

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

**Interim condensed consolidated financial information (Unaudited)
and the review report**
For the nine months period ended 30 September 2015

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State of Kuwait**

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Report on review of interim condensed consolidated financial information

The Board of Directors
Safat Energy Holding Company K.P.S.C.
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 2015, 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

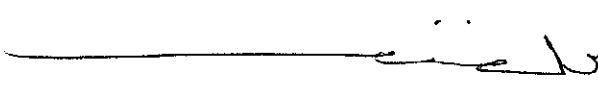
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for 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).

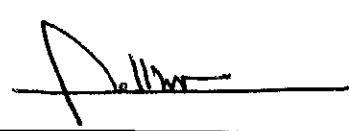
Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated 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 2015, of Companies' Law No. 25 of 2012, as amended, and its executive regulation, or the Parent Company's articles and memorandum of association, as amended, which might have materially affected the Group's activities or its consolidated financial position.



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

Kuwait: 15 November 2015



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


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 2015

		30 September 2015	31 December 2014 (audited)	30 September 2014
	Note	KD	KD	KD
Assets				
Non-current assets				
Property, plant and equipment		11,516,150	10,532,158	11,132,680
Investment properties		1,978,523	2,027,504	2,043,832
Intangible assets		1,134	2,051	2,518
Goodwill		9,095,590	9,095,590	26,040,691
Joint ventures		-	-	160,915
Available for sale investments	4	952,327	965,588	1,029,162
Time deposits		19,561	13,953	21,714
Total non-current assets		23,563,285	22,636,844	40,431,512
Current assets				
Inventories		3,108,840	3,078,312	3,055,659
Trade and other receivables	5	4,916,054	3,660,473	6,169,801
Due from related parties	6	308,191	312,606	808,003
Wakala receivables		145,196	143,478	142,906
Investments at fair value through statement of income		33,353	206,054	214,587
Cash and cash equivalents	7	1,763,398	4,565,289	3,976,496
Total current assets		10,275,032	11,966,212	14,367,452
Total assets		33,838,317	34,603,056	54,798,964
Equity and liabilities				
Equity				
Share capital		60,304,500	60,304,500	60,304,500
Share premium		181,866	1,514,700	1,514,700
Statutory reserve		-	748,726	748,726
Voluntary reserve		-	97,526	97,526
Treasury shares	8	(181,866)	(181,866)	(181,866)
Treasury shares reserve		27,456	27,456	27,456
Fair value reserve		13,933	55,411	(59,251)
Foreign currency translation reserve		775,402	886,334	1,123,889
Accumulated losses		(40,366,095)	(42,452,978)	(22,855,269)
Equity attributable to owners of the parent company		20,755,196	20,999,809	40,720,411
Non-controlling interests		7,892,916	7,782,063	8,352,265
Total equity		28,648,112	28,781,872	49,072,676
Liabilities				
Non-current liabilities				
Deferred tax		124,546	79,319	65,291
Provision for staff indemnity		552,784	506,951	543,917
Total non-current liabilities		677,330	586,270	609,208
Current liabilities				
Trade and other payables	9	4,512,875	3,776,909	3,665,678
Due to related parties	6	-	8,005	1,402
Wakala payable		-	1,450,000	1,450,000
Total current liabilities		4,512,875	5,234,914	5,117,080
Total liabilities		5,190,205	5,821,184	5,726,288
Total equity and liabilities		33,838,317	34,603,056	54,798,964

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


Nassir Bader Al-Ai Sha'han
Chairman


Gohil Muhammad Gohil
Vice Chairman

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 2015

	Note	For the three months period ended 30 September		For the nine months period ended 30 September	
		2015	2014	2015	2014
		KD	KD	KD	KD
Sales		2,315,830	1,137,931	4,631,075	4,589,872
Cost of sales		(1,896,450)	(985,555)	(4,262,537)	(4,062,413)
Gross profit		419,380	152,376	368,538	527,459
Gain from Islamic wakala		573	572	3,958	3,358
Realized losses on sale of investments at fair value through statement of income		-	(22,304)	(1,290)	(38,567)
Unrealized (losses)/gains on investments at fair value through statement of income		(4,524)	7,817	(9,713)	(31,653)
Gain on foreign currency translation reserve reclassified	3	-	-	373,425	-
Provision no longer required		90	-	272,340	-
(Loss)/gain on foreign currency exchange		(4,626)	(45,033)	28,404	14,707
Dividends income		-	-	10,000	-
Rental income		89,082	112,584	277,227	343,252
Commission income		1,992	1,231	17,107	13,878
Other income		12,812	43,567	20,909	66,475
Total income		514,779	250,810	1,360,905	898,909
Expenses					
General and administrative expenses		446,961	457,364	1,370,896	1,389,199
Finance costs		(6,828)	14,673	40,904	64,535
Total expenses		440,133	472,037	1,411,800	1,453,734
Profit/(loss) before National Labor Support Tax ("NLST"), and Zakat		74,646	(221,227)	(50,895)	(554,825)
National Labor Support Tax		-	-	-	-
Zakat		-	-	-	-
Profit/(loss) for the period		74,646	(221,227)	(50,895)	(554,825)
Loss for the period attributable to:					
Owners of the Parent Company		(9,237)	(192,073)	(92,203)	(525,558)
Non-controlling interests		83,883	(29,154)	41,308	(29,267)
		<u>74,646</u>	<u>(221,227)</u>	<u>(50,895)</u>	<u>(554,825)</u>
Loss per share (fils)	10	(0.02)	(0.32)	(0.15)	(0.87)

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 2015

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Net profit/(loss) for the period	<u>74,646</u>	<u>(221,227)</u>	<u>(50,895)</u>	<u>(554,825)</u>
Other comprehensive (loss)/income				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>				
Changes in fair value of available for sale investments	(32,167)	5,000	(41,478)	(31,000)
Change in foreign currency translation differences	<u>(409,183)</u>	<u>274,127</u>	<u>(41,387)</u>	<u>323,576</u>
Other comprehensive (loss)/income for the period	<u>(441,350)</u>	<u>279,127</u>	<u>(82,865)</u>	<u>292,576</u>
Total comprehensive (loss)/income for the period	<u>(366,704)</u>	<u>57,900</u>	<u>(133,760)</u>	<u>(262,249)</u>
Attributable to:				
Owners of the Parent Company	(398,106)	3,794	(244,613)	(353,944)
Non-controlling interests	<u>31,402</u>	<u>54,106</u>	<u>110,853</u>	<u>91,695</u>
	<u>(366,704)</u>	<u>57,900</u>	<u>(133,760)</u>	<u>(262,249)</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 2015

	Equity attributable to owners of the parent company											
	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 2015	60,304,500	1,514,700	748,726	97,526	(181,866)	27,456	55,411	886,334	(42,452,978)	20,999,809	7,782,063	28,781,872
Amortization of accumulated losses (note 13)	-	(1,332,834)	(748,726)	(97,526)	-	-	-	-	2,179,086	-	-	-
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(92,203)	(92,203)	41,308	(50,895)
Other comprehensive (loss)/income	-	-	-	-	-	-	(24,997)	212,603	-	-	102,954	290,560
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(24,997)	212,603	(92,203)	95,403	144,262	239,665
Disposal of a subsidiary	-	-	-	-	-	-	(16,481)	(323,535)	-	(340,016)	(33,409)	(373,425)
Balance at 30 September 2015	<u>60,304,500</u>	<u>181,866</u>	<u>748,726</u>	<u>97,526</u>	<u>(181,866)</u>	<u>27,456</u>	<u>13,933</u>	<u>775,402</u>	<u>(40,366,095)</u>	<u>20,755,196</u>	<u>7,892,916</u>	<u>28,648,112</u>
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	-	-	-	-	-	-	(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 a 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>

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 2015

	For the nine months period ended	
	30 September 2015	30 September 2014
	KD	KD
OPERATING ACTIVITIES		
Loss for the period attributable to owners of the Parent Company	(92,203)	(525,558)
<i>Adjustment for:</i>		
Depreciations and amortizations	649,605	642,538
Finance costs	40,904	64,535
Gain from Islamic wakala	(3,958)	(3,358)
Realized losses on sale of investments at fair value through statement of income	1,290	38,567
Unrealized losses on investments at fair value through statement of income	9,713	31,653
Gain on foreign currency translation reserve reclassified	(373,425)	-
Provision no longer required	(272,340)	-
Dividends income	(10,000)	-
Provision for staff indemnity	125,698	106,638
	<u>75,284</u>	<u>355,015</u>
<i>Changes in operating assets and liabilities</i>		
Inventories	(30,528)	(478,938)
Trade and other receivables	(1,245,581)	(227,587)
Due from related parties	4,415	(679,696)
Investments at fair value through statement of income	161,697	404
Trade and other payables	1,008,306	18,743
Due to related parties	(8,005)	(17,231)
Cash used in operating activities	<u>(34,412)</u>	<u>(1,029,290)</u>
Payment of employees end of service benefits	(79,865)	(30,275)
Provision/(tax paid)	45,227	(2,858)
Net cash used in operating activities	<u>(69,050)</u>	<u>(1,062,423)</u>
Investing activities		
Purchase of property, plant and equipment	(1,316,978)	(890,294)
Wakala receivables	(1,718)	(1,510)
Available for sale investments	(32,444)	924,202
Time deposits	(5,608)	(4,045)
Gain from Islamic wakala received	3,958	3,358
Net cash (used in)/generated from investing activities	<u>(1,352,790)</u>	<u>31,711</u>
Financing activities		
Credit facilities	-	(2,139)
Wakala payable	(1,450,000)	(75,000)
Net change in non-controlling interests	110,853	50,519
Finance costs paid	(40,904)	(64,535)
Net cash used in financing activities	<u>(1,380,051)</u>	<u>(91,155)</u>
Decrease in cash and cash equivalents	(2,801,891)	(1,121,867)
Cash and cash equivalents at the beginning of the period	4,565,289	5,098,363
Cash and cash equivalents at the end of the period	<u>1,763,398</u>	<u>3,976,496</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 interim condensed consolidated financial information (unaudited)
For the nine months period ended 30 September 2015

1. Incorporation and activities

Safat Energy Holding Company K.P.S.C. (The "Parent Company") was incorporated on 22 March 1983 in accordance with 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 K.S.C. (Closed) to Safat Energy Holding Company K.P.S.C. The Parent Company is listed on 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 condensed consolidated interim financial information includes the financial statements 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.

According to the memorandum issued by shareholding companies department No. 639 dated 14 December 2014, based on the extra-ordinary general assembly meeting held on 1 December 2014, the Parent Company has regulated its conditions according to the requirements of Companies Law No. 25 of 2012, as amended, and its Executive Regulations.

The interim condensed consolidated financial information for the period ended 30 September 2015 was authorized for issue by the Parent Company's Board of Directors on 15 November 2015.

2. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard No. 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.

Financial results for the nine months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

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 2014.

2. Basis of preparation (Continued)

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and amendments effective as of 1 January 2015. The nature and the impact of these changes are set out below. New standards and amendments apply for the first time in 2015. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

The nature and the impact of each new standard/amendment is described below:

IAS 19 Employee Benefits (Revised)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment would be relevant to the Group, since none of the entities within the Company has defined benefit plans with contributions from employees or third parties.

Annual improvements to 2010-2012 Cycle

These improvements are effective from 1 June 2014. The Group has applied these amendments for the first time to these interim condensed consolidated financial information. They include:

▪ **IFRS 2 Share-based Payments**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

These amendments do not have impact on the Group's accounting policies.

▪ **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through statement of income whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This amendment does not have impact on the Group's accounting policies.

▪ **IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and

2. Basis of preparation (Continued)

Annual improvements to 2010-2012 Cycle (continued)

▪ **IFRS 8 Operating Segments (continued)**

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group did not apply the aggregation criteria in paragraph 12 of IFRS 8. The Group has presented reconciliation of segment assets to total assets in previous periods and it continues disclosing that in this interim condensed consolidated financial information.

▪ **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either amending the gross carrying value of assets to its market value or by determining the market value of the carrying value and amending the total carrying value proportionally to equal the carrying value resulting from this market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation amendments during the current interim period.

▪ **IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant to the Group as it does not receive any administrative services from other entities.

Annual improvements to 2011-2013 Cycle

These improvements are effective from 1 June 2014. The Group has applied these amendments for the first time to these interim condensed consolidated financial information. They include:

▪ **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

This amendment is not relevant to the Group.

▪ **IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolios exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolios exception in IFRS 13.

▪ **IAS 40 Investment Properties**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. In previous periods the Group has used IFRS 3, not IAS 40, to determine if the acquisition is of an asset or business. Accordingly, this amendment does not have impact on the Group's accounting policies.

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

**Notes to interim condensed consolidated financial information (unaudited)
For the nine months period ended 30 September 2015**

3. Basis of consolidation

The interim condensed consolidated financial information for the nine months period ended 30 September 2015 comprise of the Parent Company and its subsidiaries. All subsidiaries mentioned below are consolidated based on financial information of Senergy Services Company K.S.C. (Closed), for the nine months period ended 30 September 2015 and National Drilling Co. (S.A.E) for the six months period ended 30 June 2015. While Eastern Industrial & Oilfield Services Holding Co. B.S.C. (Closed) is consolidated based on management accounts prepared by the management of the Parent Company, the Group management believes that no adjustments will be required to the management accounts which may be material to the interim condensed consolidated financial information taken as a whole.

The details of subsidiaries are as follows:

Company name	Country of incorporation	Ownership interest			Principal activity
		30 September 2015	31 December 2014 (audited)	30 September 2014	
		(%)	(%)	(%)	
Direct holding :					
Senergy Services Company 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	100	100	Holding industrial property rights and investing in financial instruments
Indirect holding :					
Eastern National Oilfield Services Co. K.S.C. (Closed) 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	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	85	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

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

**Notes to interim condensed consolidated financial information (unaudited)
For the nine months period ended 30 September 2015**

3. Basis of consolidation (Continued)

During the period, one of the subsidiaries decided to dispose Petroleum Equipment Manufacturing Holding Company Limited (Hong Kong) (100% indirect subsidiary) since it ceased operations. The disposal of this subsidiary resulted in a gain on foreign currency translation reserve of KD 373,425 (reclassified).

4. Available for sale investments

	30 September 2015	31 December 2014 (audited)	30 September 2014
	KD	KD	KD
Unquoted local shares	494,561	486,533	443,246
Unquoted foreign shares	360,766	350,055	420,916
Investment in funds	97,000	129,000	165,000
	<u>952,327</u>	<u>965,588</u>	<u>1,029,162</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.

5. Trade and other receivables

	30 September 2015	31 December 2014 (audited)	30 September 2014
	KD	KD	KD
Trade receivables	6,298,905	5,804,833	6,671,842
Prepayments	352,558	200,258	297,371
Provision for doubtful debts	<u>(3,120,893)</u>	<u>(3,071,941)</u>	<u>(1,514,742)</u>
	3,530,570	2,933,150	5,454,471
Prepaid expenses	718,841	277,109	353,672
Refundable deposits	74,138	68,892	82,080
Staff receivables	17,705	18,444	17,124
Accrued revenues	317,460	312,643	160,614
Other receivables	257,340	50,235	101,840
	<u>4,916,054</u>	<u>3,660,473</u>	<u>6,169,801</u>

The movement in the provision for allowance of doubtful debts:

	30 September 2015	31 December 2014 (audited)	30 September 2014
	KD	KD	KD
Balance at beginning of the year	3,071,941	1,505,524	1,651,821
Provided during the period/year	-	1,565,351	8,475
Provision no longer required during the period/year	-	-	(146,296)
Differences of foreign currency translation	48,952	1,066	742
Balance at end of the period/year	<u>3,120,893</u>	<u>3,071,941</u>	<u>1,514,742</u>

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6. Related party transactions

Related parties primarily comprise of directors, key management personnel, associates, subsidiaries, shareholders and companies of which the Parent Company is principal owner or over which they are able to exercise significant influence. All related party transactions are carried out on terms approved by the group's management. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Parent Company, have been eliminated on consolidation and are not disclosed in this note.

	30 September 2015	31 December 2014 (audited)	30 September 2014
	KD	KD	KD
Balances included in the interim condensed consolidated statement of financial position:			
Investments at fair value through profit or loss	33,353	206,054	214,587
Due from related parties	491,610	496,025	1,414,651
Provision for doubtful debts	(183,419)	(183,419)	(606,648)
	<u>308,191</u>	<u>312,606</u>	<u>808,003</u>
Due to related parties	-	8,005	1,402
Wakala payable	-	1,450,000	1,450,000
	<u>-</u>	<u>8,005</u>	<u>1,402</u>
	<u>-</u>	<u>1,450,000</u>	<u>1,450,000</u>
	30 September 2015	31 December 2014 (audited)	30 September 2014
	KD	KD	KD
Transactions included in the interim condensed consolidated statement of income:			
General and administrative expenses	1,695	4,099	2,378
Finance costs	38,991	94,936	63,433
	<u>40,686</u>	<u>99,035</u>	<u>65,811</u>
Compensation of key management personnel:			
Salaries and other short term benefits	50,000	71,556	54,889
End of service indemnity	4,326	6,192	4,750
	<u>54,326</u>	<u>77,748</u>	<u>59,639</u>

7. Cash and cash equivalents

	30 September 2015	31 December 2014 (audited)	30 September 2014
	KD	KD	KD
Cash on hand	27,131	4,007	18,604
Cash at banks	1,621,846	4,377,299	3,883,428
Bank guarantee deposits	114,421	183,983	74,464
	<u>1,763,398</u>	<u>4,565,289</u>	<u>3,976,496</u>

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8. Treasury shares

	30 September 2015	31 December 2014 (audited)	30 September 2014
Number of shares (share)	836,629	836,629	836,629
Percentage of issued shares (%)	0.14	0.14	0.14
Market value (KD)	12,967	19,242	28,864
Cost (KD)	181,866	181,866	181,866

9. Trade and other payables

	30 September 2015	31 December 2014 (audited)	30 September 2014
	KD	KD	KD
Trade payables	1,911,188	755,039	1,082,933
Dividends payables	1,432,697	1,401,051	1,383,777
Accrued expenses	143,961	206,203	119,098
Other credit balances of the previous manager	-	80,306	-
Provision for staff leave	148,474	132,842	147,837
Refundable deposits	-	46,894	-
Discounts provision	345,397	334,781	186,648
Provision for employees bonus	90,780	87,990	-
Tax provision	-	44,680	-
Zakat	19,012	19,012	19,012
National Labor Support Tax	14,586	14,586	14,586
Other	406,780	653,525	711,787
	<u>4,512,875</u>	<u>3,776,909</u>	<u>3,665,678</u>

10. Loss per share (fils)

Loss per share is computed by dividing loss for the period attributable to the Parent Company's owners by the weighted average number of shares outstanding during the period, taking into account treasury shares, as follows.

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2015	2014	2015	2014
Loss for the period attributable to the owners of the Parent Company (KD)	(9,237)	(192,073)	(92,203)	(525,558)
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 per share attributable to owners of the Parent Company (fils)	<u>(0.02)</u>	<u>(0.32)</u>	<u>(0.15)</u>	<u>(0.87)</u>

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11. 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 discrete financial information is available.

Segment reporting

The Group considers that the operating units which offer products and special services constitute segments that are disclosed and reported as follows:

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 2015 are set out below:

	<u>Investment management</u> KD	<u>Oil drilling and maintenance</u> KD	<u>Total</u> KD
Segment revenue	329,201	4,631,075	4,960,276
Segment result	(323,283)	272,388	(50,895)
Segment assets	13,526,185	20,312,132	33,838,317
Segment liabilities	772,578	4,417,627	5,190,205

Financial information about business segments for the year ended 31 December 2014 is as follows:

	<u>Investment management</u> KD	<u>Oil drilling and maintenance</u> KD	<u>Total</u> KD
Segment revenue	535,287	6,517,436	7,052,723
Segment result	(18,532,336)	(2,308,400)	(20,840,736)
Segment assets	11,693,738	22,909,318	34,603,056
Segment liabilities	2,268,401	3,552,783	5,821,184

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

	<u>Investment management</u> KD	<u>Oil drilling and maintenance</u> KD	<u>Total</u> KD
Segment revenue	371,450	4,589,872	4,961,322
Segment result	(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

12. 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.

b) Fair value measurements recognized in the condensed 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 2015	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Investments at fair value through statement of income</i>				
Managed portfolio	33,353	-	-	33,353
<i>Available for sale investments</i>				
Managed funds	-	97,000	-	97,000
Total	<u>33,353</u>	<u>97,000</u>	<u>-</u>	<u>130,353</u>
31 December 2014	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Investments at fair value through statement of income</i>				
Managed portfolio	206,054	-	-	206,054
<i>Available for sale investments</i>				
Managed funds	-	129,000	-	129,000
Total	<u>206,054</u>	<u>129,000</u>	<u>-</u>	<u>335,054</u>
30 September 2014	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Investments at fair value through statement of income</i>				
Managed portfolio	214,587	-	-	214,587
<i>Available for sale investments</i>				
Managed funds	-	165,000	-	165,000
Total	<u>214,587</u>	<u>165,000</u>	<u>-</u>	<u>379,587</u>

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13. Annual general assembly meeting

The annual shareholders general assembly meeting was held on 28 May 2015 and approved the consolidated financial statements for the year ended 31 December 2014. The shareholders also approved not to distribute dividends and to amortize accumulated losses of KD 2,179,086 as follows:

	KD
Part of share premium	1,332,834
Statutory reserve	748,726
Voluntary reserve	97,526
	<u>2,179,086</u>

14. Board of directors' recommendations

Based on the their meeting held on 31 March 2015, the board of directors of the Parent Company recommended to reduce share capital from KD 60,304,500 (consisting of 603,045,000 shares of 100 fils each) to KD 20,030,608 (consisting of 200,306,080 shares of 100 fils each). This is to amortize the total remaining accumulated losses of KD 40,273,892 after using share premium, statutory reserve and voluntary reserve as at 31 December 2014. The Parent Company is currently in the process of holding an extraordinary general assembly meeting to approve amortization of the entire remaining accumulated losses and reduce share capital.