Ekttitab Holding Company

K.S.C. - Public
and its subsidiary
Kuwait

Consolidated financial statements
for the financial year ended December 31, 2014
with
Independent auditors' report

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Contents

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HLB Kuwaiti Accountant Auditing
Certified Public Accountants, Consultants, Business Advisors

Independent auditors' report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ekttitab Holding Company - K.S.C. - Public – Kuwait "the Parent company" - and its subsidiary (together referred to as "the Group") – which comprise the consolidated statement of financial position as of December 31, 2014 and the related statements of profit or loss, consolidated comprehensive profit or loss, consolidated cash flows and consolidated changes in equity for the financial year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

"The Parent company's" management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements 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 Parent company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion on the consolidated financial statements.

Rödl
Middle East

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Certified Public Accountants, Consultants, Business Advisors

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of "the Group" as of December 31, 2014 and its financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards.

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. 25 of year 2012, as amended, and related Executive Regulation, 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 and articles of association. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 25 of year 2012, as amended, and related Executive Regulation, law no. 7 of 2010 in respect of the establishment of Capital Market Authority, the organization of the securities activity and related Executive Regulations or of the Parent company's memorandum and articles of association during the year ended December 31, 2014 that might have had a material effect on the Parent company's business or its consolidated financial position.

Ali Abdul Rahman Al Hasawi	**Adel Al- Sanea**
Licence No. 30 (A)	**Auditors Registry No. 86 Category (A)**
Rödl Middle East	**Kuwaiti Accountant Auditing**
Burgan - International Accountants	**A member of H.L.B International**

March 30, 2015
Kuwait

Exhibit-A

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

Consolidated statement of financial position as of December 31, 2014
"All amounts are in Kuwaiti Dinar"

	Note	2014	2013
Assets			
Cash and cash equivalents	5	**1,259,762**	2,220,229
Investments at fair value – statement of income	6	**3,985,306**	11,040,475
Investments in associate	7	**11,507,636**	-
Available for sale investments	8	**11,896,829**	6,231,057
Investment in Islamic debt instruments	9	**-**	12,521,413
Receivables and other debit balances		**97,766**	114,036
Due from related parties	15	**1,371,126**	1,880,232
Property and equipment		**2,369**	1,981
Total assets		**30,120,794**	34,009,423
Liabilities and equity			
Liabilities			
Murabaha and Tawaruq Contract payable	10	**1,529,307**	4,764,718
Payables and other credit balances	11	**860,129**	692,413
Due to related parties	15	**85,854**	181,729
Total liabilities		**2,475,290**	5,638,860
Equity			
Share capital	12	**31,862,423**	31,862,423
Statutory reserve		**94,506**	94,506
Change in fair value reserve		**(940,774)**	(2,819,336)
Accumulated losses		**(3,332,669)**	(762,337)
Total equity attributable to the shareholders of the Parent company		**27,683,486**	28,375,256
Non-controlling interests		**(37,982)**	(4,693)
Total equity		**27,645,504**	28,370,563
Total liabilities and equity		**30,120,794**	34,009,423

Emad Hussain Nameh
Chairman

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

Exhibit-B

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

Consolidated statement of profit or loss for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar"

	Note	2014	2013
Revenue			
Losses on investments	13	**(2,714,974)**	(1,306,555)
Net revenue of contracts		**10,569**	28,397
Gain from foreign currency exchange		**66,171**	4,171
Revenues from settlement of Murabaha payable	10	**429,279**	-
Other income		**15,000**	105,528
Total losses		**(2,193,955)**	(1,168,459)
Expenses and other charges			
General and administrative expenses		**401,731**	345,411
Finance charges		**-**	40,211
Total expenses and other charges		401,731	385,622
Net loss for the year before KFAS, National Labour Support Tax and Zakat		**(2,595,686)**	(1,554,081)
Net loss for the year		**(2,595,686)**	(1,554,081)
Attributable to:			
Shareholders of the Parent company		**(2,570,332)**	(1,535,652)
Non-controlling interests		**(25,354)**	(18,429)
Net loss for the year		**(2,595,686)**	(1,554,081)
Loss per share/(fils)	14	**(8.07)**	(4.85)

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

Exhibit-C

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

Consolidated statement of comprehensive profit or loss for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar"

	2014	2013
Net loss for the year	**(2,595,686)**	(1,554,081)
Change in fair value of available for sale investments	**(584,365)**	(2,250,368)
Transfer to the statement of profit or loss as a result of sale available for sale investments	**1,367,267**	-
Transfer to the statement of profit or loss as impairment in value	**1,088,329**	-
Other comprehensive profit /(Loss) for the year	**1,871,231**	(2,250,368)
Total comprehensive loss for the year	**(724,455)**	(3,804,449)
Attributable to:		
shareholders of the Parent company	**(691,770)**	(3,730,694)
Non-controlling interests	**(32,685)**	(73,755)
Total comprehensive loss for the year	**(724,455)**	(3,804,449)

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

Exhibit-D

Ekttitab Holding Company

K.S.C. - Public
and its subsidiary
Kuwait

Consolidated statement of cash flows for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar"

	Note	2014	2013
Cash flows from operating activities			
Net loss for the year		**(2,595,686)**	(1,554,081)
Adjustments:			
Depreciation of property and equipment		**1,319**	3,072
Losses on investments		**2,714,974**	1,306,555
Revenues from settlement of Murabaha payable		**(429,279)**	-
Financing costs		**-**	40,211
Operating loss before changes in working capital items		**(308,672)**	(204,243)
Investments at fair value – statement of income		**506,296**	(2,784,554)
Receivables and other debit balances		**16,270**	28,523
Related parties		**1,786,121**	3,028,871
Payables and other credit balances		**177,221**	248,362
Net cash generated from operating activities		**1,822,794**	316,959
Cash flows from investing activities			
Paid to purchase available for sale investments		**(2,947,254)**	(14,560,253)
Proceeds on sale of available for sale investments		**279,269**	6,863,636
Cash dividends received		**1,429**	2,777
Paid to purchase property and equipment		**(1,707)**	-
Net cash used in investing activities		**(2,668,263)**	(7,693,840)
Cash flows from financing activities			
Share capital increase		**-**	9,000,000
Purchase of treasury shares		**-**	(1,566,964)
Sale of treasury shares		**-**	1,421,149
Dividends paid		**(7,063)**	-
Financing costs paid		**-**	(40,211)
Murabaha and Tawaruq contract payable		**(100,000)**	(2,298,011)
Change on non-controlling interests		**(7,935)**	-
Net cash (used in)/generated from financing activities		**(114,998)**	6,515,963
Net decrease in cash and cash equivalents		**(960,467)**	(860,918)
Cash and cash equivalents at beginning of the year		**2,220,229**	3,081,147
Cash and cash equivalents at end of the year	5	**1,259,762**	2,220,229

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

Exhibit-E

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

Consolidated statement of changes in equity for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar"

	Equity attributable to the shareholders of the parent Company							
	Share capital	**Treasury shares**	**Statutory reserve**	**Change in fair value reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2013	22,862,423	(11,094)	94,506	(624,294)	921,305	23,242,846	90,683	23,333,529
Share capital increase	9,000,000	-	-	-	-	9,000,000	-	9,000,000
Net loss for the year	-	-	-	-	(1,535,652)	(1,535,652)	(18,429)	(1,554,081)
Other comprehensive loss for the year	-	-	-	(2,195,042)	-	(2,195,042)	(55,326)	(2,250,368)
Total comprehensive loss for the year	-	-	-	(2,195,042)	(1,535,652)	(3,730,694)	(73,755)	(3,804,449)
Net movement on non-controlling interests	-	-	-	-	-	-	(12,702)	(12,702)
Purchase of treasury shares	-	(1,566,964)	-	-	-	(1,566,964)	-	(1,566,964)
Sale of treasury shares	-	1,578,058	-	-	(147,990)	1,430,068	(8,919)	1,421,149
Balance at December 31, 2013	31,862,423	-	94,506	(2,819,336)	(762,337)	28,375,256	(4,693)	28,370,563
Balance at January 1, 2014	31,862,423	-	94,506	(2,819,336)	(762,337)	28,375,256	(4,693)	28,370,563
Net loss for the year	-	-	-	-	(2,570,332)	(2,570,332)	(25,354)	(2,595,686)
Other comprehensive income for the year	-	-	-	1,878,562	-	1,878,562	(7,331)	1,871,231
Total comprehensive loss for the year	-	-	-	1,878,562	(2,570,332)	(691,770)	(32,685)	(724,455)
Net movement on non-controlling interests	-	-	-	-	-	-	(604)	(604)
Balance at December 31, 2014	**31,862,423**	-	**94,506**	**(940,774)**	**(3,332,669)**	**27,683,486**	**(37,982)**	**27,645,504**

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

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

Notes to the consolidated financial statements for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar unless otherwise stated"

1- Information about 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 its shares listed in Kuwait Stock Exchange at December 19, 2005.

The Company's activities are represented in carrying out all transactions related to establishing and acquiring companies with limited liability, Kuwaiti shareholding and foreign companies, borrowings and acting as grantor for such companies.

The number of the company's employees was 10 employees as of December 31, 2014 (2013: 10 employees).

The Company's office is located at Jassim Al Asfour Building – Kuwait city, P. O. Box 2799 Safat 13028 State of Kuwait.

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

The Board of Directors approved these consolidated financial statements for the financial year then ended December 31, 2014 for issue on March 30, 2015.

The consolidated financial statements are subject to the approval of the board of directors that have the ability to adjust the consolidated financial statements after issuing.

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

2/1) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, "the Group" has applied the following amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014:

- **Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities**
  The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.
  To qualify as an investment entity, a reporting entity is required to:

a) Obtain funds from one or more investors for the purpose of providing them with investment management services;
b) Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c) Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As "the Group" is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in "the Group's" consolidated financial statements.

- **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities**
  The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off'. The amendments also classify the application of the IAS 32 offsetting criteria to settlement systems (such as central cleaning house systems) which apply gross settlement mechanisms that are not simultaneous.

  That adoption of the amendments is not expected to have any impact on the consolidated financial position, performance, as disclosures in the consolidated financial statements of "the Group".

- **Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets**
  The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. the amendments also require disclosure of the recoverable amounts for the assets as cash generating units (CGUs) for which impairment loss has been recognized as reversed during the period.

  The application of these amendments has had no material impact on the disclosures in "the Group's" consolidated financial statements.

2/2) New and revised IFRSs in issue but not yet effective:

"the Group" has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- **IFRS 9: Financial Instruments**
  (Effective for annual periods beginning on or after January 1, 2018 with earlier application permitted).
  IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires "the Group" to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

- **IFRS 15: Revenue from Contracts with Customers**
  (Effective for annual periods beginning on or after January 1, 2017 with earlier application permitted).
  In May 2014, IFRS 15 was issued which establishes a single comprehensive model for group to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

  The core principle of IFRS 15 is that group should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which "the Group" expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-Step approach to revenue recognition:
  Step 1: Identify the contract(s) with a customer.
  Step 2: Identify the performance obligation in the contract.
  Step 3: Determine the transaction price.
  Step 4: Allocate the transaction price to the performance obligations in the contract.
  Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.
  Under IFRS 15, "the Group" recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

- **Amendments to IFRS 11: Accounting for Acquisitions of Interest in Joint Operations**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied.

The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.
A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IAS 16 prohibit group from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue; or
b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

"the Group" believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets.

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41.The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.
- **Amendments to IAS 19: Defined Benefit Plans - Employee Contributions**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  The amendments to IAS 19 clarify how group should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

  For contributions that are independent of the number of years of service, "the Group" may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, "the Group" is required to attribute them to the employees' periods of service.

The management anticipates that the new standards will be adopted in "the Group's" accounting policies for the period beginning on or after the effective date of the pronouncement, and those new standards that have been issued but are not relevant to "the Group's" operations will not be expected to have a material impact on "the Group's" financial statements.

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 preparation

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Companies' Law requirements in the State of Kuwait.
- The accounting policies used in preparation of these consolidated financial statements are consistent with those used in preparation of the consolidated financial statements for the previous year.

3/2) Accounting convention

- The consolidated financial statements are prepared under the historical cost following the revised accrual basis of return of financial assets valued at fair value as described in the detailed policies and other explanatory notes.
- The consolidated financial statements are presented in Kuwaiti Dinar.

3/3) Basis of consolidation

- The Group consolidates the financial statements of the Parent Company and its subsidiary until December 31, 2014) (Note – 4) the date of financial statements for all subsidiaries company in December 31, 2014.
- "the Group" controls an investee if and only if "the Group" has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.
- When "the Group" has less than a majority of the voting or similar rights of an investee, "the Group" considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;
- The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to "the Group" until the date that control ceases.
- Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in "the Group's" ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders.

Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

- Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.
- If a parent loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests.
- Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of profit or loss.

3/4) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with international Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge, the actual results may differ from those estimates.

3/5) Recognition and de-recognition of financial assets and liabilities

A financial assets or a financial liability is recognized when "the Group" become a party to the contractual provisions of the instrument. A financial asset is de-recognized either when the contractual rights to cash flows from the financial asset expire, "the Group" has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards, but no longer has control over the asset or a proportion of the asset. A financial liability is de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

3/6) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and at banks and short-term bank deposits with a maturity date not exceeding three months from the date of deposit.

3/7) Trade receivables

Account receivables are recognized at its nominal value less the provision for doubtful debts. The management estimates this provision based on reviewing the customers periodically on individual basis, the current economic circumstances, the previous experience and other related factors.

3/8) Investment in an associate

An associate is the company over which "the Group" exerts significant influence. Investment in associates is accounted under the equity method.

Under the equity method, the Investment in an associate is initially recorded at cost and adjusted with changes after acquisition in the group's share of the associate's equity. The goodwill related to acquire an associate is included in the book value of the investment and not amortized.

"the Group" recognizes its share in profits or losses of an associate realized in the consolidated statement of income from the date that the influence started effectively until the date that influences effectively ended .Adjustments on the carrying amount may also be necessary to reflect the changes in the group's share in the associate arising from changes in the associate's equity. "the Group" share as a result of these changes is recognized in the equity.
Unrealized gains from transactions with associates are eliminated to the extent of the group's share in the associate, unrealized losses are eliminated unless the transaction provides evidence of impairment in value of the asset transferred. An assessment for impairment in investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.

3/9) Intangible assets

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.
Intangible assets are amortized on a straight - line basis over their estimated useful lifes.

Goodwill represents the difference cost of an acquisition over the fair value of "the Group" 's share of the identifiable net assets acquired in business combination or the associates at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets, Goodwill on acquisition of associates is included in investments in associates. Goodwill is allocated to each cash generating unit and for the purpose of impairment testing. Goodwill is testing at least annually for impairment at cost less accumulated impairment losses.

Gain and losses on disposal of a subsidiary or part of the subsidiary include the carrying amount of goodwill relating to the subsidiary or the portion sold. For the purpose of determining impairment, assets are consolidated at the lowest level has can determine cash flows independently of that group of assets. If there is an indication that the carrying value of intangible assets is greater than its recoverable amount, it is written down to its recoverable value and the resultant impairment loss is recognized in the consolidated statement of profit or loss. And that the resultant relting to goodwill cannot be reserved in a subsequent periods.

3/10) 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 statement of comprehensive income 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.

3/11) Impairment of non-financial assets

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

3/12) Account payables

Account payables are stated at their nominal value.

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) Revenue recognition

- Revenue from sales is recognized when the significant risks and rewards are transferred to the buyer, and no significant uncertainties remain regarding the derivation of consideration, associated or the possible return of goods.
- Other categories of income are recognized when earned at the time the related services are rendered on the basis of the terms of the contractual agreement of each activity.

3/15) Provisions

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

3/16) Finance charges

Interest on borrowings is calculated on the accrual basis and is recognized in the statement of profit or loss in the period in which it is incurred.

3/17) Foreign currencies

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

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

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

3/18) Contingencies

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 assets are not recognized but disclosed when an inflow of economic benefits is probable.

4- Subsidiary

The consolidated financial statements include the financial statements of the parent company and its subsidiary (together referred to as the Group) as stated below:

Company name	Legal form	Country	Ownership percentage% 2014	Ownership percentage% 2013
Petro Integrated Business Holding Company	K.S.C. (Holding)	State of Kuwait	**96.25%**	96.25%

The financial statements of the subsidiary have been consolidated as of December 31, 2014 according to audited financial statements as of December 31, 2014.

5- Cash and cash equivalents

	2014	2013
Cash on hand	-	637
Cash at banks and financial institutions	**216,886**	1,851,459
Cash at investments portfolios and Kuwait Clearing Company	**1,042,876**	368,133
	1,259,762	2,220,229

6- Investments at fair value – statement of income

	2014	2013
Investments held for trading	**468,740**	1,047,189
Investments at fair value through statement of income at acquisition	**3,516,566**	9,993,286
	3,985,306	11,040,475

	2014	2013
Investments in local shares – quoted	**468,740**	1,047,189
Investments in local shares – unquoted	**3,344,042**	9,775,843
Investments in local funds – unquoted	**172,524**	217,443
	3,985,306	11,040,475

- The fair value of the quoted investments is determined based on the last bid price. The fair value of unquoted investments is determined based on other technical assessment methods as of December 31, 2014. The fair value of the unquoted investment in funds is determined based on the net assets value of those funds.

- Investments in local quoted and unquoted shares include KD 56,337 as of December 31, 2014 (KD 64,858 as of December 31, 2013) recorded in the name of related parties, and there are waiver letters for ownership of these investments in favour of "the Group".

- During the year "the Group" has acquired additional shares from an investment at fair value –statement of income which is included in investments in unquoted local shares resulted in an increase in the ownership share and reclassifying it from investments at fair value –statement of income to investment in a associate (Note-7)

- Investments at fair value - statement of income include investments with an amount of KD 2,543,029 secured against Murabaha payables (note - 10).

7- Investment in associate

The investment in associate item stated as follow:

Company name	Ownership percentage%		Value (KD)	
	2014	2013	2014	2013
Sarh Capital for Real Estate company	**34.62%**	-	**11,507,636**	-

During the financial year "the Group" has acquired additional shares at Sarh Capital for Real Estate company (K.S.C.C) which resulted in increasing the Group's share from 7.8% to 34.62% resulting in reclassifying it from investments at fair value – statement of income, to investment in associate, the acquisition was based on the net value of purchased asset according to management accounts prepared by management as of December 31, 2014 and the management is preparing a detailed study to determine the fair value for the acquired assets and liabilities, the effect of this transaction has been eliminated from the consolidated statement of cash flows as it is a non cash transaction.

Below the summary of the financial statements of Sarh Capital Real Estate Company (K.S.C.C) according to management accounts as of December 31, 2014:

	2014
Total assets	41,743,123
Total liabilities	(8,592,749)
The temporary value of the net assets purchased	33,150,374
"The Group's" percentage of ownership (%)	%34.62
"The Group's" share in the net assets purchased	11,476,659
The paid amount for the purchased share	(11,507,636)
The net increase paid in the purchased share	(30,977)

8- Available for sale investments

	2014	2013
Local shares - quoted	3,004,804	6,046,057
Local shares - unquoted	185,000	185,000
Foreign shares - unquoted	8,707,025	-
	11,896,829	6,231,057

- The local quoted shares included shares secured against Murabaha payable with one of the local financial institutions (Note-10) with an amount of KD 114,000 as of December 31, 2014.

- 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.

9- Investment in Islamic debt instruments

During the financial year "the Group" has settled Islamic debt instruments contracts and the balances due from / to related parties, the net value of these settlements was amounted to K.D 8,707,025 resulted in "the Group" owning available for sale investments with the same value (Note-8). There is no profit or losses resulted from this settlement and the effect of this transaction has been eliminated from the consolidated statement of cash flows as it is a non cash transaction.

10- Murabaha and Tawaruq contract payable

	2014	2013
Tawaruq contract from local financial institution	**1,529,307**	1,529,307
Murabaha payable	**-**	3,235,411
	1,529,307	4,764,718

Tawaruq contract payable was past due in prior years and was not paid due to lawsuits between "the Group" and the creditor party. "The Group" has stopped recognizing finance costs of the due Tawaruq contract that were unpaid since the due date. These lawsuits are still in its initial stages and currently it is difficult to predict the resulting outcome thereof.

Tawaruq contract is secured against investments at fair value - statement of income and available for sale investments with fair value of KD 2,657,028 as of December 31, 2014 (KD 2,785,800 as of December 31, 2013).

During the year "the Group" has settled Murabaha payable with one of its creditor with an amount of K.D 3,235,411 which resulted gains amounted to K.D 429,279 which has been recorded directly in the consolidated statement of profit or loss.

11- Payable and other credit balance

	2014	2013
Due from purchase of investments	**5,000**	5,000
Contingent liabilities provision	**352,000**	-
Cash dividends payable	**23,883**	30,946
KFAS	**66,837**	73,198
National Labour Support Tax	**262,505**	262,505
Zakat	**13,133**	19,990
Other	**136,771**	300,774
	860,129	692,413

12- 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.

13- Losses from investments

	2014	2013
Investments at fair value – statement of income		
Realized losses	**(128,581)**	(408)
Change in fair value	**(285,536)**	(769,638)
Cash dividends income	**1,429**	2,777
	(412,688)	(767,269)
Available for sale investments		
Realized losses	**(1,213,957)**	(539,286)
Impairment in value	**(1,088,329)**	-
	(2,302,286)	(539,286)
	(2,714,974)	(1,306,555)

14- Loss per share/(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)/ earning per share:

	2014	2013
Net loss for the year attributable to shareholders of the parent company	**(2,570,332)**	(1,535,652)
Weighted average number of outstanding shares during the year/(share)	**318,624,230**	316,318,142
Loss per share/(fils)	**(8.07)**	(4.85)

15- 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 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:

	2014	2013
Consolidated Statement of Financial position		
Due from related parties	**1,371,126**	1,880,232
Financial investments purchase payable	**-**	168,330
Due to a related parties	**85,854**	181,729

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

16- Operating segments

"The Group" primarily operates on one field of business activity represented in investing activity.

Geographic information
"The Group" operates in one geographic region: The following tables show the distribution of the Group's revenue, assets and liabilities according to the geographic region.

The following table shows the information analysis according to segments results as of December 31.

	2014	2013
Net losses	**(2,714,974)**	(1,306,555)
Net assets	**30,120,794**	34,009,423
Liabilities	**(2,475,290)**	(5,638,860)

	2014	2013
Total losses	**(2,714,974)**	(1,306,555)
Other revenues	**521,019**	138,096
Net loss for the year	**(2,193,955)**	(1,168,459)

Total segments assets		
Cash & Cash equivalent	**1,259,762**	2,220,229
Investments at fair value –statement of income	**3,985,306**	11,040,475
Investment in associate	**11,507,636**	-
Available for sale investments	**11,896,829**	6,231,057
Investments in Islamic debt instruments	-	12,521,413
Receivables & Other debit balances	**97,766**	114,036
Due from related parties	**1,371,126**	1,880,232
Total Assets	**30,118,425**	34,007,442

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

17- 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 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:	2014	2013
Cash and cash equivalents	**1,259,762**	2,220,229
Investments at fair value – statement of income	**3,985,306**	11,040,475
Available for sale investments	**11,896,829**	6,231,057
Investments in associate	**11,507,636**	-
Investments in Islamic debt instruments	-	12,521,413
Receivables and other debit balances	**97,766**	114,036
Due from related parties	**1,371,126**	1,880,232
	30,118,425	34,007,442

Financial liabilities:	2014	2013
Murabaha and Tawaruq Contract payable	**1,529,307**	4,764,718
Payables and other credit balances	**860,129**	692,413
Due to related parties	**85,854**	181,729
	2,475,290	5,638,860

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.

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

Notes to the consolidated financial statements for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar unless otherwise stated"

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).
- 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, 2014				
Assets:				
Investments at fair value - statement of income				
Quoted shares	468,740	-	-	468,740
Unquoted shares	-	908,792	2,435,250	3,344,042
Investment funds	-	-	172,524	172,524
Available for sale investments				
Quoted shares	3,004,804	-	-	3,004,804
Unquoted shares	-	-	8,892,025	8,892,025
Net fair value	3,473,544	908,792	11,499,799	15,882,135

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Assets:				
Investments at fair value - statement of income				
Quoted shares	1,047,189	-	-	1,047,189
Unquoted shares	-	7,322,682	2,453,161	9,775,843
Investment funds	-	-	217,443	217,443
Available for sale investments				
Quoted shares	6,046,057	-	185,000	6,231,057
Net fair value	7,093,246	7,322,682	2,855,604	17,271,532

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

Notes to the consolidated financial statements for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar unless otherwise stated"

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.

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to bear a financial loss. Financial assets, which potentially expose the Group to credit risk, consist principally of cash and cash equivalents and receivables. Cash and cash equivalents are placed in financial institutions with high credit repute. Receivables are stated by net after deducting the provision for doubtful debts.

- **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, 2014 is as follows:

	within one year	**More than one year**	**Total**
Tawaruq Contract payable	**1,529,307**	-	**1,529,307**
Payables and other credit balances	**836,327**	**23,802**	**860,129**
Due to related parties	**85,854**	-	**85,854**
	2,451,488	**23,802**	**2,475,290**

The maturity of financial liabilities as of December 31, 2013 is as follows:

	within one year	More than one year	Total
Murabaha and Tawaruq Contract payable	4,764,718	-	4,764,718
payables and other credit balances	679,767	12,646	692,413
Due to related parties	181,729	-	181,729
	5,626,214	12,646	5,638,860

- **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 – statement of income as of December 31, 2014 as a result of expected changes in Kuwait Stock Exchange by (±10%) (2013: ±10%) and other variables held constant is as follows:

	Effect on Consolidated statement of profit or loss	
	2014	2013
Investments at fair value – statement of income	**398,531**	104,719
Available for sale investment	**1,189,683**	604,606

18- Capital risks management

A) Objectives in managing capital:

"The Group's" objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern to be able to provide returns for shareholders and benefits for other stakeholders.
- To maintain an optimal returns to shareholders by pricing its products and services commensurately with risk level.

"The Group" determines share capital that is adequate for risks and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, or issue new shares or sell asset to reduce debt.

Ekttitab Holding Company

K.S.C. - Public
and its subsidiary
Kuwait

Notes to the consolidated financial statements for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinar unless otherwise stated"

B) Debt to equity ratio:

Consistent with others in the same field, "the Group" monitors capital on the basis of net debt to consolidated equity ratio. This ratio is calculated as net debt divided by total adjusted capital. Net debt is calculated as total murabaha and tawaruq contract payable, as shown in the consolidated statement of financial position less cash and cash equivalents. Total adjusted capital comprises of all components of equity shareholder of the parent company (share capital, reserves, and Accumulated losses) plus net debt.

The net debt ratio is as follows:

	2014	2013
Debt	**1,529,307**	4,764,718
Less: Cash and cash equivalents	**(1,259,762)**	(2,220,229)
Net debt	**269,545**	2,544,489
Total equity attributable to the shareholders of parent company	**27,683,486**	28,375,256
Equity and net debt	**27,953,031**	30,919,745
Net debt ratio	**%0.96**	%8.23