts. These Murabaha payables carry fixed finance cost rate. The average effective cost rate is 6.5% as of 31 March 2012 (4% as of 31 December 2011, 7.94% as of 31 March 2011).
- 7.2 Murabaha payables are secured against investments at fair value through profit or loss and available for sale investments with fair value amounted to KD 2,771,150 as of 31 March 2012 (KD 3,215,150 as of 31 December 2011, KD 3,878,282 as of 31 March 2011).
- 7.3 A Murabaha payable of KD 2,298,011 due to a foreign institution has been matured and not paid. There is a legal dispute with this foreign party regarding the repayment of the matured Murabaha. A verdict has been issued against the Group to pay an amount of £ 5,365,272. The Group filed a lawsuit regarding ineligibility to claim for this amount. These Murabaha is secured by promissory note issued from a related party. Also Murabaha payable of KD 1,529,307 due to a local institution matured and not paid. The Group suspended recognition of finance costs of the matured and unpaid Murabaha from the maturity date.

8. Share capital

The issued and fully paid up capital amounted to KD 22,862,423 as of 31 March 2012 and 31 December 2011 distributed over 228,624,230 shares with nominal value of 100 fils each (KD 51,700,000 distributed over 517,000,000 shares of 100 fils each as of 31 March 2011), all shares are in cash.

On 21 December 2011, The General Assembly's shareholders approved to increase the share capital in cash with an amount of KD 9,000,000 by issuing 90,000,000 shares with nominal value of 100 fils each without share premium to be paid in one installment attributable to the shareholders registered in the Company's records at the end of the day before the subscription date. This increase has been registered in the Commercial Register on 9 January 2012.

9. Treasury shares

	31 March 2012	31 December 2011 (Audited)	31 March 2011
Number of treasury shares (share)	65,000	2,193,378	8,399,413
Percentage to the total share capital (%)	0.03	1	1.6
Market value	6,630	96,509	214,185

10. Gain / (losses) from investments

	Three months ended 31 March	
	2012	2011
Investments at fair value through profit or loss		
Realized gain /(losses)	2,075,914	(277,597)
Gain / (losses) from change in fair value	443,093	(1,603,054)
Dividends income	163	1,917
	<u>2,519,170</u>	<u>(1,878,734)</u>
Available for sale investment		
Realized gain /(losses)	46,625	(683,650)
Impairment	(300,062)	-
	<u>(253,437)</u>	<u>(683,650)</u>
	<u>2,265,733</u>	<u>(2,562,384)</u>

Notes to Interim Condensed Consolidated Financial Information
For the three months ended 31 March 2012
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

11. Earnings / (losses) per share

Earnings / (losses) per share is calculated by dividing net profit / (loss) for the period by the weighted average number of outstanding shares during the period as follows the calculation of earnings / (losses) per share:

	Three months ended 31 March	
	2012	2011
Net profit / (losses) for the period	1,881,160	(2,600,106)
Weighted average number of outstanding shares during the period / (share)	226,831,980	222,868,810
Earnings / (losses) per share (fils)	8.29	(11.67)

12. 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 subsidiary, the significant transactions and outstanding balances with related parties, other than what disclosed in other notes, were as follows:

Transactions	Three months ended 31 March	
	2012	2011
Income from investment in Islamic instruments	88,375	156,969

	31 March 2012	31 December 2011 (Audited)	31 March 2011
Statement of Financial position			
Investment in Islamic instruments	12,118,176	12,117,438	10,638,768
Due from related parties	4,402,829	4,100,922	4,050,820
Due to related parties	92	92	92
Cash at investment portfolio	2,321,714	2,516	975,132

Available for sale investments include investment portfolio with fair value of KD 1,115,820 as of 31 March 2012 (KD 493,295 – 31 December 2011) pledged against Murabaha payable in favor of a related party.

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