

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

**Interim condensed consolidated financial information (Unaudited)
and auditors' review report
For the nine months period ended 30 September 2014**

Safat Energy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated financial information and the review report (unaudited)
For the nine months period ended 30 September 2014

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**The Board of Directors
Safat Energy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Safat Energy Holding Company K.P.S.C. ("The Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2014, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. The Parent Company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards 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 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 accounts of the Parent Company. We further report that nothing has come to our attention indicating any contravention during the nine months period ended 30 September 2014, of Companies' Law No. 25 of 2012, or the Parent Company's articles and memorandum of association, as amended, and its Executive Regulations, which might have materially affected the Group's activities or its interim condensed consolidated financial position.

Barrak Abdul Mohsen Al-Ateeqi
Licence No. 69 "A"
Al-Ateeqi Certified Accountants
Member firm of B.K.R. International

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Licence No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 13 November 2014

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

**Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2014**

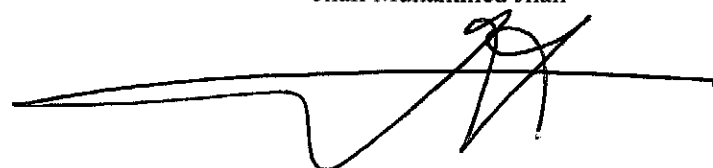
	Note	30 September 2014	31 December 2013 (Audited)	30 September 2013
		KD	KD	KD
Assets				
Non-current assets				
Property, plant and equipment		11,132,680	12,045,545	12,592,124
Investment properties	4	2,043,832	881,811	898,138
Intangible assets		2,518	3,918	4,385
Goodwill		26,040,691	26,040,691	33,066,517
Joint ventures		160,915	160,915	790,915
Available for sale investments	5	1,029,162	1,984,364	2,276,186
Time deposits		21,714	17,669	20,339
Total non-current assets		40,431,512	41,134,913	49,648,604
Current assets				
Inventories		3,055,659	2,576,721	2,916,328
Trade and other receivables	6	6,169,801	5,739,600	7,652,710
Due from related parties	7	808,003	128,307	291,807
Wakala receivables		142,906	141,396	-
Investments at fair value through profit or loss		214,587	285,211	517,943
Cash and cash equivalents	8	3,976,496	5,098,363	3,818,728
Total current assets		14,367,452	13,969,598	15,197,516
Total assets		54,798,964	55,104,511	64,846,120
Equity and liabilities				
Equity				
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	9	(181,866)	(181,866)	(181,866)
Treasury shares reserve		27,456	27,456	27,456
Fair value reserve		(59,251)	(28,251)	(46,362)
Foreign currency translation reserve		1,123,889	921,275	937,000
Accumulated losses		(22,855,269)	(22,329,711)	(13,022,540)
Equity attributable to owners of the Parent Company		40,720,411	41,074,355	50,379,140
Non-controlling interest		8,352,265	8,301,746	8,629,915
Total equity		49,072,676	49,376,101	59,009,055
Liabilities				
Non-current liabilities				
Deferred tax		65,291	68,149	83,320
Provision for staff indemnity		543,917	467,554	434,440
Total non-current liabilities		609,208	535,703	517,760
Current liabilities				
Credit facilities		-	2,139	2,207
Wakala payables	10	1,450,000	1,525,000	1,525,000
Trade and other payables	11	3,665,678	3,646,935	3,765,672
Due to related parties	7	1,402	18,633	26,426
Total current liabilities		5,117,080	5,192,707	5,319,305
Total liabilities		5,726,288	5,728,410	5,837,065
Total equity and liabilities		54,798,964	55,104,511	64,846,120

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Chairman
Nasser Bader Al Sharhan



Vice Chairman
Jhail Muhammed Jhail



Safat Energy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of income (Unaudited)
For the nine months period ended 30 September 2014

	Note	For the three months period ended		For the nine months period ended	
		30 September		30 September	
		2014	2013	2014	2013
		KD	KD	KD	KD
Sales		1,137,931	2,616,439	4,589,872	6,499,200
Cost of sales		(985,555)	(1,367,068)	(4,062,413)	(3,820,580)
Total profit		152,376	1,249,371	527,459	2,678,620
Profit from Islamic deposits		572	448	3,358	1,020
(Loss)/gain on sale of investments at fair value through profit or loss		(22,304)	(62)	(38,567)	13,564
Unrealized gain / (loss) on investments at fair value through profit or loss		7,817	(9,690)	(31,653)	9,207
(Loss)/gain on foreign currency exchange		(45,033)	(33,771)	14,707	(33,424)
Gain on sale of property, plant and equipment		-	-	-	49,835
Rental income		112,584	103,913	343,252	302,641
Commission income		1,231	12,160	13,878	38,293
Gain on sale of investment in subsidiary		-	-	-	730,076
Other income		43,567	17,087	66,475	21,706
Total income		250,810	1,339,456	898,909	3,811,538
Expenses					
General and administrative expenses		457,364	720,587	1,389,199	1,981,065
Finance costs		14,673	22,156	64,535	73,948
Total expenses		472,037	742,743	1,453,734	2,055,013
(Loss)/profit before National Labor Support Tax ("NLST"), and Zakat		(221,227)	596,713	(554,825)	1,756,525
National Labor Support Tax		-	(4,808)	-	(14,624)
Zakat		-	(6,007)	-	(26,926)
(Loss)/profit for the period		(221,227)	585,898	(554,825)	1,714,975
(Loss)/profit for the period attributable to:					
Owners of the Parent Company		(192,073)	229,478	(525,558)	1,035,499
Non-controlling interest		(29,154)	356,420	(29,267)	679,476
		(221,227)	585,898	(554,825)	1,714,975
Basic and diluted (loss) / earnings per share (fils)	12	(0.32)	0.38	(0.87)	1.72

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Safat Energy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the nine months period ended 30 September 2014

	For the three months ended 30		For the nine months ended 30	
	September		September	
	2014	2013	2014	2013
	KD	KD	KD	KD
Net (loss)/profit for the period	<u>(221,227)</u>	<u>585,898</u>	<u>(554,825)</u>	<u>1,714,975</u>
Other comprehensive income / (loss)				
<i>Items that may be reclassified subsequently in the statement of interim condensed consolidated income:</i>				
Net change in fair value of available for sale investments	5,000	(13,000)	(31,000)	8,000
Change in foreign currency translation differences	<u>274,127</u>	<u>(215,754)</u>	<u>323,576</u>	<u>(39,826)</u>
Other comprehensive income / (loss) for the period	<u>279,127</u>	<u>(228,754)</u>	<u>292,576</u>	<u>(31,826)</u>
Total comprehensive income / (loss) for the period	<u>57,900</u>	<u>357,144</u>	<u>(262,249)</u>	<u>1,683,149</u>
Attributable to:				
Owners of the Parent Company	3,794	84,010	(353,944)	1,034,056
Non-controlling interest	<u>54,106</u>	<u>273,134</u>	<u>91,695</u>	<u>649,093</u>
	<u>57,900</u>	<u>357,144</u>	<u>(262,249)</u>	<u>1,683,149</u>

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity (Unaudited)

For the nine months period ended 30 September 2014

Equity attributable to owners of Parent Company

	Share Capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Fair value reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2014	60,304,500	1,514,700	748,726	97,526	(181,866)	27,456	(28,251)	921,275	(22,329,711)	41,074,355	8,301,746	49,376,101
Loss for the period	-	-	-	-	-	-	-	-	(525,558)	(525,558)	(29,267)	(554,825)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(31,000)	202,614	-	171,614	120,962	292,576
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(31,000)	202,614	(525,558)	(353,944)	91,695	(262,249)
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	-	-	(41,176)	(41,176)
Balance at 30 September 2014	<u>60,304,500</u>	<u>1,514,700</u>	<u>748,726</u>	<u>97,526</u>	<u>(181,866)</u>	<u>27,456</u>	<u>(59,251)</u>	<u>1,123,889</u>	<u>(22,855,269)</u>	<u>40,720,411</u>	<u>8,352,265</u>	<u>49,072,676</u>
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
Profit for the period	-	-	-	-	-	-	-	-	1,035,499	1,035,499	679,476	1,714,975
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	8,000	(9,443)	-	(1,443)	(30,383)	(31,826)
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	8,000	(9,443)	1,035,499	1,034,056	649,093	1,683,149
Balance at 30 September 2013	<u>60,304,500</u>	<u>1,514,700</u>	<u>748,726</u>	<u>97,526</u>	<u>(181,866)</u>	<u>27,456</u>	<u>(46,362)</u>	<u>937,000</u>	<u>(13,022,540)</u>	<u>50,379,140</u>	<u>8,629,915</u>	<u>59,009,055</u>

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of cash flows (Unaudited)
For the nine months period ended 30 September 2014**

	For the nine months period ended	
	30 September 2014	30 September 2013
	KD	KD
OPERATING ACTIVITIES		
(Loss)/profit for the period attributable to owners of the Parent Company	(525,558)	1,035,499
<i>Adjustment for:</i>		
Depreciations and amortizations	642,538	545,926
Finance costs	64,535	73,948
Profit from Islamic deposits	(3,358)	(1,020)
Loss/(gain) on sale of investments at fair value through profit or loss	38,567	(13,564)
Unrealized loss/(gain) on investments at fair value through profit or loss	31,653	(9,207)
Gain on sale of investment in subsidiary	-	(730,076)
Gain on sale of property, plant and equipment	-	(49,835)
Provision for staff indemnity	106,638	88,933
	<u>355,015</u>	<u>940,604</u>
Changes in operating assets and liabilities		
Trade and other receivables	(227,587)	1,157,254
Due from related parties	(679,696)	(21,913)
Inventories	(478,938)	(273,635)
Trade and other payables	18,743	(1,505,374)
Staff indemnity paid	(30,275)	(27,476)
Due to related parties	(17,231)	7,796
Deferred tax	(2,858)	(8,116)
Net cash (used in)/generated from operating activities	<u>(1,062,827)</u>	<u>269,140</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(890,294)	(474,970)
Proceeds from sale of property, plant and equipment	-	48,980
Proceed from sale of investment in a subsidiary	-	309,799
Investments at fair value through profit or loss	404	(81,453)
Islamic finance receivables	(1,510)	-
Available for sale investments	924,202	-
Time deposits	(4,045)	(7,081)
Profit from Islamic deposits received	3,358	1,020
Net cash generated from investing activities	<u>32,115</u>	<u>(203,705)</u>
FINANCING ACTIVITIES		
Credit facilities	(2,139)	(33,168)
Wakala payables	(75,000)	-
Change in non-controlling interests	50,519	649,093
Finance costs paid	(64,535)	(73,948)
Net cash (used in)/generated from financing activities	<u>(91,155)</u>	<u>541,977</u>
(Decrease)/increase in cash and cash equivalents	<u>(1,121,867)</u>	<u>607,412</u>
Cash and cash equivalents at the beginning of the period	5,098,363	3,211,316
Cash and cash equivalents at the end of the period	<u>3,976,496</u>	<u>3,818,728</u>

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2014**

1. Incorporation and activities

Safat Energy Holding Company K.P.S.C. (The "Parent Company") was incorporated on 22 March 1983 in accordance with the Commercial Companies Law in the State of Kuwait. In the extraordinary 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 general assembly 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 memorandum of association are as follows:

- Owning shares of Kuwaiti or foreign shareholding and limited liabilities companies as well as participating in forming, administering, financing, and providing third party guarantees for these companies.
- Financing companies owned or guaranteeing them against third parties provided that the percentage of ownership exceeds 20%.
- Owning industrial rights for patents, trade names, designs and leasing the same to other companies for their use inside or outside Kuwait.
- Owning movable and real estate properties that are necessary to practice its activities in accordance to the law.
- Investing surplus funds in portfolios managed by specialized companies.

The interim condensed consolidated financial information for the period ended 30 September 2014 comprise of the Parent Company and its subsidiaries (together referred to as "the Group") (Note 3).

The address of the Parent Company's registered office is at P.O. Box 27728, Al Safat 13138, Kuwait.

On 26 November 2012, the Companies Law No. 25 of 2012 has been issued and published in the official gazette on 26 November 2012 to replace the Commercial Companies Law No. 15 of 1960. Subsequently on 27 March 2013, the Companies' Law has been amended by virtue of Law Decree No. 97 of 2013 ("Decree").

In accordance with article No. (2) and (3) of the Decree, the executive regulations which issued by the Minister of Commerce and Industry and published in the official gazette on 6 October 2013 determine the basis and rules to be applied by the Company to adjust its status according to the Companies' Law, as amended during one year from the published date.

The interim condensed consolidated financial information for the period ended 30 September 2014 was authorized for issue by the Parent Company's Board of Directors on 13 November 2014.

2. Basis of preparation

The condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard 34, *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments considered necessary and the regular accruals for a fair presentation have been included in the interim condensed consolidated financial information.

Operating results for the nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014.

Safat Energy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2014

2. Basis of preparation (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013.

The accounting policies used in the preparation of these consolidated condensed interim financial information are consistent with those used in the preparation of the annual consolidated financial information for the year ended 31 December 2013 except what follows:

- ***Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)***
Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:
 - provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
 - require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries;
 - require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

- ***IAS 32: Offsetting Financial Assets and Financial Liabilities***
The amendment to IAS 32 Financial Instruments: Presentation clarifies certain aspects because of diversity in application of the requirements on offsetting, focusing on the following aspects:
 - the meaning of 'currently has a legally enforceable right of set-off';
 - the application of simultaneous realisation and settlement;
 - the offsetting of collateral amounts;
 - the unit of account for applying the offsetting requirements.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

- ***IAS 36 Recoverable Amount Disclosures for Non-Financial Assets***
The amendment to IAS 36 Impairment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

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

**Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2014**

2. Basis of preparation (continued)

▪ **IAS 39: Novation of Derivatives and Continuation of Hedge Accounting**

The amendment to IAS 39 Financial Instruments: Recognition and Measurement makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

▪ **IFRIC 21 Levies**

The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time;
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

These amendments became effective on 1 January 2014. These amendments had no impact on the Group.

3. Subsidiaries

The details of subsidiaries are as follows:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>			<u>Principal activity</u>
		<u>30 September 2014</u>	<u>31 December 2013</u>	<u>30 September 2013</u>	
		<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	
Direct holding :					
Eastern Group					
Energy Services Co. 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
Eastern Industrial & Oilfield Services Holding Co. B.S.C. (Closed) and its subsidiaries	Bahrain	100	80	80	Holding industrial property rights and investing in financial instruments

Safat Energy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2014

3. Subsidiaries (continued)

Subsidiary name	Country of incorporation	Ownership Percentage			Principal activity
		30 September 2014	31 December 2013	30 September 2013	
		(%)	(%)	(%)	
Indirect holding: Eastern National Oilfield Services Co. K.P.S.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 equipment in China
Eastern International Testing Services Co. W.L.L. and its subsidiaries	Kuwait	70	70	70	Maintenance of oil facilities, wells and refineries
Middle East Process Automation Co. W.L.L.	Bahrain	85	85	85	Import and supply of electronic devices and spare parts
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

Some of shares of a subsidiary (Eastern Group Energy Services Co. K.S.C.C.) are mortgaged against wakala payables (note 10).

4. Investment properties

	Leasehold lands	Buildings	30 September 2014	31 December 2013 (Audited)	30 September 2013
	KD	KD	KD	KD	KD
Cost					
Balance at beginning of the period/year	-	1,306,179	1,306,179	1,306,179	1,306,179
Transferred from property, plant and equipment	1,211,000	-	1,211,000	-	-
Balance at end of the period/year	1,211,000	1,306,179	2,517,179	1,306,179	1,306,179
Accumulated depreciation					
Balance at beginning of the period/year	-	424,368	424,368	359,061	359,061
Depreciation charged for the period/year	-	32,654	48,979	65,307	48,980
Balance at end of the period/year	-	457,022	473,347	424,368	408,041
Net carrying value	1,211,000	849,157	2,043,832	881,811	898,138

Safat Energy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2014

4. Investment properties (continued)

Leasehold lands are not depreciated and buildings are depreciated over 20 years.

During the period, the management has transferred leasehold lands of KD 1,211,000 from property, plant and equipment to investment properties.

5. Available for sale investments

	30 September 2014	31 December 2013 (Audited)	30 September 2013
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Unquoted local shares	443,246	1,374,543	1,655,967
Unquoted foreign shares	420,916	413,821	413,215
Investment in funds	165,000	196,000	207,004
	<u>1,029,162</u>	<u>1,984,364</u>	<u>2,276,186</u>

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

6. Trade and other receivables

	30 September 2014	31 December 2013 (Audited)	30 September 2013
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Trade receivables	6,671,842	6,709,655	7,611,195
Provision for doubtful debts	(1,514,742)	(1,651,821)	(1,202,781)
	5,157,100	5,057,834	6,408,414
Prepaid expenses	353,672	316,771	113,831
Advance payments	297,371	140,580	736,926
Refundable deposits	82,080	62,455	242,999
Staff receivables	17,124	13,076	14,908
Accrued revenues	160,614	89,299	34,359
Other debtors	101,840	59,585	101,273
	<u>6,169,801</u>	<u>5,739,600</u>	<u>7,652,710</u>

7. Related parties transactions

Related parties comprise of the Group's shareholders who are members of the board of directors, board of directors, key management personnel, and subsidiaries in which the Parent Company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the period ended 30 September 2014. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

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7. Related parties transactions (continued)

Balances due from/to related parties and related parties transactions are as follows:

	30 September 2014	31 December 2013 (Audited)	30 September 2013
	KD	KD	KD
Balances included in the interim condensed consolidated statement of financial position:			
Investments at fair value through profit or loss	214,587	285,211	517,943
Due from related parties	1,414,651	776,131	792,989
Provision for doubtful debts	(606,648)	(647,824)	(501,182)
	<u>808,003</u>	<u>128,307</u>	<u>291,807</u>
Due to related parties	1,402	18,633	26,426
Wakala payables	1,450,000	1,525,000	1,525,000
Transactions included in the interim condensed consolidated statement of income:			
General and administrative expenses	2,378		2,626
Finance costs	63,433		73,948
	<u>65,811</u>		<u>76,574</u>
Key management compensation:			
Salaries and other short term benefits	54,889		55,500
Staff indemnity	4,750		4,802
	<u>59,639</u>		<u>60,302</u>

8. Cash and cash equivalents

	30 September 2014	31 December 2013 (Audited)	30 September 2013
	KD	KD	KD
Cash in hand	18,604	12,122	14,545
Cash at banks	3,883,428	5,032,616	3,750,283
Bank guarantee deposits	74,464	53,625	53,900
	<u>3,976,496</u>	<u>5,098,363</u>	<u>3,818,728</u>

9. Treasury shares

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Number of shares (share)	836,629	836,629	836,629
Percentage of issued shares (%)	0.14	0.14	0.14
Market value (KD)	28,864	40,994	41,831
Cost (KD)	181,866	181,866	181,866

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10. Wakala payables

Wakala payables of KD 1,450,000 (31 December 2013: KD 1,525,000 and 30 September 2013: KD 1,525,000) were obtained by the Group from a related party and carries a contracted cost of KD 23,498 (31 December 2013: KD 98,662 and 30 September 2013: KD 33,403). Wakala payables are secured by shares of a subsidiary (note 3) and they are due to be paid on 30 November 2014.

11. Trade and other payables

	30 September 2014	31 December 2013 (Audited)	30 September 2013
	KD	KD	KD
Trade payables	1,082,933	806,241	1,060,623
Dividends payables	1,383,777	1,364,301	1,366,766
Accrued expenses	119,098	371,674	294,772
Provision for staff leave	147,837	130,351	210,486
Advance payments to clients	-	71,331	-
Provision for discount	186,648	-	-
Provision for employees bonus	-	344,446	281,700
Zakat	19,012	19,012	41,951
National Labor Support Tax	14,586	70,545	97,471
Other	711,787	469,034	411,903
	<u>3,665,678</u>	<u>3,646,935</u>	<u>3,765,672</u>

12. Basic and diluted (loss)/earnings per share (fils)

(Loss)/earnings per share is calculated by dividing the (loss) /earnings attributable to owners of the Parent Company by the weighted average number of outstanding shares during the period as follows:
The Parent Company had no outstanding dilutive shares.

	For the three months ended 30 September		For the nine months ended 30 September	
	2014	2013	2014	2013
(Loss)/profit for the period attributable to owners of the Parent Company (KD)	(192,073)	229,478	(525,558)	1,035,499
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>
(Loss)/earnings per share attributable to owners of the Parent Company (fils)	<u>(0.32)</u>	<u>0.38</u>	<u>(0.87)</u>	<u>1.72</u>

13. 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.

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13. Operating segments (continued)

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.

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

Financial information about business segments for the nine months period ended 30 September 2014 is set out below:

	<u>Investment management</u> KD	<u>Oil drilling and maintenance</u> KD	<u>Total</u> KD
Segment revenues	371,450	4,589,872	4,961,322
Segment results	(424,225)	(130,600)	(554,825)
Segment assets	30,326,892	24,472,072	54,798,964
Segment liabilities	2,300,853	3,425,435	5,726,288

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

	<u>Investment management</u> KD	<u>Oil drilling and maintenance</u> KD	<u>Total</u> KD
Segment revenues	402,841	6,499,200	6,902,041
Segment results	(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

14. Fair value of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

a) Valuation techniques

An entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The most widely used valuation techniques are the market approach, price to book value and dividend yield method.

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14. Fair value of financial instruments (continued)

b) Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

30 September 2014	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
<i>Financial assets as fair value through interim condensed consolidated statement of income</i>				
Managed portfolio	214,587	-	-	214,587
<i>Available for sale investments</i>				
Managed funds	-	165,504	-	165,504
Total	<u>214,587</u>	<u>165,504</u>	<u>-</u>	<u>380,091</u>
31 December 2013	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
<i>Financial assets as fair value through consolidated statement of income</i>				
Managed portfolio	285,211	-	-	285,211
<i>Available for sale investments</i>				
Managed funds	-	196,000	-	196,000
Total	<u>285,211</u>	<u>196,000</u>	<u>-</u>	<u>481,211</u>
30 September 2013	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
<i>Financial assets as fair value through interim condensed consolidated statement of income</i>				
Managed portfolio	517,943	-	-	517,943
<i>Available for sale investments</i>				
Managed funds	-	207,004	-	207,004
Total	<u>517,943</u>	<u>207,004</u>	<u>-</u>	<u>724,947</u>

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15. Annual general assembly

The annual general assembly meeting of shareholders was held on 28 May 2014. In this meeting, the shareholders approved the consolidated financial statements for the year ended 31 December 2013 and the board of directors' recommendation not to distribute dividends for the year then ended.

16. Significant events

Since 2011, Egypt and Libya were subject to events that significantly affected the economic sectors in general, and that resulted tangible decline in economic activities. The overall effect of these events depends on the period of time to be awaited until completion of these events and their related effects.