

Senegy 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 month period ended 30 September 2017

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

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For the nine month period ended 30 September 2017

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**Independent auditors' review report on interim condensed consolidated financial information
To the board of directors of Senergy Holding Company K.P.S.C.
State of Kuwait**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Senergy Holding Company K.P.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2017, and the accompanying related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The Parent Company's management is responsible for preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility is to express a conclusion on interim condensed consolidated financial information based on our review.

Scope of review

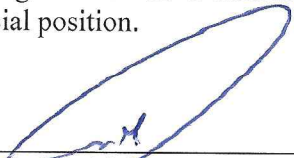
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Condensed Consolidated Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries,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

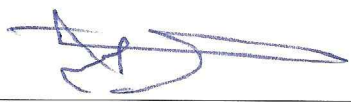
Conclusion

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

Report on other Legal and Regulatory Requirement

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the extent of information made available to us, nothing has come to our attention indicating occurrence of violations of the Companies' Law No. 1 of 2016 and its executive regulations, as amended, or of the Parent Company's memorandum of incorporation and articles of association, as amended, during the nine month period ended 30 September 2017 that might have had a material effect on business of the Group or on its interim condensed consolidated financial position.


Faisal Saqer Al Saqer
License No. 172 "A"
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Khaled Hasan Al-Ahmad - CPA
License No. 173 "A"
AL SOOR Certified Public Accountants
Independent member of GGI - Switzerland


Kuwait: 9 November 2017

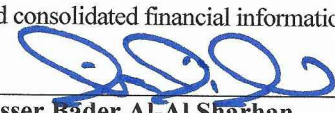
Senergy Holding Company K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of financial position (unaudited)
As at 30 September 2017

	Notes	30 September 2017 KD	31 December 2016 (Audited) KD	30 September 2016 KD
Assets				
Non-current assets				
Property, plant and equipment		4,995,456	5,186,055	5,502,368
Investment Properties		1,847,910	1,896,890	1,913,216
Goodwill		6,820,396	6,820,396	6,820,396
Intangible assets		-	-	162
Available for sale investments	4	476,470	530,358	616,629
Term deposits		6,008	6,155	6,172
		<u>14,146,240</u>	<u>14,439,854</u>	<u>14,858,943</u>
Current assets				
Inventories		308,900	318,303	894,212
Trade and other receivables	5	2,847,450	2,706,646	2,693,817
Wakala receivables		-	142,291	147,486
Investments at fair value through statement of income		6,859	7,398	30,172
Due from related parties	6	262,988	1,822,851	1,817,370
Cash and bank balances	7	3,509,963	623,843	826,374
		<u>6,936,160</u>	<u>5,621,332</u>	<u>6,409,431</u>
Assets related to discontinued operations	8	-	7,795,319	8,109,695
		<u>6,936,160</u>	<u>13,416,651</u>	<u>14,519,126</u>
Total assets		<u>21,082,400</u>	<u>27,856,505</u>	<u>29,378,069</u>
Equity and liabilities				
Equity				
Share capital	9	20,000,000	20,000,000	20,000,000
Share premium		181,866	181,866	181,866
Treasury shares	10	(181,866)	(181,866)	(181,866)
Treasury shares reserve		27,456	27,456	27,456
Change of fair value reserve		(26,230)	(26,230)	(62,229)
Foreign currency translation differences		113,898	823,685	791,451
Accumulated losses		(6,299,911)	(5,392,639)	(4,348,400)
Equity attributable to shareholders of the Parent Company		<u>13,815,213</u>	<u>15,432,272</u>	<u>16,408,278</u>
Non-controlling interests		3,726,021	7,007,698	7,338,785
Total equity		<u>17,541,234</u>	<u>22,439,970</u>	<u>23,747,063</u>
Liabilities				
Non-current liabilities				
Provision for staff indemnity		739,500	662,062	625,913
Deferred tax		9,159	15,041	54,597
		<u>748,659</u>	<u>677,103</u>	<u>680,510</u>
Current liabilities				
Trade and other payables	11	1,878,740	2,141,272	2,262,336
Due to related parties	6	913,767	-	90,000
		<u>2,792,507</u>	<u>2,141,272</u>	<u>2,352,336</u>
Liabilities related to discontinued operations	8	-	2,598,160	2,598,160
		<u>2,792,507</u>	<u>4,739,432</u>	<u>4,950,496</u>
Total liabilities		<u>3,541,166</u>	<u>5,416,535</u>	<u>5,631,006</u>
Total equity and liabilities		<u>21,082,400</u>	<u>27,856,505</u>	<u>29,378,069</u>

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


Talal Zaben Al-Hathal
Chairman


Nasser Bader Al-Al Sharhan
Vice Chairman and CEO

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

Interim condensed consolidated statement of income (unaudited)
For the nine month period ended 30 September 2017

	Notes	For the three month period ended 30 September		For the nine month period ended 30 September	
		2017	2016	2017	2016
		KD	KD	KD	KD
Continued operations					
Sales		522,640	768,573	2,105,876	2,887,144
Cost of sales		(737,889)	(688,852)	(2,210,252)	(2,460,554)
Gross (loss)/ profit		<u>(215,249)</u>	<u>79,721</u>	<u>(104,376)</u>	<u>426,590</u>
Rental income		82,813	83,162	254,678	270,434
Commission revenues		38,559	22,356	68,954	102,261
Income from Islamic deposits		-	572	312	1,717
Profit on sale of property, plant and equipment		-	-	1,668	-
Change in investments at fair value through statement of income		-	-	-	(159)
Provisions no longer required		-	6,681	-	6,681
Other revenues		7,676	2,329	22,047	5,125
Total revenues		<u>(86,201)</u>	<u>194,821</u>	<u>243,283</u>	<u>812,649</u>
Expenses					
General and administrative expenses		376,038	340,563	1,090,306	1,116,572
Depreciation and amortization		25,334	25,423	75,891	78,479
Foreign exchange differences loss		37,523	5,059	42,045	17,953
Provision for doubtful debts	5	(6,781)	220,900	104,873	388,281
Tax provision		11,709	50,517	75,528	154,141
Finance costs		886	(119)	2,151	1,645
Total expenses		<u>444,709</u>	<u>642,343</u>	<u>1,390,794</u>	<u>1,757,071</u>
Net loss from continuing operations for the period		<u>(530,910)</u>	<u>(447,522)</u>	<u>(1,147,511)</u>	<u>(944,422)</u>
Loss from discontinued operations		<u>-</u>	<u>(2,917,674)</u>	<u>-</u>	<u>(2,917,674)</u>
Net loss for the period		<u>(530,910)</u>	<u>(3,365,196)</u>	<u>(1,147,511)</u>	<u>(3,862,096)</u>
Net loss for the period attributable to:					
Shareholders of the Parent Company		(427,029)	(3,239,640)	(907,272)	(3,665,589)
Non-controlling interests		(103,881)	(125,556)	(240,239)	(196,507)
		<u>(530,910)</u>	<u>(3,365,196)</u>	<u>(1,147,511)</u>	<u>(3,862,096)</u>
Basic and diluted loss per share attributable to shareholders of the Parent Company:					
From continuing and discontinued operations (fils)	12	<u>(2.14)</u>	<u>(16.22)</u>	<u>(4.54)</u>	<u>(18.35)</u>
From continuing operations (fils)	12	<u>(2.14)</u>	<u>(7.46)</u>	<u>(4.54)</u>	<u>(9.59)</u>
From discontinued operations (fils)	12	<u>-</u>	<u>(8.76)</u>	<u>-</u>	<u>(8.76)</u>

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

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

Interim condensed consolidated statement of comprehensive income (unaudited)
For the nine month period ended 30 September 2017

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2017	2016	2017	2016
	KD	KD	KD	KD
Net loss for the period	<u>(530,910)</u>	<u>(3,365,196)</u>	<u>(1,147,511)</u>	<u>(3,862,096)</u>
Other comprehensive loss items				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>				
Net change in fair value of available for sale investments	-	779	-	(8,927)
Foreign currency translation differences	<u>(19,338)</u>	<u>(4,092)</u>	<u>(57,929)</u>	<u>(17,409)</u>
Other comprehensive loss for the period	<u>(19,338)</u>	<u>(3,313)</u>	<u>(57,929)</u>	<u>(26,336)</u>
Total comprehensive loss for the period	<u><u>(550,248)</u></u>	<u><u>(3,368,509)</u></u>	<u><u>(1,205,440)</u></u>	<u><u>(3,888,432)</u></u>
Attributable to:				
Shareholders of the Parent Company	(439,650)	(3,241,814)	(945,370)	(3,686,040)
Non-controlling interests	<u>(110,598)</u>	<u>(126,695)</u>	<u>(260,070)</u>	<u>(202,392)</u>
	<u><u>(550,248)</u></u>	<u><u>(3,368,509)</u></u>	<u><u>(1,205,440)</u></u>	<u><u>(3,888,432)</u></u>

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

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

Interim condensed consolidated statement of changes in equity (unaudited)
For the nine month period ended 30 September 2017

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Change in fair value reserve KD	Foreign currency translation differences KD	Accumulated losses KD	Equity attributable to shareholders of the Parent Company KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2016	60,304,500	181,866	(181,866)	27,456	(53,302)	802,975	(40,987,311)	20,094,318	7,541,177	27,635,495
Amortization of accumulated losses	(40,304,500)	-	-	-	-	-	40,304,500	-	-	-
Loss for the period	-	-	-	-	-	-	(3,665,589)	(3,665,589)	(196,507)	(3,862,096)
Other comprehensive loss for the period	-	-	-	-	(8,927)	(11,524)	-	(20,451)	(5,885)	(26,336)
Total comprehensive loss for the Period	-	-	-	-	(8,927)	(11,524)	(3,665,589)	(3,686,040)	(202,392)	(3,888,432)
Balance at 30 September 2016	20,000,000	181,866	(181,866)	27,456	(62,229)	791,451	(4,348,400)	16,408,278	7,338,785	23,747,063
Balance at 1 January 2017	20,000,000	181,866	(181,866)	27,456	(26,230)	823,685	(5,392,639)	15,432,272	7,007,698	22,439,970
Loss for the period	-	-	-	-	-	-	(907,272)	(907,272)	(240,239)	(1,147,511)
Other comprehensive loss for the period	-	-	-	-	-	(38,098)	-	(38,098)	(19,831)	(57,929)
Total comprehensive losses for the period	-	-	-	-	-	(38,098)	(907,272)	(945,370)	(260,070)	(1,205,440)
Derecognition on disposal of subsidiary	-	-	-	-	-	(671,689)	-	(671,689)	(3,021,607)	(3,693,296)
Balance at 30 September 2017	20,000,000	181,866	(181,866)	27,456	(26,230)	113,898	(6,299,911)	13,815,213	3,726,021	17,541,234

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

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

Interim condensed consolidated statement of cash flows (unaudited)
For the nine month period ended 30 September 2017

	Notes	For the nine month period ended 30 September	
		2017	2016
		KD	KD
Operating activities			
Net loss for the period		(1,147,511)	(3,862,096)
<i>Adjustment for:</i>			
Depreciation and amortization		703,545	785,735
Provision for doubtful debts	5	104,873	388,281
Finance costs		2,151	1,645
Income from Islamic deposits		(312)	(1,717)
Change in value for investments at fair value through statement of income		-	159
Profit on sale of property, plant and equipment		(1,668)	-
Impairment losses on assets related to discontinued operations		-	2,917,674
Tax provision		75,528	154,141
Provision for staff indemnity		90,891	108,197
		(172,503)	492,019
<i>Changes in working capital:</i>			
Inventories		9,403	59,972
Trade and other receivables		(245,677)	67,490
Due from related parties		3,043	(8,918)
Trade and other payables		(262,532)	(936,673)
Due to a related party		913,767	90,000
Deferred tax		(81,410)	-
Investments at fair value through statement of income		539	-
Cash flows from/(used in) operations		164,630	(236,110)
Payment of employees end of service benefits		(13,453)	(68,065)
Provisions used		-	(23,727)
Net cash flows from/(used in) operating activities		151,177	(327,902)
Investing activities			
Payment for the acquisition of property, plant and equipment		(466,184)	(491,983)
Proceeds from disposal of property, plant and equipment		3,886	-
Proceeds from sale of available for sale investments		53,888	-
Net change in term deposits		147	524
Income from Islamic deposits received		312	1,717
Net change in Wakala receivables		142,291	(1,717)
Proceeds from sale of a subsidiary	8	3,011,500	-
Net cash flows from / (used in) investment activities		2,745,840	(491,459)
Financing activities			
Finance costs paid		(2,151)	(1,645)
Net cash flows used in financing activities		(2,151)	(1,645)
Increase / (decrease) in cash and bank balances		2,894,866	(821,006)
Cash and bank balances at the beginning of the period		623,843	1,653,265
Net foreign exchange difference		(8,746)	(5,885)
Cash and bank balances at the end of the period	7	3,509,963	826,374

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

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

Notes to the interim condensed consolidated financial information (unaudited)
For the nine month period ended 30 September 2017

1. Incorporation and activities

Senergy 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 extraordinary general assembly meeting held on 7 April 2016, the shareholders approved to change the Parent Company's name from Safat Energy Holding Company K.P.S.C. to Senergy Holding Company K.P.S.C. The Parent Company's shares are listed on Kuwait Stock Exchange.

In accordance with the extraordinary general assembly meeting held on 15 May 2007, the Company conducts its activities in accordance with the Islamic Shari`a. The principal activities as defined in the Parent Company's memorandum of incorporation are as follows:

- Owning shares of Kuwaiti or foreign shareholding and limited liabilities companies as well as participating in the formation, management, financing, and providing to third parties guarantees for these companies.
- Finance companies in which it holds shares, guarantee them before third parties and in this case the holding percentage of the Parent Company in the share capital of such companies may not be less than 20% minimum.
- Owning industrial rights for patents, trade names, and designs and leasing the same to other companies for their use inside or outside Kuwait.
- Owning movable and real properties those are necessary to practice its activities in accordance to the law.
- Utilizing the financial surpluses of the Parent Company by investing them in portfolios managed by specialized companies.

The interim condensed consolidated financial information of the Group includes the Parent Company and its subsidiaries (together referred to as "the Group") (note 3).

The address of the Parent Company's registered office is Hawalli - Beirut Street, Al-Safat Group Headquarters, 7th floor, P.O. Box 27728 Safat, 13138, the State of Kuwait.

The interim condensed consolidated financial information for the period ended 30 September 2017 was authorized for issue by the Parent Company's board of directors on 9 November 2017.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting". This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The financial results for the nine month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2016.

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

2. Basis of preparation (Continued)

The accounting policies used in the preparation of this interim condensed consolidated financial information for the current interim financial period are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2016, except for the adoption of the following new standards and amendments effective as of 1 January 2016. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

a) The amendments became effective as of 1 January 2017

Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses

The amendments to this standard which are effective retrospectively for annual periods beginning on or after 1 January 2017 clarify that any entity needs to look into whether the tax law limits sources of the taxable profits in return for deducting the amendment resulting from temporary tax differences. Further, the amendments provide guidelines on the way that the entity shall determine the future taxable profits, and explanation of circumstances where the taxable profit may contain redemption of some assets at more than their carrying value.

These amendments became effective on 1 January 2017. These amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IAS 7: Disclosure Initiative

The amendment to this standard, which is effective prospectively for annual periods beginning on or after 1 January 2017, requires the entity to provide disclosures to enable users of the financial statements to assess the changes in liabilities resulted from financing activities, including the changes resulted from cash flows and non-cash changes. Early application of this amendment is permitted.

This amendment became effective on 1 January 2017. The amendment has no impact on the Group's interim condensed consolidated financial information.

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 Financial Instruments

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and recognition of financial instruments from IAS 39.

The Group is currently assessing the possible impact for application in 2018.

IFRS 15 – Revenue from contract with customers

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the following existing standard and interpretation upon its effective date:

Notes to the interim condensed consolidated financial information (unaudited)
For the nine month period ended 30 September 2017

2. Basis of preparation (continued)

b) Standards and interpretations issued but not effective (continued)

IFRS 15 – Revenue from contract with customers (continued)

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue – Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16: Leases

This standard becomes effective for annual periods beginning on or after 1 January 2019. This standard replaces IAS 17 “lease” as it requires tenants to recognize all leases in the balance sheet in a similar way to finance leases as per IAS 17 with limited exceptions for impaired assets and short term leases. As at the date of commencement of the lease, the tenant will acknowledge commitment of paying the lease payments, and a principal amount represents the right to use the concerned principal during lease period.

These amendments are not expected to have any material impact on the Group.

Amendments to IFRS 2: Classification and measurement of share-based payment transactions.

This standard will be effective for annual periods beginning on or after 1 January 2018. These amendments address three main aspects as follows:

- Impact of vesting conditions on cash settlements for share-based payment transactions.
- Classification of share-based payment transactions with features of settlement (net) for deducted tax commitments.
- Accounting, whereas amendment of items and conditions of share-based payment transactions changes its classification from cash settlement to equity settlement.

These amendments are not expected to have any material impact on the Group.

3. Basis of consolidation

These interim condensed consolidated financial information for the nine month period ended 30 September 2017 includes the Parent Company and its subsidiaries. Eastern Industrial & Oilfield Services Holding Co. B.S.C. (Closed) was consolidated based on accounts prepared by the management for the nine month period ended 30 September 2017. The Group management believes that no adjustments will be required to the accounts prepared by the management which may be material to the interim condensed consolidated financial information taken as a whole.

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

Notes to the interim condensed consolidated financial information (unaudited)
For the nine month period ended 30 September 2017

3. Basis of consolidation (Continued)

Details of the subsidiaries are as follows:

<u>Name of the subsidiaries</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>			<u>Principal activity</u>
		<u>30 September 2017</u>	<u>31 December 2016</u>	<u>30 September 2016</u>	
		(%)	(%)	(%)	
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) (Note 8)	Egypt.	-	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.
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 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

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

Notes to the interim condensed consolidated financial information (unaudited)
For the nine month period ended 30 September 2017

4. Available for sale investments

	<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>
	KD	KD	KD
Unquoted local shares	164,414	164,553	163,403
Unquoted foreign shares	312,056	365,805	360,226
Investment in funds	-	-	93,000
	<u>476,470</u>	<u>530,358</u>	<u>616,629</u>

The local and foreign unquoted shares were recognized at cost less impairment as there is no reliable measurement method to measure their fair value as at the date of interim condensed consolidated statement of financial position.

5. Trade and other receivables

	<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>
	KD	KD	KD
Trade receivables	3,149,631	3,753,960	3,895,011
Advance payments	694,587	290,500	191,925
Provision for doubtful debts	<u>(2,343,145)</u>	<u>(2,238,997)</u>	<u>(1,944,584)</u>
	1,501,073	1,805,463	2,142,352
Letters of guarantee	515,034	-	-
Refundable deposits	29,028	76,289	76,546
Accrued revenues	431,694	517,194	286,749
Prepaid expenses	163,957	97,404	104,014
Staff receivables	21,064	13,699	19,595
Other receivables	185,600	196,597	64,561
	<u>2,847,450</u>	<u>2,706,646</u>	<u>2,693,817</u>

The movement in the provision for doubtful debts:

	<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>
	KD	KD	KD
Balance at the beginning of the period/ year	2,238,997	1,556,303	1,556,303
Charged during the period/year	104,873	681,600	388,281
Foreign currency translation differences	(725)	1,094	-
Balance at the end of the period/ year	<u>2,343,145</u>	<u>2,238,997</u>	<u>1,944,584</u>

6. Related party transactions

Related parties primarily comprise of directors, key management personnel, 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 at terms approved by the Group's management. All 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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6. Related party transactions (Continued)

	<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>
	KD	KD	KD
Balances included in the interim condensed consolidated statement of financial position:			
Available for sale investments	-	-	93,000
Investments at fair value through statement of income	6,859	7,398	30,172
Due from related parties:			
Due from related parties	446,407	2,006,270	2,000,789
Less: provision for doubtful debts	(183,419)	(183,419)	(183,419)
	<u>262,988</u>	<u>1,822,851</u>	<u>1,817,370</u>
Due to related parties	<u>913,767</u>	<u>-</u>	<u>90,000</u>
Transactions included in the interim condensed consolidated statement of income:			
General and administrative expenses	539	4,003	2,426
Senior management staff benefits and salaries			
Salaries and other short term benefits	40,450	124,222	40,555
End of service benefits	8,339	10,750	3,509
	<u>48,789</u>	<u>134,972</u>	<u>44,064</u>

Balances due from/to related parties are interest free and are receivable/payable on demand.

7. Cash and bank balances

	<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>
	KD	KD	KD
Bank balances	3,498,701	603,005	16,995
Cash on hand	11,262	20,838	809,379
	<u>3,509,963</u>	<u>623,843</u>	<u>826,374</u>

8. Discontinued operations

On 2 December 2015, board of directors decided to dispose of National Drilling Co. (S.A.E) (subsidiary). It was subsequently negotiated with certain parties interested in acquisition of this activity. Assets and liabilities of the subsidiary expected to be sold within 12 months were classified as assets and liabilities subject to disposal as discontinued operations, and were presented separately in the interim condensed consolidated statement of financial position. On February 2017, the final contracts related to selling share of the Company of 60% in National Drilling Co. at USD 10,000,000 equivalent to KD 3,011,500 were signed. The sale transaction resulted in a loss of KD 3,232,050 recognized in the consolidated statement of income as impairment loss within discontinued operations as at 31 December 2016. On 26 July 2017, all procedures and required approvals were completed, and shares' ownership was transferred to the buyer.

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8. Discontinued operations (Continued)

The most important items related to assets and liabilities of National Drilling Co. (S.A.E) that are eliminated from books as at 30 September 2017 are as follows:

	National Drilling Company (S.A.E)		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
	KD	KD	KD
Assets			
Property, plant and equipment	5,204,744	5,204,744	5,519,120
Inventories	2,206,332	2,206,332	2,206,332
Receivables and other debit balances	311,259	311,259	311,259
Cash and cash equivalents	72,984	72,984	72,984
Total assets classified as discontinued operations	<u>7,795,319</u>	<u>7,795,319</u>	<u>8,109,695</u>
Liabilities			
Payables and other credit balances	2,598,160	2,598,160	2,598,160
Total liabilities classified as discontinued operations	<u>2,598,160</u>	<u>2,598,160</u>	<u>2,598,160</u>
Net assets related to the subsidiary under disposal	<u>5,197,159</u>	<u>5,197,159</u>	<u>5,511,535</u>
The Group share in the net assets related to the disposed subsidiary	3,118,295	3,118,295	3,306,926
Foreign currency translation reserve reclassified to statement of income	(106,795)	-	-
Total consideration received from sale of subsidiary	<u>3,011,500</u>	<u>-</u>	<u>-</u>

9. Share capital

The authorized, issued and fully paid up share capital comprises of KD 20,000,000 (31 December 2016: KD 20,000,000 and 30 September 2016: KD 20,000,000) composed of 200,000,000 shares (31 December 2016: 200,000,000 shares and 30 September 2016: 200,000,000 shares) each of a nominal value of 100 fils. All shares are in cash.

10. Treasury shares

	31 December		
	30 September 2017	2016 (Audited)	30 September 2016
Number of shares	277,468	277,468	277,468
Percentage of issued shares (%)	0.12	0.12	0.14
Market value (KD)	10,072	9,295	9,711
Cost (KD)	181,866	181,866	181,866

The Parent Company is committed to keeping reserves and retained profits equal to the purchased treasury shares which are non-distributable along acquisition period according to the instructions of the concerned regulatory authorities.

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11. Trade and other payables

	30 September	31 December	30 September
	2017	2016	2016
	KD	(Audited) KD	KD
Trade payables	906,645	894,067	1,009,188
Dividends payables	403,008	404,233	404,215
Accrued expenses	116,940	177,602	100,874
Provision for staff leave	96,103	103,572	119,898
Refundable deposits	23,765	27,365	28,176
Provision for employees' incentives	133,619	169,746	90,540
Provision for legal cases	50,000	50,000	50,000
Tax provision	70,418	172,970	156,173
Zakat	6,104	2,863	6,104
National Labour Support Tax	-	-	3,604
Other	72,138	138,854	293,564
	<u>1,878,740</u>	<u>2,141,272</u>	<u>2,262,336</u>

12. Basic and diluted loss per share (Fils)

Basic and diluted loss per share is calculated by dividing loss for the period attributable to Parent Company's shareholders by the weighted average number of shares outstanding during the period taking into account treasury shares.

The Parent Company had no outstanding dilutive shares.

	For the three month period		For the nine month period	
	ended 30 September	ended 30 September	ended 30 September	ended 30 September
	2017	2016	2017	2016
Loss for the period attributable to the owners of the Parent Company (KD)	<u>(427,029)</u>	<u>(3,239,640)</u>	<u>(907,272)</u>	<u>(3,665,589)</u>
Continuing operations (KD)	<u>(427,029)</u>	<u>(1,489,036)</u>	<u>(907,272)</u>	<u>(1,914,985)</u>
Discontinued operations (KD)	<u>-</u>	<u>(1,750,604)</u>	<u>-</u>	<u>(1,750,604)</u>
Weighted average number of outstanding shares (No.)	<u>199,722,532</u>	<u>199,722,532</u>	<u>199,722,532</u>	<u>199,722,532</u>
Basic and diluted loss per share attributable to shareholders of the Parent Company from:				
<i>Continuing and discontinued operations (fils)</i>	<u>(2.14)</u>	<u>(16.22)</u>	<u>(4.54)</u>	<u>(18.35)</u>
Continuing operations (fils)	<u>(2.14)</u>	<u>(7.46)</u>	<u>(4.54)</u>	<u>(9.59)</u>
Discontinued operations (fils)	<u>-</u>	<u>(8.76)</u>	<u>-</u>	<u>(8.76)</u>

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13. Segment information

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 share capital for the Group's needs.

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

Financial information about business segments for the nine month period ended 30 September 2017 are set out below:

	Investment management	Drilling and maintenance operations	Total
30 September 2017	<u>KD</u>	<u>KD</u>	<u>KD</u>
Total income	347,659	2,105,876	2,453,535
Segment results	(384,161)	(763,350)	(1,147,511)
Segment assets	10,822,755	10,259,645	21,082,400
Segment liabilities	643,200	2,897,966	3,541,166

Financial information about business segments for the year ended 31 December 2016 is as follows:

	Investment management	Drilling and maintenance operations	Total
31 December 2016	<u>KD</u>	<u>KD</u>	<u>KD</u>
Total income	590,560	4,483,834	5,074,394
Segment results	(496,000)	(4,757,272)	(5,253,272)
Segment assets	13,880,334	13,976,171	27,856,505
Segment liabilities	3,290,080	2,126,455	5,416,535

Financial information about business segments for the nine month period ended 30 September 2016 are set out below:

	Investment management	Drilling and maintenance operations	Total
30 September 2016	<u>KD</u>	<u>KD</u>	<u>KD</u>
Total income	989,277	2,887,144	3,876,421
Segment results	(3,277,913)	(584,183)	(3,862,096)
Segment assets	14,056,418	15,321,651	29,378,069
Segment liabilities	3,352,900	2,278,106	5,631,006

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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.

In the opinion of the Group's management, fair value of the financial assets and liabilities is not materially different from its respective carrying value at end of the period / year.

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 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<i>Financial assets at fair value through statement of income</i>			
Managed portfolio	6,859	-	6,859
Total	<u>6,859</u>	<u>-</u>	<u>6,859</u>

31 December 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<i>Financial assets at fair value through statement of income</i>			
Managed portfolio	7,398	-	7,398
Total	<u>7,398</u>	<u>-</u>	<u>7,398</u>

30 September 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<i>Available for sale investments</i>			
Managed Funds	-	93,000	93,000
<i>Financial assets at fair value through statement of income</i>			
Managed portfolio	30,172	-	30,172
Total	<u>30,172</u>	<u>93,000</u>	<u>123,172</u>

15. Annual general assembly

The annual general assembly of the shareholders was held on 21 September 2017 and approved the consolidated financial statements for the year ended 31 December 2016. It also approved non-distribution of dividends for the financial year ended 31 December 2016.