Ekttitab Holding Company - K.S.C Public

And its subsidiary
State of Kuwait
Interim Condensed Consolidated Financial Information
(Unaudited)
For the nine months ended September 30, 2017
With Review Report

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Review report on the interim condensed consolidated financial information

Introduction

We have reviewed the Interim condensed consolidated statement of financial position of Ekttitab Holding Company - K.S.C Public - Kuwait "the Parent Company" and its subsidiary (together referred to as "the Group") as of September 30, 2017 and the interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended. Management of the "Parent Company" is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (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 the International Standard on Review Engagements 2410 "Review of Interim 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 matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of "the Parent Company". We further report that nothing has come to our attention indicating any contravention during the nine month period ended September 30, 2017 of the Companies' Law no. 1 of year 2016 and its related executive regulations and "the Parent company's" memorandum and articles of association that might have had a material effect on the business of "the Parent company" or on its Interim condensed consolidated statement of financial position.

Abdul Hussain M. Al- Rasheed
License No. 67 (A)
Rödl Middle East
Burgan - International Accountants

November 7, 2017
State of Kuwait

Ektitab Holding Company

K.S.C Public
and its subsidiary
Kuwait

Interim condensed consolidated statement of financial position as of September 30, 2017 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Assets				
Cash and cash equivalents	4	**765,667**	1,094,754	845,742
Investments at fair value – statement of profit or loss	5	**2,317,012**	1,912,946	4,002,854
Available for sale investments	6	**6,813,417**	6,992,006	5,693,291
Investments in an associate	7	**8,322,901**	7,139,785	7,231,994
Receivables and other debit balances		**996,249**	1,235,801	258,714
Due from related parties	8	**4,467,243**	4,564,611	4,562,860
Property and equipment		**53,954**	49,478	19,875
Total assets		**23,736,443**	22,989,381	22,615,330
Liabilities and equity				
Liabilities				
Payables and other credit balances		**413,954**	397,430	382,448
Due to related parties	8	**1,329,480**	273,648	153,649
Total liabilities		**1,743,434**	671,078	536,097
Equity				
Share capital		**31,862,423**	31,862,423	31,862,423
Statutory reserve		**94,506**	94,506	94,506
Cumulative change in fair value reserve		**(2,032,309)**	(2,253,925)	(2,906,736)
The Group's share in an associate's reserves		**262,805**	262,805	191,736
Accumulated loss		**(8,193,565)**	(7,654,036)	(7,111,180)
Total equity attributable to the shareholders of "the Parent company"		**21,993,860**	22,311,773	22,130,749
Non-controlling interests		**(851)**	6,530	(51,516)
Total equity		**21,993,009**	22,318,303	22,079,233
Total liabilities and equity		**23,736,443**	22,989,381	22,615,330

Mohammed Salah Al-Ayoub
CEO

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

Ekttitab Holding Company
K.S.C Public
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Interim condensed consolidated statement of profit or loss for the nine months ended September 30, 2017 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	The three months ended September 30		The nine months ended September 30	
		2017	2016	**2017**	2016
Revenue					
Gain/(loss) from investments	9	**(323,407)**	(46,679)	**80,545**	(190,577)
Net contract revenue		**112,970**	49,372	**126,185**	101,394
The Group's share in an associate's results	7	**-**	-	**(344,170)**	(6,164)
Other revenue/(loss)		**(415)**	(5,934)	**4,704**	(5,934)
Total loss		**(210,852)**	(3,241)	**(132,736)**	(101,281)
Expenses and other charges					
General and administrative expenses		**(132,937)**	(102,863)	**(415,881)**	(286,680)
Total Expenses and other charges		**(132,937)**	(102,863)	**(415,881)**	(286,680)
Net loss for the period		**(343,789)**	(106,104)	**(548,617)**	(387,961)
Attributable to:					
Shareholders of "the Parent company"		**(337,824)**	(105,644)	**(539,529)**	(380,002)
Non-controlling interests		**(5,965)**	(460)	**(9,088)**	(7,959)
Net loss for the period		**(343,789)**	(106,104)	**(548,617)**	(387,961)
Loss per share/(fils)	10	**(1.06)**	(0.33)	**(1.69)**	(1.19)

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

Ekttitab Holding Company
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Interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended September 30, 2017
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	The three months ended September 30		The nine months ended September 30	
	2017	2016	2017	2016
Net loss for the period	(343,789)	(106,104)	(548,617)	(387,961)
Change in fair value of available for sale investments	(85,453)	(71,585)	(145,355)	(640,910)
Transferred to statement of profit or loss as a result from sale of available for sale investments	64,360	97,711	368,678	494,504
Other comprehensive income/(loss) for the period	(21,093)	26,126	223,323	(146,406)
Total comprehensive loss for the period	(364,882)	(79,978)	(325,294)	(534,367)
Attributable to:				
Shareholders of "the Parent company"	(360,406)	(79,780)	(317,913)	(530,093)
Non-controlling interests	(4,476)	(198)	(7,381)	(4,274)
Total comprehensive loss for the period	(364,882)	(79,978)	(325,294)	(534,367)

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

Ekttitab Holding Company
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Interim condensed consolidated statement of changes in equity for the nine months ended September 30, 2017
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(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of "the Parent company"							
	Share capital	Statutory reserve	Cumulative change in fair value reserve	The Group's share in an associate's reserves	Accumulated loss	Total equity attributable to the shareholders of "the Parent company"	Non-controlling interests	Total
Balance at January 1, 2016	31,862,423	94,506	(2,756,645)	191,736	(6,731,178)	22,660,842	(47,242)	22,613,600
Net loss for the period	-	-	-	-	(380,002)	(380,002)	(7,959)	(387,961)
Other comprehensive loss for the period	-	-	(150,091)	-	-	(150,091)	3,685	(146,406)
Total comprehensive loss for the period	-	-	(150,091)	-	(380,002)	(530,093)	(4,274)	(534,367)
Balance at September 30, 2016	31,862,423	94,506	(2,906,736)	191,736	(7,111,180)	22,130,749	(51,516)	22,079,233
Balance at January 1, 2017	31,862,423	94,506	(2,253,925)	262,805	(7,654,036)	22,311,773	6,530	22,318,303
Net loss for the period	-	-	-	-	(539,529)	(539,529)	(9,088)	(548,617)
Other comprehensive income for the period	-	-	221,616	-	-	221,616	1,707	223,323
Total comprehensive loss for the period	-	-	221,616	-	(539,529)	(317,913)	(7,381)	(325,294)
Balance at September 30, 2017	**31,862,423**	**94,506**	**(2,032,309)**	**262,805**	**(8,193,565)**	**21,993,860**	**(851)**	**21,993,009**

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

Ekttitab Holding Company
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Interim condensed consolidated statement of cash flows for the nine months ended September 30, 2017 (Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	The nine months ended September 30 2017	2016
Cash flows from operating activities			
Net loss for the period		(548,617)	(387,961)
Adjustments:			
Depreciation of property and equipment		1,156	300
(Gain)/loss from investments		(80,545)	190,577
Group's share in an associate's results		344,170	6,164
Adjusted loss before calculating the effect of changes in working capital items		(283,836)	(190,920)
Investments at fair value - statement of profit or loss		(282,147)	290,479
Receivables and other debit balances		239,552	108,169
Related parties		(374,086)	(13,253)
Payables and other credit balances		16,524	(81,538)
Net cash (used in)/generated from operating activities		(683,993)	112,937
Cash flows from investing activities			
Paid for purchase of available for sale investments		(5,644,122)	(3,014,819)
Proceeds from sale of available for sale investments		6,002,953	3,359,434
Property and equipment		(5,632)	(18,000)
Net cash generated from investing activities		353,199	326,615
Cash flows from financing activities			
Net movement on non-controlling interests		1,707	3,685
Net cash generated from financing activities		1,707	3,685
Net (decrease)/increase in cash and cash equivalents		(329,087)	443,237
Cash and cash equivalents at the beginning of the period		1,094,754	402,505
Cash and cash equivalents at the end of the period	5	765,667	845,742

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

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Notes to interim condensed consolidated financial information for the nine months ended September 30, 2017
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1. Brief on "the Parent company"

Ekttitab Holding Company "the Parent company" - K.S.C. Public - established in 1999. The Company is registered in the Commercial Register under No. 105414, and listed in Kuwait Stock Exchange on December 19, 2005.

The purposes for which "the Parent company" was established are as follows:

- Owning shares of Kuwaiti or foreign shareholding companies, as well as ownership of shares in Kuwaiti or foreign limited liability companies or participation in the incorporation of these companies and its management.
- Lending the companies in which it owns shares and acting as its sponsor before third parties and in such case, the participation of the holding company in the capital of the borrowing company shouldn't be less than 20% at least.
- The ownership of the industrial property rights, patents, industrial relationships, industrial fees or any other relevant rights and lease the same to others to be utilized within or outside Kuwait.
- Owns moveable properties or real estate which it needs to carry out its activities in accordance with law.
- Utilization of excess funds available with the company by investing them in financial portfolios managed by specialized companies.

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

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

This interim condensed consolidated financial information was approved for issuance by the Board of Directors on November 7, 2017.

2. Significant Accounting Policies

2/1) Basis of preparation

The interim condensed consolidated financial information of "the Group" has been prepared in accordance with IAS 34, "***Interim Financial Reporting***". Accordingly, it does not include all of the information and footnotes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of "the Group" for the year ended December 31, 2016

During the period "the Group" has adopted all the standards that came into effect for annual periods beginning January 1, 2017. The adoption of these standards did not have any material impact on this interim condensed consolidated financial information.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2016.

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This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of "the Group".

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2017 did not have any material impact on the accounting policies, financial position or performance of "the Group".

2/2) Critical judgments and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying "the Group's" accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2016.

3. Subsidiary company

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

			Ownership percentage %		
Company name	**Activity**	**Incorporation country**	**September 30, 2017**	December 31, 2016 (audited)	September 30, 2016
Petro Integrated Business Holding Co. –K.S.C holding	K.S.C.H	State of Kuwait	**96.25%**	96.25%	96.25%

The financial information of the subsidiary as of September 30, 2017 has been consolidated based on financial statements prepared by the management.

Petro Integrated Business Holding Company owns a subsidiary and its details are as follows:

			Ownership percentage%		
Company name	**Activity**	**Incorporation country**	**September 30, 2017**	December 31, 2016 (audited)	September 30, 2016
Educational Arabic Pen – K.S.C (closed)	Educational services	State of Kuwait	%98	98%	98%

The financial statements of the subsidiary were consolidated based on financial statements prepared by the management as of September 30, 2017.

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4. Cash and cash equivalents

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Cash on hand	**1,494**	956	380
Cash at banks	**118,065**	213,966	172,033
Cash at investment portfolios	**646,108**	879,832	673,329
	765,667	1,094,754	845,742

5. Investments at fair value – statement of profit or loss

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Investments held for trading	**1,812,360**	1,407,028	1,235,466
Investments at fair value – statement of profit or loss	**504,652**	505,918	2,767,388
	2,317,012	1,912,946	4,002,854
Investments in local shares – quoted	**1,812,360**	1,407,028	1,235,466
Investments in local shares – unquoted	**410,976**	410,976	2,638,911
Investments in local funds – unquoted	**93,676**	94,942	128,477
	2,317,012	1,912,946	4,002,854

- 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 September 30, 2017 and December 31, 2016. The fair value of the unquoted investment in funds is determined based on the net assets value of those funds.
- Investments at fair value - statement of profit or loss include investments with an amount of KD 404,762 (As of December 31, 2016 KD 404,762 – as of September 30, 2016 KD 404,762) mortgaged against Murabahat payables in favor of a related party.

6. Available for sale investments

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Local quoted shares	**2,275,874**	2,554,463	2,690,290
Local unquoted shares	**4,524,832**	4,424,832	2,990,290
Foreign unquoted shares	**12,711**	12,711	12,711
	6,813,417	6,992,006	5,693,291

Unquoted investments are stated at the last bid price or at cost acquired because no reliably instrument exists to measure their fair value.

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7. Investment in an associate

The Investment in an associate detail is as follows:

Company name	**Ownership percentage%**			**Value (KD)**		
	September 30, 2017	December 31, 2016 (audited)	September 30, 2016	**September 30, 2017**	December 31, 2016 (audited)	September 30, 2016
Sarh Capital for Real Estate company – K.S.C. (closed)	**%21.59**	21.17%	21.17%	**8,322,901**	7,139,785	7,231,994

- "The Group's share in an associate's results has been proved based on managerial financial statements prepared by the management as of June 30, 2017.

The movement on investments during the period is as follows:-

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Balance at beginning period/year/period	**7,139,785**	7,041,157	7,041,158
Additions	**1,527,286**	197,000	197,000
The Group's share in an associate's reserves	-	73,838	-
The Group's share in an associate's results	**(344,170)**	(172,210)	(6,164)
Balance at end of the period/year/period	**8,322,901**	7,139,785	7,231,994

- During the current period "The Group" acquired additional share in the associated Sarh Capital for Real Estate company – K.S.C. (closed) which increased the "Group" share from 21.12% to 21.59%

8. Related parties transactions

Related parties comprise of associates, major shareholders, Board of Directors, key management personnel of "the Group" and companies which they controlled or jointly controlled or significantly influence."The Group's management approved the pricing policies and terms of these transactions. The balances and amounts due from/to related parties are interest free and have no specific maturity date.

The balances and movement of transactions with related parties included in the interim condensed consolidated financial information are as follows:

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Interim condensed consolidated statement of Financial position			
Due from related parties	**4,467,243**	4,564,611	4,562,860
Due to related parties	**1,329,480**	273,648	153,649

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

Interim condensed consolidated statement of profit or loss
The interim condensed consolidated statement of profit or loss does not include transactions with related parties.

9. Gain/(Loss) from investments

	The three months ended September 30		The nine months ended September 30	
	2017	2016	**2017**	2016
Investments at fair value – statement of profit or loss				
Realized gains	**(32,985)**	46,895	**321,495**	206,802
Change in fair value	**(206,924)**	(67,342)	**(199,576)**	51,553
	(239,909)	(20,447)	**121,919**	258,355
Available for sale investments				
Realized loss	**(83,498)**	(26,232)	**(41,374)**	(448,932)
	(323,407)	(46,679)	**80,545**	(190,577)

10. Loss per share/(fils)

Loss per share to shareholders of "the Parent Company" is calculated by dividing net loss for the period by the weighted average number of outstanding shares during the period. The calculation of loss per share is as follows:

	The three months ended September 30		The nine months ended September 30	
	2017	2016	**2017**	2016
Net loss for the period attributable to shareholders of the parent company	**(337,824)**	(105,644)	**(539,529)**	(380,002)
Weighted average number of outstanding shares during the period/(share)	**318,624,230**	318,624,230	**318,624,230**	318,624,230
Loss per share/(fils)	**(1.06)**	(0.33)	**(1.69)**	(1.19)

11. Shareholders' General Assembly

On May 25, 2017, the Annual General Assembly of the Shareholders held and approved the consolidated financial statements for the financial year ended December 31, 2016 and approved the Board of Directors' proposals to not distribute dividends for the financial year ended December 31, 2016 and also not to distribute board of directors remuneration for the financial year ended December 31, 2016.

12. Financial instruments

Categories of financial instruments
The Group's financial assets and financial liabilities are categorized in the Interim condensed consolidated statement of financial position as follows:

Financial assets	**September 30, 2017**	December 31, 2016 (audited)	September 30, 2016
Cash and cash equivalents	**765,667**	1,094,754	845,742
Investments at fair value – statement of profit or loss	**2,317,012**	1,912,946	4,002,854
Available for sale investments	**6,813,417**	6,992,006	5,693,291
Receivables and other debit balances	**996,249**	1,235,801	258,714
Due from related parties	**4,467,243**	4,564,611	4,562,860
	15,359,599	15,800,118	15,363,461

Financial liabilities	**September 30, 2017**	December 31, 2016 (audited)	September 30, 2016
Payables and other credit balances	**413,954**	397,430	382,448
Due to related parties	**1,329,480**	273,648	153,649
	1,743,434	671,078	536,097

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 for similar instrument.

Fair value of the non-derivative financial instruments is not materially different from its respective carrying value.

The following table presents financial assets and liabilities measured at fair value in the Interim condensed consolidated statement of financial position in accordance with the fair value hierarchy, where the hierarchy classifies the financial assets and liabilities to three levels based on the importance of the inputs used in the measurement of the fair value of the financial assets and liabilities.

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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.

September 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Investments at fair value - statement of profit or loss				
Quoted shares	**1,812,360**	**-**	**-**	**1,812,360**
Unquoted shares	**-**	**-**	**410,976**	**410,976**
Investments funds	**-**	**93,676**	**-**	**93,676**
Available for sale investments				
Quoted shares	**2,275,874**	**-**	**-**	**2,275,874**
Unquoted shares	**-**	**-**	**4,537,543**	**4,537,543**
Net fair value	**4,088,234**	**93,676**	**4,948,519**	**9,130,429**

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Investments at fair value - statement of profit or loss				
Quoted shares	1,235,466	-	-	1,235,466
Unquoted shares	-	-	2,638,911	2,638,911
Investments funds	-	128,477	-	128,477
Available for sale investments				
Quoted shares	2,690,290	-	-	2,690,290
Unquoted shares	-	-	3,003,001	3,003,001
Net fair value	3,925,756	128,477	5,641,912	9,696,145

There are no transfers between the levels during the period.

13. Segment distribution

The Group's activities are mainly concentrated in the investment segment inside state of Kuwait.