

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Interim condensed consolidated financial information (Unaudited)  
and independent auditors' review report  
For the nine month period ended 30 September 2013**

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Interim condensed consolidated financial information (Unaudited) and the review report**  
*For the nine month period ended 30 September 2013*

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**Independent auditors' report on review of interim condensed consolidated financial information to the Board of Directors of Safat Energy Holding Company K.P.S.C.**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Safat Energy Holding Company K.S.C.C ("The parent company") and its subsidiaries (together referred to as "the group") as at 30 September 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards 34: "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies' Law no. 25 of 2012, as amended, or of the Parent Company's articles and memorandum of association have occurred during the nine months period ended 30 September 2013, that might have had a material effect on Group's activities or on its consolidated financial position.

**Qais M. Al Nisf**  
**License No. 38 "A"**  
**BDO Al Nisf & Partners**

**Kuwait: 14 November 2013**

**Barrak Al-Ateeqi**  
**License No. 69 "A"**  
**Al-Ateeqi Certified Accountants**  
**Member firm of B.K.R. International**

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Interim condensed consolidated statement of financial position (Unaudited)  
As at 30 September 2013**

	Note	30 September 2013 KD	31 December 2012 (audited) KD	30 September 2012 KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		12,592,124	13,206,906	13,281,202
Investment properties		898,138	947,118	963,445
Intangible assets		4,385	6,068	6,471
Goodwill		33,066,517	33,066,517	33,066,517
Joint Ventures		790,915	790,915	845,666
Available for sale investments	4	2,276,186	2,270,360	2,859,364
Time deposits		20,339	13,258	13,509
<b>Total non-current assets</b>		<b>49,648,604</b>	<b>50,301,142</b>	<b>51,036,174</b>
<b>Current assets</b>				
Inventories		2,916,328	2,642,693	3,074,602
Trade and other receivables	5	7,652,710	8,070,146	9,505,723
Due from related parties	6	291,807	269,894	582,966
Investments at fair value through statement of income		517,943	413,719	419,679
Cash and cash equivalents		3,818,728	3,211,316	1,806,466
<b>Total current assets</b>		<b>15,197,516</b>	<b>14,607,768</b>	<b>15,389,436</b>
<b>Total assets</b>		<b>64,846,120</b>	<b>64,908,910</b>	<b>66,425,610</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		60,304,500	60,304,500	60,304,500
Share premium		1,514,700	1,514,700	1,514,700
Statutory reserve		748,726	748,726	748,726
Voluntary reserve		97,526	97,526	97,526
Treasury shares	7	(181,866)	(181,866)	(181,866)
Treasury shares reserve		27,456	27,456	27,456
Fair value reserve		(46,362)	(54,362)	(36,527)
Foreign currency translation reserve		937,000	946,443	940,419
Accumulated losses		(13,022,540)	(14,058,039)	(14,514,501)
<b>Equity attributable to owners of the parent</b>		<b>50,379,140</b>	<b>49,345,084</b>	<b>48,900,433</b>
Non-controlling interests		8,629,915	7,980,822	7,539,798
<b>Total equity</b>		<b>59,009,055</b>	<b>57,325,906</b>	<b>56,440,231</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax		83,320	91,436	-
Credit facilities		-	1,106	2,193
Provision for staff indemnity		434,440	641,517	599,429
<b>Total non-current liabilities</b>		<b>517,760</b>	<b>734,059</b>	<b>601,622</b>
<b>Current liabilities</b>				
Credit facilities		2,207	34,269	108,774
Wakala payables		1,525,000	1,525,000	1,962,000
Trade and other payables	8	3,765,672	5,271,046	7,276,866
Due to related parties	6	26,426	18,630	36,117
<b>Total current liabilities</b>		<b>5,319,305</b>	<b>6,848,945</b>	<b>9,383,757</b>
<b>Total liabilities</b>		<b>5,837,065</b>	<b>7,583,004</b>	<b>9,985,379</b>
<b>Total equity and liabilities</b>		<b>64,846,120</b>	<b>64,908,910</b>	<b>66,425,610</b>

The notes on pages 7 to 15 form an integral part of these interim condensed consolidated financial information.

  
**Abdulaziz Saud Al-Garabally**  
Vice Chairman

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Interim condensed consolidated statement of income (Unaudited)**  
*For the nine month period ended 30 September 2013*

	Note	Three months ended		For the nine month period ended	
		30 September		30 September	
		2013	2012	2013	2012
		KD	KD	KD	KD
Sales		2,616,439	5,619,720	6,499,200	13,661,486
Cost of sales		(1,367,068)	(4,091,135)	(3,820,580)	(10,314,881)
<b>Gross profit</b>		<u>1,249,371</u>	<u>1,528,585</u>	<u>2,678,620</u>	<u>3,346,605</u>
Profit from Islamic deposits		448	-	1,020	1,836
Realized (losses)/gains on sale of investments at fair value through statement of income		(62)	-	13,564	14,651
Realized profits on sale of available for sale investments		-	2,703	-	2,703
Unrealized (losses)/profits on investments at fair value through statement of income		(9,690)	(12,330)	9,207	20,343
Profit on sale of investment in a subsidiary	3	-	-	730,076	-
Rental income		103,913	92,835	302,641	224,098
Commission income		12,160	58,994	38,293	115,691
(loss)/profit on sale of property, plant and equipment		-	(263)	49,835	(263)
Bad debts		-	(16,810)	-	(16,810)
Share of results of joint ventures		-	-	-	120,822
Profit on disposal of investment in joint ventures		-	-	-	385,857
Foreign exchange loss		(33,771)	(36,135)	(33,424)	(17,245)
Other income		<u>17,087</u>	<u>29,345</u>	<u>21,706</u>	<u>116,028</u>
<b>Total revenue</b>		<u>1,339,456</u>	<u>1,646,924</u>	<u>3,811,538</u>	<u>4,314,316</u>
<b>Expenses</b>					
General and administrative expenses		720,587	793,562	1,981,065	2,232,754
Finance costs		22,156	39,392	73,948	149,945
Impairment in joint ventures		-	50,000	-	150,000
<b>Total expenses</b>		<u>742,743</u>	<u>882,954</u>	<u>2,055,013</u>	<u>2,532,699</u>
<b>Profit before contribution to National Labor Support tax (NLST) and Zakat</b>		<u>596,713</u>	<u>763,970</u>	<u>1,756,525</u>	<u>1,781,617</u>
National Labor Support tax		(4,808)	(4,093)	(14,624)	(10,534)
Zakat		<u>(6,007)</u>	<u>(9,831)</u>	<u>(26,926)</u>	<u>(25,273)</u>
<b>Profit for the period</b>		<u>585,898</u>	<u>750,046</u>	<u>1,714,975</u>	<u>1,745,810</u>
<b>Profit for the period attributable to:</b>					
Owners of the parent company		229,478	375,761	1,035,499	966,002
Non-controlling interests		<u>356,420</u>	<u>374,285</u>	<u>679,476</u>	<u>779,808</u>
		<u>585,898</u>	<u>750,046</u>	<u>1,714,975</u>	<u>1,745,810</u>
<b>Basic and diluted EPS (fils)</b>	9	<u>0.38</u>	<u>0.62</u>	<u>1.72</u>	<u>1.6</u>

The notes on pages 7 to 15 form an integral part of these interim condensed consolidated financial information.

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Interim condensed consolidated statement of comprehensive income (Unaudited)**  
*For the nine month period ended 30 September 2013*

	Three months ended 30 September		Nine months period ended 30 September	
	2013 KD	2012 KD	2013 KD	2012 KD
<b>Profit for the period</b>	585,898	750,046	1,714,975	1,745,810
<b>Other comprehensive (expense)/ income</b>				
Items classified subsequently in the interim condensed consolidated statement of income:				
Net change in fair value of available for sale investments	(13,000)	53,353	8,000	(27,249)
Change in foreign currency translation differences	(215,754)	32,111	(39,826)	(8,261)
<b>Other comprehensive (expense) /income for the period</b>	(228,754)	85,464	(31,826)	(35,510)
<b>Total comprehensive income for the period</b>	<u>357,144</u>	<u>835,510</u>	<u>1,683,149</u>	<u>1,710,300</u>
<b>Attributable to:</b>				
Owners of the parent company	84,010	454,409	1,034,056	954,789
Non-controlling interests	273,134	381,101	649,093	755,511
	<u>357,144</u>	<u>835,510</u>	<u>1,683,149</u>	<u>1,710,300</u>

The notes on pages 7 to 15 form an integral part of these interim condensed consolidated financial information.

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Interim condensed consolidated statement of changes in equity (Unaudited)  
For the nine month period ended 30 September 2013**

	Equity attributable to owners of the parent											
	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Total KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2013	60,304,500	1,514,700	748,726	97,526	(181,866)	27,456	(54,362)	946,443	(14,058,039)	49,345,084	7,980,822	57,325,906
Total comprehensive income for the period	-	-	-	-	-	-	8,000	(9,443)	1,035,499	1,034,056	649,093	1,683,149
Balance at 30 September 2013	60,304,500	1,514,700	748,726	97,526	(181,866)	27,456	(46,362)	937,000	(13,022,540)	50,379,140	8,629,915	59,009,055
Balance at 1 January 2012	60,304,500	1,514,700	748,726	97,526	(181,866)	27,456	(9,278)	924,383	(15,480,503)	47,945,644	6,784,287	54,729,931
Total comprehensive income for the period	-	-	-	-	-	-	(27,249)	16,036	966,002	954,789	755,511	1,710,300
Balance at 30 September 2012	60,304,500	1,514,700	748,726	97,526	(181,866)	27,456	(36,527)	940,419	(14,514,501)	48,900,433	7,539,798	56,440,231

The notes on pages 7 to 15 form an integral part of these interim condensed consolidated financial information.

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Interim condensed consolidated statement of cash flows (unaudited)  
For the nine month period ended 30 September 2013**

	<b>For the nine month period ended</b>	
	<b>30 September 2013</b>	<b>30 September 2012</b>
	KD	KD
<b>OPERATING ACTIVITIES</b>		
Profit for the period attributable to equity owners of the Parent company	1,035,499	966,002
<i>Adjustment for:</i>		
Depreciation and amortization	545,926	750,110
Finance costs	73,948	149,945
Profit from Islamic deposits	(1,020)	(1,836)
Realized profit on sale of investments carried at fair value through statement of income	(13,564)	(14,651)
Unrealised gains from investments at fair value through statement of income	(9,207)	(20,343)
Profit on sale of investment in a subsidiary	(730,076)	-
Realized profits on sale of available for sale investments	-	(2,703)
Profit/loss from sale of property, plant and equipment	(49,835)	263
Profit on disposal of investment in joint ventures	-	(385,857)
Impairment in joint ventures	-	150,000
Share of results of joint ventures	-	(120,822)
Provision for staff indemnity	88,933	97,124
	<u>940,604</u>	<u>1,567,232</u>
Changes in operating assets and liabilities:		
Trade and other receivables	1,157,254	(3,928,273)
Due from related parties	(21,913)	541,646
Inventories	(273,635)	230,683
Trade payables and other payables	(1,505,374)	1,454,068
Deferred tax	(8,116)	-
Due to related parties	7,796	(7,408)
<b>Cash generated/(used in) from operating activities</b>	<u>296,616</u>	<u>(142,052)</u>
Staff indemnity paid	(27,476)	-
<b>Net cash generated (used in) / from operating activities</b>	<u>269,140</u>	<u>(142,052)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(474,970)	(653,482)
Proceeds from disposal of property, plant and equipment	48,980	49,243
Proceeds from disposal of investment in a subsidiary	309,799	-
Proceeds from disposal of joint ventures	-	1,802,835
Available for sale investments	-	458,487
Investments at fair value through statement of income	(81,453)	27,135
Time deposits	(7,081)	-
Income from Islamic deposits received	1,020	1,836
<b>Net cash (used in)/from investing activities</b>	<u>(203,705)</u>	<u>1,686,054</u>
<b>FINANCING ACTIVITIES</b>		
Credit facilities	(33,168)	(472,728)
Wakala payables	-	(913,000)
Change in non-controlling interests	649,093	755,511
Finance costs paid	(73,948)	(149,945)
<b>Net cash generated from / (used in) financing activities</b>	<u>541,977</u>	<u>(780,162)</u>
<b>Increase in cash and equivalents</b>	<u>607,412</u>	<u>763,840</u>
Cash and cash equivalents at beginning of the period	3,211,316	1,042,626
<b>Cash and cash equivalents at end of the period</b>	<u>3,818,728</u>	<u>1,806,466</u>

The notes on pages 7 to 15 form an integral part of these interim condensed consolidated financial information.



**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Notes to interim condensed consolidated financial information (unaudited)**  
*For the nine month period ended 30 September 2013*

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**1. INCORPORATION AND ACTIVITIES**

Safat Energy Holding Company K.S.C.C (The “parent company”) was incorporated on 22 March 1983 in accordance with the Companies Law in the State of Kuwait. In the extra-ordinary general assembly meeting held on 13 August 2007, the shareholders approved to change the company’s name from Hasibat Holding Company to Safat Energy Holding Company. The parent company is listed on the Kuwait Stock Exchange.

In accordance with the extraordinary meeting held on 15 May 2007, the Parent Company conducts its activities according to Islamic Shari’a. The main activities as per the Parent Company’s MOA are as follows:

- To possess shares of a Kuwaiti or foreign shareholding companies, as well as the ownership of shares or in limited liability companies, and to participate in the incorporation of these companies, and managing, lending and guaranteeing these companies for others.
- Financing companies in which you have shares and guaranteeing them with others, and in this case the participation of the holding company in the capital of the borrowing company should not be less than 20% at least.
- Ownership of industrial property rights such as patents, trademarks or technical drawings, or any other related rights, and renting them to other companies to use them, whether inside or outside Kuwait.
- Ownership of movables and properties necessary to conduct its operations to the extent permitted by law.
- Use of surplus funds available with the company by investing it in portfolios managed by specialized companies.

The interim condensed consolidated financial information for the period ended 30 September 2013, comprise of the parent company and its subsidiaries (together referred to as “the group”) (Note 3).

The parent company’s registered address is P.O. Box 27728, Safat 13138, state of Kuwait.

The Kuwait Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the “Companies Law”), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No. 15 of 1960, as amended. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to articles 2 and 3 of the Decree, Executive Regulations, which were issued by the Ministry of Commerce and Industry on 26 September 2013 and published in the Official Gazette on 6 October 2013, determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law as amended, within a period of one year from date of its issuance in the Official Gazette.

The interim condensed consolidated financial information for the period ended 30 September 2013 was authorized for issue by the Board of Directors of the Parent Company on 14 November 2013.

**Notes to interim condensed consolidated financial information (unaudited)**

*For the nine month period ended 30 September 2013*

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**2. Basis of preparation**

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting, accordingly, they do not include all information and footnotes required of complete financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), and should be read in conjunction with the annual audited consolidated financial statements of the group for the year ended 31 December 2012. In the opinion of management all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the interim condensed consolidated financial information.

Operating results for the nine month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The interim condensed consolidated financial information have been presented in Kuwaiti Dinars which is the functional currency of the parent company.

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2012, except the following:

**Amendments to IAS 1, Presentation of Items of Other Comprehensive Income**

The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group’s interim condensed consolidated financial position or performance.

**IAS 34 “Interim financial reporting and segment information for total assets and liabilities (Amendment)”**

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual consolidated financial statements for that reportable segment.

**IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements**

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

(a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

**2. Basis of preparation (continued)**

**IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures**

The standard replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The Group is yet to assess IFRS 11's full impact and becomes effective for annual periods beginning on or after 1 January 2013.

The application of this new standard has no impact as the Group had no joint arrangements or ventures.

**IFRS 12, 'Disclosures of interests in other entities'**

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial information, unless significant events and transactions in the interim period requires that they are provided.

**IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The standard does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16, thereby affecting the interim condensed consolidated financial information period.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Safat Energy Holding Company K.S.C.C and its subsidiaries  
Kuwait**

**Notes to interim condensed consolidated financial information (unaudited)**  
*For the nine month period ended 30 September 2013*

**3. Subsidiaries**

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Percentage of ownership</u>			<u>Principal activity</u>
		<u>30 September 2013</u>	<u>31 December 2012</u>	<u>30 September 2012</u>	
		(%)	(%)	(%)	
<b>Direct Holding:</b>					
Eastern Group Energy Services K.S.C. (Closed) And its subsidiaries	Kuwait	91.05	91.05	91.05	Support activities to oil well drilling and related maintenance
National Drilling Co. (S.A.E)	Egypt	60	60	60	Support activities to oil well drilling and related maintenance
Hasibat Information Technologies Company K.S.C (Closed)	Kuwait	-	96	96	Technology and programs systems.
Eastern Industrial & Oilfield Services Holding Co. B.S.C. (Closed) and its subsidiaries	Bahrain	80	80	80	Holding industrial property rights and investing in financial instruments
<b>Indirect Holding:</b>					
Eastern National Oilfield Services Co. K.S.C.C and its subsidiaries	Kuwait	67.71	67.71	67.71	Support activities to oil well drilling and related maintenance
Petroleum Equipment Manufacturing Holding Co. Limited	Hong Kong	100	100	100	Financing the manufacturing of petroleum equipments in China
Eastern International Testing Services Company W.L.L. and its subsidiaries	Kuwait	70	70	70	Maintenance of oil facilities, wells and refineries
Middle East Process Automation W.L.L	Bahrain	85	85	90	Import and supply of electronic devices and repairs
Cornerstone W.L.L.	Bahrain	65	65	65	Import and export of building materials
EIOS Consultancy W.L.L.	Bahrain	100	100	100	Facility management services and business consultants

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**3. Subsidiaries (continued)**

Some of shares of a subsidiary (Eastern Group Energy Services Co. K.S.C.C and its subsidiaries) is mortgaged against wakala payables.

During the period ended 30 September 2013, the parent company has sold Hasibat Information Technologies Company K.S.C (Closed) which resulted in a profit of KD 730,076.

The financial information of Eastern Industrial and Oil Field Services B.S.C. (Closed) and its subsidiaries has been consolidated based on management accounts for the period ended 30 September 2013. The management do not expect any material differences in the figures if reviewed financial information would have been available as at 30 September 2013.

**4. Available for sale investments**

	<b>30 September 2013</b>	<b>31 December 2012 (audited)</b>	<b>30 September 2012</b>
	KD	KD	KD
Unquoted local shares	1,655,967	1,660,450	1,913,802
Unquoted foreign shares	413,215	410,906	522,691
Investment in funds	207,004	199,004	422,871
	<u>2,276,186</u>	<u>2,270,360</u>	<u>2,859,364</u>

The local and foreign unquoted shares were recognized at cost as there is no reliable measurement method to measure their fair value as at the date of financial position. Management does not have indicators to impairment.

**5. Trade and other receivables**

	<b>30 September 2013</b>	<b>31 December 2012 (audited)</b>	<b>30 September 2012</b>
	KD	KD	KD
Trade receivables	7,611,195	8,524,989	9,741,771
Provision for doubtful debts	(1,202,781)	(1,779,648)	(1,757,491)
	6,408,414	6,745,341	7,984,280
Advance payment	736,926	322,829	107,661
Bank guarantees	-	-	88,506
Prepaid expenses	113,831	331,382	484,016
Refundable deposits	242,999	225,757	418,952
Letters of guarantee	-	75,562	-
Staff receivables	14,908	13,452	42,872
Accrued revenues	34,359	179,515	190,492
Other receivables	101,273	176,308	188,944
	<u>7,652,710</u>	<u>8,070,146</u>	<u>9,505,723</u>

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**6. Related parties transactions**

Related parties represent associated companies, major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management.

	<b>30 September 2013</b>	<b>31 December 2012 (audited)</b>	<b>30 September 2012</b>
	KD	KD	KD
<b>Balances included in the interim condensed consolidated statement of financial position :</b>			
Investments at fair value through statement of income	517,943	413,719	419,679
Due from related parties	792,989	771,076	1,084,148
Provision for doubtful debts	(501,182)	(501,182)	(501,182)
	<u>291,807</u>	<u>269,894</u>	<u>582,966</u>
Due to related parties	26,426	18,630	36,117
Wakala payable	1,525,000	1,525,000	1,962,000
<b>Benefits of key management personnel:</b>			
Salaries and other short term benefits	55,500		55,500
End of service indemnity	4,802		4,802
	<u>60,302</u>		<u>60,302</u>
<b>Transactions included in the interim condensed consolidated income statement:</b>			
General and administrative expenses	2,626		3,387
Finance costs	73,948		127,896

**7. Treasury shares**

	<b>30 September 2013</b>	<b>31 December 2012 (audited)</b>	<b>30 September 2012</b>
Number of shares (share)	836,629	836,629	836,629
Percentage of issued shares (%)	0.14	0.14	0.14
Market value (KD)	41,831	41,831	50,197
Cost (KD)	181,866	181,866	181,866

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**8. Trade and other payables**

	<b>30 September 2013</b>	<b>31 December 2012 (audited)</b>	<b>30 September 2012</b>
	KD	KD	KD
Trade payables	1,060,623	2,161,884	3,819,250
Dividends payables	1,366,766	1,199,509	1,665,863
Accrued expenses	294,772	424,587	679,124
Provision for leave	210,486	422,176	207,595
Tax provision	-	-	83,108
Prepayments to clients	-	58,975	-
Provision for employees incentives	281,700	281,700	-
Contribution to Kuwait Foundation for the Advancement of Sciences	-	3,561	12,659
Zakat	41,951	26,009	16,931
National Labor Support tax	97,471	52,655	39,859
Other	411,903	639,990	752,477
	<u>3,765,672</u>	<u>5,271,046</u>	<u>7,276,866</u>

**9. Basic and diluted EPS (fils)**

Profit per share is computed by dividing the profit attributable to owners of the parent company by the weighted average number of outstanding shares during the period as follows:

The parent company has no potential diluted shares.

	<b>Three months ended 30 September</b>		<b>Nine months period ended 30 September</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Profit for the period attributable to the equity holders of the Parent company (KD)	229,478	375,761	1,035,499	966,002
Weighted average number of outstanding shares (shares)	<u>602,208,371</u>	<u>602,208,371</u>	<u>602,208,371</u>	<u>602,208,371</u>
<b>Profit per share attributable to owners of the Parent Company (fils)</b>	<u>0.38</u>	<u>0.62</u>	<u>1.72</u>	<u>1.6</u>

**10. Operating Segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which separate financial information is available.

**Segment reporting**

**Investment management:** The investment management segment is responsible for investing surplus funds in portfolios to maximize yield, incorporate or acquire subsidiaries and associates to expand group's operations, and to maintain adequate capital for the group.

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**10. Operating Segments (continued)**

*Oil drilling and maintenance:* Support activities to oil well drilling and related maintenance.

IT: activities of developing computer systems and softwars.

Financial information about business segments for the nine months period ended 30 September 2013 is set out below:

	<u>Investment management</u>	<u>Oil drilling and maintenance</u>	<u>Information technology</u>	<u>Total</u>
	KD	KD	KD	KD
<b>For the period ended 30 September 2013</b>				
Segment revenue	402,841	6,499,200	-	6,902,041
Segment result	(10,563)	1,725,538	-	1,714,975
Segment assets	37,274,602	27,571,518	-	64,846,120
Segment liabilities	2,512,071	3,324,993	-	5,837,064

Financial information about business segments for the nine months period ended 30 September 2013 is set out below:

	<u>Investment management</u>	<u>Oil drilling and maintenance</u>	<u>Information technology</u>	<u>Total</u>
	KD	KD	KD	KD
<b>For the period ended 30 September 2012</b>				
Segment revenue	469,973	10,892,662	2,889,737	14,252,372
Segment result	(409,700)	2,060,093	95,417	1,745,810
Segment assets	38,666,618	25,683,128	2,075,864	66,425,610
Segment liabilities	2,764,697	4,616,863	2,603,819	9,985,379

**11. Annual general assembly**

The annual general assembly meeting of shareholders was held on 23 May 2013. In this meeting, the shareholders approved the consolidated financial statements for the year ended 31 December 2012 and the board of directors' recommendation not to distribute dividends for the year then ended.

**12. Fair value**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, term deposits, trade and other receivables and financial assets available for sales and investments at fair value through statement of income.

Financial liabilities consist of due to related parties and trade and other payables, credit facilities and wakala payables.

The fair value of financial instruments is not materially different from its carrying values.

Fair value hierarchy



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**12. Fair value (continued)**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	<u>Level 2</u>	<u>Total</u>
	KD	KD
<b>30 September 2013</b>		
<b>Available for sale financial assets</b>		
Managed funds	207,004	207,004
<b>Total</b>	<u>207,004</u>	<u>207,004</u>

No transfers have been made between levels of hierarchy.

**13. Contingent liabilities**

	<u>30 September</u>	<u>31 December</u>	<u>30 September</u>
	2013	2012	2012
		(audited)	
Letters of guarantee	162,193	800,956	800,956