

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

**Interim condensed consolidated financial information (Unaudited)
and independent auditors' review report
for the six month period ended 30 June 2017**

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

Interim condensed consolidated financial information (Unaudited) and the review report
For the six month period ended 30 June 2017

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Report on review of interim condensed consolidated financial information

The Board of Directors
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 June 2017, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Report on other Legal and Regulatory Requirement

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the Parent Company's books. We further report that nothing has come to our attention indicating any contravention during the six month period ended 30 June 2017, of the Companies' Law No. 1 of 2016 and its Executive Regulations, or the Parent Company's Memorandum of Incorporation and Articles of Association, which might have materially affected the Group's activities or its interim condensed consolidated financial position.

Khaled H. Al Ahmad - CPA
Licence No. 173 "A"
Al-Soor Certified Public Accountants
GGI Independent Member - Switzerland

Kuwait: 3 August 2017

Faisal Saqer Al Saqer
Licence No. 172 "A"
BDO Al Nisf & Partners


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

Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2017

	Notes	30 June 2017 KD	31 December 2016 (audited) KD	30 June 2016 KD
Assets				
Non-current assets				
Property, plant and equipment		4,947,103	5,186,055	5,649,594
Investment properties		1,864,236	1,896,890	1,929,543
Goodwill		6,820,396	6,820,396	6,820,396
Intangible assets		-	-	385
Available for sale investments	4	527,162	530,358	618,651
Term deposits		6,058	6,155	6,178
Total non-current assets		14,164,955	14,439,854	15,024,747
Current assets				
Inventories		267,618	318,303	854,374
Trade receivables and other debit balances	5	4,023,268	2,706,646	2,839,857
Due from related parties	6	1,814,498	1,822,851	1,816,359
Wakala receivables		-	142,291	146,914
Investments at fair value through statement of income		7,040	7,398	30,342
Bank balances and cash	7	876,443	623,843	1,391,896
		6,988,867	5,621,332	7,079,742
Assets related to discontinued operations	8	7,795,319	7,795,319	11,027,369
Total current assets		14,784,186	13,416,651	18,107,111
Total assets		28,949,141	27,856,505	33,131,858
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
Fair value reserve		(26,230)	(26,230)	(62,229)
Foreign currency translation reserve		798,208	823,685	793,625
Accumulated losses		(5,872,882)	(5,392,639)	(1,108,760)
Equity attributable to shareholders of the Parent Company		14,926,552	15,432,272	19,650,092
Non-controlling interests		6,858,226	7,007,698	7,465,480
Total equity		21,784,778	22,439,970	27,115,572
Liabilities				
Non-current liabilities				
Provision for employees' end of service indemnity		734,482	662,062	645,009
Deferred tax		9,237	15,041	55,950
Total non-current liabilities		743,719	677,103	700,959
Current liabilities				
Trade payables and other credit balances	11	2,908,717	2,141,272	2,717,167
Due to related party	6	913,767	-	-
		3,822,484	2,141,272	2,717,167
Liabilities related to discontinued operations	8	2,598,160	2,598,160	2,598,160
Total current liabilities		6,420,644	4,739,432	5,315,327
Total liabilities		7,164,363	5,416,535	6,016,286
Total equity and liabilities		28,949,141	27,856,505	33,131,858

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

Talal Zeban Alhathal
Chairman


Naser Bader AlSharhan
Vice Chairman and CEO

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

Interim condensed consolidated statement of income (Unaudited)

For the six month period ended 30 June 2017

	Notes	For the three month period ended		For the six month period ended	
		30 June	30 June	30 June	30 June
		2017	2016	2017	2016
		KD	KD	KD	KD
Continuing operations					
Operating revenues		731,397	1,274,665	1,583,236	2,687,085
Operating costs		(740,202)	(976,001)	(1,472,363)	(2,340,216)
Gross (loss) / profit		(8,805)	298,664	110,873	346,869
Revenues of Islamic deposits		-	573	312	1,145
Gain on sale of property, plant and equipment		-	-	1,668	-
Change in fair value of investments at fair value through statement of income		-	-	-	(159)
Gains / (loss) from foreign currency differences		1,652	2,994	(4,522)	(12,894)
Rental income		83,662	87,906	171,865	187,272
Commission income		27,706	32,990	30,395	79,905
Other income	9	89	(803)	14,371	2,796
Total income		104,304	422,324	324,962	604,934
Expenses					
General and administrative expenses		378,918	397,610	714,268	776,009
Depreciation and amortization		25,084	26,482	50,557	53,056
Provision for doubtful debts	5	12,602	167,381	111,654	167,381
Tax provision		33,423	66,965	63,819	103,624
Finance costs		536	1,054	1,265	1,764
Total expenses		450,563	659,492	941,563	1,101,834
Net loss for the period from continued operations		(346,259)	(237,168)	(616,601)	(496,900)
Profit / (loss) of discontinued operations	8	-	-	-	-
Net loss for the period		(346,259)	(237,168)	(616,601)	(496,900)
Net loss for the period attributable to:					
Shareholders of the Parent Company		(273,219)	(200,763)	(480,243)	(425,949)
Non-controlling interests		(73,040)	(36,405)	(136,358)	(70,951)
		<u>(346,259)</u>	<u>(237,168)</u>	<u>(616,601)</u>	<u>(496,900)</u>
Basic and diluted loss per share attributable to shareholders of the Parent Company:					
From continuing and discontinued operations (fils)	12	<u>(1.36)</u>	<u>(1.01)</u>	<u>(2.40)</u>	<u>(2.13)</u>
From continuing operations (fils)	12	<u>(1.36)</u>	<u>(1.01)</u>	<u>(2.40)</u>	<u>(2.13)</u>
From discontinued operations (fils)	12	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The notes on pages 7 to 15 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 six month period ended 30 June 2017

	For the three month period ended		For the six month period ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	KD	KD	KD	KD
Net loss for the period	<u>(346,259)</u>	<u>(237,168)</u>	<u>(616,601)</u>	<u>(496,900)</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)	-	(9,706)
Exchange differences on translation of foreign operations	<u>(19,482)</u>	<u>(1,228)</u>	<u>(38,591)</u>	<u>(13,317)</u>
Other comprehensive loss for the period	<u>(19,482)</u>	<u>(2,007)</u>	<u>(38,591)</u>	<u>(23,023)</u>
Total comprehensive loss for the period	<u><u>(365,741)</u></u>	<u><u>(239,175)</u></u>	<u><u>(655,192)</u></u>	<u><u>(519,923)</u></u>
Attributable to:				
Shareholders of the Parent Company	<u>(285,933)</u>	<u>(202,174)</u>	<u>(505,720)</u>	<u>(444,226)</u>
Non-controlling interests	<u>(79,808)</u>	<u>(37,001)</u>	<u>(149,472)</u>	<u>(75,697)</u>
	<u><u>(365,741)</u></u>	<u><u>(239,175)</u></u>	<u><u>(655,192)</u></u>	<u><u>(519,923)</u></u>

The notes on pages 7 to 15 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 six month period ended 30 June 2017

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Equity attributable to shareholders of the Parent Company KD	Non-controlling interests KD	Total equity KD
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	-	-	-	-	-	-	(480,243)	(480,243)	(136,358)	(616,601)
Other comprehensive loss for the period	-	-	-	-	-	(25,477)	-	(25,477)	(13,114)	(38,591)
Total comprehensive loss for the period	-	-	-	-	-	(25,477)	(480,243)	(505,720)	(149,472)	(655,192)
Balance at 30 June 2017	<u>20,000,000</u>	<u>181,866</u>	<u>(181,866)</u>	<u>27,456</u>	<u>(26,230)</u>	<u>798,208</u>	<u>(5,872,882)</u>	<u>14,926,552</u>	<u>6,858,226</u>	<u>21,784,778</u>
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	-	-	-	-	-	-	(425,949)	(425,949)	(70,951)	(496,900)
Other comprehensive loss for the period	-	-	-	-	(8,927)	(9,350)	-	(18,277)	(4,746)	(23,023)
Total comprehensive loss for the period	-	-	-	-	(8,927)	(9,350)	(425,949)	(444,226)	(75,697)	(519,923)
Balance at 30 June 2016	<u>20,000,000</u>	<u>181,866</u>	<u>(181,866)</u>	<u>27,456</u>	<u>(62,229)</u>	<u>793,625</u>	<u>(1,108,760)</u>	<u>19,650,092</u>	<u>7,465,480</u>	<u>27,115,572</u>

The notes on pages 7 to 15 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 six month period ended 30 June 2017

	Note	For the six month period ended 30 June	
		2017	2016
		KD	KD
OPERATING ACTIVITIES			
Net loss for the period attributable to shareholders of the Parent Company		(480,243)	(425,949)
<i>Adjustment for:</i>			
Depreciation and amortization		474,066	481,484
Provision for doubtful debts	5	111,654	167,381
Finance costs		1,265	1,764
Revenues of Islamic deposits		(312)	(1,145)
Change in fair value of investments at fair value through statement of income		-	159
Gain on sale of property, plant and equipment		(1,668)	-
Tax provision for foreign subsidiaries		63,819	103,624
Provision for staff indemnity		77,691	74,875
		<u>246,272</u>	<u>402,193</u>
<i>Changes in operating assets and liabilities</i>			
Inventories		50,687	99,810
Trade receivables and other debit balances		(1,428,776)	136,352
Due from related parties		8,353	(7,907)
Trade payables and other credit balances		756,466	(253,778)
Due to related party		913,767	-
Deferred tax		(69,623)	(120,000)
Investment at fair value through statement of income		358	1,397
<i>Cash generated from operations</i>		<u>477,504</u>	<u>258,067</u>
Payment of employees end of service indemnity		(5,271)	(14,620)
Zakat and NLST paid		-	(27,881)
Net cash generated from operating activities		<u>472,233</u>	<u>215,566</u>
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		(219,174)	(403,846)
Proceeds from sale of property, plant and equipment		3,884	-
Proceeds on sale of available for sale investments		3,196	3,854
Net change in term deposits		907	518
Net change in wakala receivables		142,291	-
Net cash used in investing activities		<u>(68,896)</u>	<u>(399,474)</u>
FINANCING ACTIVITIES			
Change in non-controlling interests		(149,472)	(75,697)
Finance costs paid		(1,265)	(1,764)
Net cash used in financing activities		<u>(150,737)</u>	<u>(77,461)</u>
Increase / (decrease) in bank balances and cash		<u>252,600</u>	<u>(261,369)</u>
Bank balances and cash at beginning of the period		623,843	1,653,265
Bank balances and cash at end of the period	7	<u>876,443</u>	<u>1,391,896</u>

The notes on pages 7 to 15 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 interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2017

1. Incorporation and activities

Senergy Holding Company K.P.S.C. (the "Parent Company") was incorporated in the State of Kuwait on 22 March 1983 in accordance with Companies Law. At the extra-ordinary 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. Shares of the Parent Company are 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 contribution ratio of the holding company in the capital of these companies shall not be less than at least 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.
- Use of surplus funds available with the Parent Company by investing it in portfolios managed by specialized companies.

The interim condensed consolidated financial information of the Group 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 Hawalli, Beirut Street, Al-Safat Group Headquarters, – Floor 7, P.O.Box 27728, Al Safat 13138, State of Kuwait.

The interim condensed consolidated financial information for the period ended 30 June 2017 was authorized for issue by the Board of Directors of the Parent Company on 3 August 2017.

2. Basis of preparation

The interim condensed consolidated financial information is prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial information prepared in accordance with International Financial Reporting Standards.

In the opinion of the management, all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2016.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in preparation of the consolidated financial statements for the year ended 31 December 2016 except for the adoption of certain number of amended IFRS that have become effective beginning 1 January 2017.

Notes to interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2017

2. Basis of preparation (continued)

a) New standards, interpretations and amendments effective from 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 an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments became effective on 1 January 2017, but they did not have impact on the interim condensed consolidated financial information of the Group.

Amendment to IAS 7 – Disclosure Initiative

The amendment to this standard which is effective prospectively for annual periods beginning on or after 1 January 2017 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liability arising from financing activities, including both changes arising from cash flows and non-cash changes, early application of this amendment is permitted.

These amendments became effective on 1 January 2017, but they did not have impact on the interim condensed consolidated financial information of the Group.

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 derecognition of financial instruments from IAS 39.

The Directors of the Group anticipate that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 – Revenue from contracts 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 recognized. It replaces the following existing standards and interpretations upon its effective date:

- 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.

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

Notes to interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2017

2. Basis of preparation (continued)

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

IFRS 16 - Leases

This standard will be effective for annual periods beginning on or after 1 January 2019. This standard will be replacing IAS 17 "Leases" and will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17 with limited exceptions for low-value assets and short term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

These amendments are not expected to have any material impact to 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, the amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

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

3. Basis of consolidation

The interim condensed consolidated financial information for the six month period ended 30 June 2017 include the Parent Company and its subsidiaries. Eastern Industrial and Oil Field Services B.S.C. (Closed) was consolidated based on accounts prepared by the management for the six month period ended 30 June 2017. Management of the Group does not expect any amendments to the accounts prepared by the subsidiary, which could be material to the interim condensed consolidated financial information as a whole.

The details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Ownership interest			Principal activity
		30 June 2017 (%)	31 December 2016 (%)	30 June 2016 (%)	
Direct Holding:					
Synergy Services for Energy Services Company K.S.C. (Closed) and its subsidiaries	Kuwait	91.05	91.05	91.05	Support activities to oil well drilling and related works.
National Drilling Co. (S.A.E) (note 8)	Egypt	60	60	60	Support activities to oil well drilling and related works.
Eastern Industrial & Oilfield Services Company B.S.C. (Closed) and its subsidiaries	Bahrain	100	100	100	Holding industrial property rights and investing in financial instruments

Senergy Holding Company K.P.S.C. and its subsidiaries
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Notes to interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2017

3. Basis of consolidation (continued)

Name of subsidiaries	Country of incorporation	Ownership interest			Principal activity
		30 June 2017	31 December 2016	30 June 2016	
		(%)	(%)	(%)	
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 works.
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
Conerstone 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

4. Available for sale investments

	30 June 2017	31 December 2016 (Audited)	30 June 2016
	KD	KD	KD
Unquoted local shares	164,462	164,553	165,201
Unquoted foreign shares	362,700	365,805	360,450
Investment in funds	-	-	93,000
	<u>527,162</u>	<u>530,358</u>	<u>618,651</u>

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

5. Trade receivables and other debit balances

	30 June 2017	31 December 2016 (Audited)	30 June 2016
	KD	KD	KD
Trade receivables	4,467,990	3,753,960	3,574,827
Advance payments	506,390	290,500	127,332
Provision for doubtful debts	(2,350,172)	(2,238,997)	(1,723,632)
	<u>2,624,208</u>	<u>1,805,463</u>	<u>1,978,527</u>
Letter of guarantee	515,033	-	-
Refundable deposits	65,707	76,289	185,298
Accrued revenues	400,875	517,194	434,741
Prepaid expenses	190,474	97,404	140,626
Staff receivables	14,889	13,699	15,475
Other receivables	212,082	196,597	85,190
	<u>4,023,268</u>	<u>2,706,646</u>	<u>2,839,857</u>

Senergy Holding Company K.P.S.C. and its subsidiaries
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Notes to interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2017

5. Trade receivables and other debit balances (continued)

The movement in the allowance for doubtful debts:

	30 June 2017	31 December 2016 (Audited)	30 June 2016
	KD	KD	KD
Balance at 1 January	2,238,997	1,556,303	1,556,303
Charge for the period / year	111,654	681,600	167,381
Differences of foreign currency translation	(479)	1,094	(52)
Balance at period / year end	<u>2,350,172</u>	<u>2,238,997</u>	<u>1,723,632</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 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 Group, have been eliminated on consolidation and are not disclosed in this note.

	30 June 2017	31 December 2016 (Audited)	30 June 2016
	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	7,040	7,398	30,342
Due from related parties:			
Due from related parties	1,997,918	2,006,270	1,999,778
Less: Allowance for doubtful debts	(183,420)	(183,419)	(183,419)
	<u>1,814,498</u>	<u>1,822,851</u>	<u>1,816,359</u>
Due to related party			
Dar Al Safat General Trading Company W.L.L.	913,767	-	-
Transactions included in the interim condensed consolidated statement of income:			
General and administrative expenses	358	4,003	556
Key management employees' benefits and salaries			
Salaries and other short term benefits	23,333	124,222	28,889
End of service indemnity	2,019	10,750	2,500
	<u>25,352</u>	<u>134,972</u>	<u>31,389</u>

Balances due from/to the related parties are interest free and will be received / paid on demand.

7. Bank balances and cash

	30 June 2017	31 December 2016 (Audited)	30 June 2016
	KD	KD	KD
Cash at banks	862,999	603,005	1,372,243
Cash on hand	13,444	20,838	19,653
	<u>876,443</u>	<u>623,843</u>	<u>1,391,896</u>

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8. Discontinued operations

Board of Directors decided on 2 December 2015 to dispose of National Drilling Co. (S.A.E) (subsidiary). Subsequently, it has been negotiated with some of the parties concerned to purchase this activity. Assets and liabilities related to the subsidiary that are 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 60% holding in National Drilling Company at US\$ 10,000,000 equivalent to KD 3,065,000 were signed. The sale transaction resulted in a loss of KD 3,232,050 recognised in the consolidated statement of income as impairment loss in 31 December 2016 within discontinued operations. Subsequently to the date of this interim condensed consolidated financial information the shares' ownership was transferred to the purchaser.

The most significant items related to National Drilling Co. (S.A.E) subject to disposal of the discontinued operations are as follows:

	National Drilling Company (S.A.E)		
	30 June	31 December	30 June
	2017	2016	2016
	KD	(Audited) KD	KD
Assets			
Property, plant and equipment	5,204,744	5,204,744	6,161,600
Goodwill	-	-	2,275,194
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 designated as discontinued operations	<u>7,795,319</u>	<u>7,795,319</u>	<u>11,027,369</u>
Liabilities			
Payables and other credit balances	<u>2,598,160</u>	<u>2,598,160</u>	<u>2,598,160</u>
Total liabilities designated as discontinued operations	<u>2,598,160</u>	<u>2,598,160</u>	<u>2,598,160</u>
Net assets related to the subsidiary subjects to disposal	<u>5,197,159</u>	<u>5,197,159</u>	<u>8,429,209</u>

No business result for the discontinued operation for the period.

9. Share capital

The authorized, issued and fully paid up capital is KD 20,000,000 (31 December 2016: KD 20,000,000 and 30 June 2016: KD 20,000,000) consisting of 200,000,000 (31 December 2016: 200,000,000 and 30 June 2016: 200,000,000) shares at nominal value of 100 fils each and all shares are in cash.

10. Treasury shares

	30 June	31 December	30 June
	2017	2016	2016
		(Audited)	
Number of shares	277,468	277,468	277,468
Percentage of issued shares (%)	0.12	0.12	0.14
Market value (KD)	9,850	9,295	3,607
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 payables and other credit balances

	30 June 2017	31 December 2016 (Audited)	30 June 2016
	KD	KD	KD
Trade payables	1,847,995	894,067	1,372,300
Dividends payables	404,228	404,233	404,216
Accrued expense	123,976	177,602	206,454
Provision for staff leave	111,806	103,572	163,870
Refundable deposits	23,765	27,365	26,411
Staff incentives provision	157,211	169,746	90,660
Provision for law suits	50,000	50,000	50,000
Tax provision	98,399	172,970	120,497
Zakat	7,035	2,863	16,916
National Labor Support Tax	-	-	6,086
Other	84,302	138,854	259,757
	<u>2,908,717</u>	<u>2,141,272</u>	<u>2,717,167</u>

12. Basic and diluted loss per share (fils)

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

The Parent Company had no outstanding diluted shares.

	For the three month period ended		For the six month period ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Loss for the period attributable to the shareholders of the Parent Company:	<u>(273,219)</u>	<u>(200,763)</u>	<u>(480,243)</u>	<u>(425,949)</u>
Continuing operations (KD)	<u>(273,219)</u>	<u>(200,763)</u>	<u>(480,243)</u>	<u>(425,949)</u>
Discontinued operations (KD)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of outstanding shares (shares)	<u>199,722,532</u>	<u>199,722,532</u>	<u>199,772,532</u>	<u>199,722,532</u>
Basic and diluted loss per share attributable to shareholders of the Parent Company from:				
Continuing and discontinued operations (fils)	<u>(1.36)</u>	<u>(1.01)</u>	<u>(2.40)</u>	<u>(2.13)</u>
Continuing operations (fils)	<u>(1.36)</u>	<u>(1.01)</u>	<u>(2.40)</u>	<u>(2.13)</u>
Discontinued operations (fils)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. Segmental 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.

a) 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.

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13. Segment information (continued)

Financial information about business segments for the period ended 30 June 2017 is as follows:

	<u>Investment management</u>	<u>Drilling and maintenance</u>	<u>Total</u>
	KD	KD	KD
30 June 2017			
Total revenue	218,611	1,583,236	1,801,847
Segment result	(163,496)	(453,106)	(616,601)
Segment assets	13,677,363	15,271,778	28,949,141
Segment liabilities	3,297,582	3,866,782	7,164,363

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

	<u>Investment management</u>	<u>Drilling and maintenance</u>	<u>Total</u>
	KD	KD	KD
31 December 2016			
Total revenue	590,560	4,483,834	5,074,394
Segment result	(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 period ended 30 June 2016 is as follows:

	<u>Investment management</u>	<u>Drilling and maintenance</u>	<u>Total</u>
	KD	KD	KD
30 June 2016			
Total revenue	271,118	2,687,085	2,958,203
Segment result	(269,008)	(227,892)	(496,900)
Segment assets	14,184,628	18,947,230	33,131,858
Segment liabilities	3,376,778	2,639,508	6,016,286

14. 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, the fair value of the financial assets and liabilities approximate their carrying value at period / year end.

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.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
30 June 2017			
<i>Investments at fair value through statement of income</i>			
Managed portfolio	7,040	-	7,040
Total	7,040	-	7,040

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14. Financial instruments (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
31 December 2016			
<i>Investments 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 June 2016			
<i>Available for sale investments</i>			
Managed funds	-	93,000	93,000
<i>Investments at fair value through statement of income</i>			
Managed portfolio	30,342	-	30,342
Total	<u>30,342</u>	<u>93,000</u>	<u>123,342</u>

15. Annual general assembly

The annual shareholders general assembly was held on 21 June 2017 and approved the consolidated financial statements for the year ended 31 December 2016. The shareholders also approved not to distribute dividends.