

**Safat Energy 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 three month period ended 31 March 2016**

**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 three month period ended 31 March 2016

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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 31 March 2016, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The preparation and presentation of this interim condensed financial information is the responsibility of the Parent Company in accordance with IAS (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

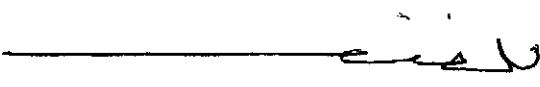
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The review is primarily represented in making inquiries to employees responsible for financial and accounting 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

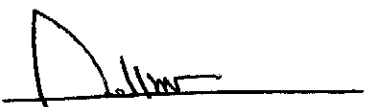
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

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 three month period ended 31 March 2016, of the Companies' Law No. 1 of 2016, and its executive regulations, or the Parent Company's Articles and Memorandum of Association, which might have materially affected the Group's activities or its interim condensed consolidated financial position.



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



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

Kuwait: 15 May 2016

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

Interim condensed consolidated statement of financial position (unaudited)
As at 31 March 2016

	Notes	31 March 2016 KD	31 December 2015 (audited) KD	31 March 2015 KD
Assets				
Non-current assets				
Property, plant and equipment		5,691,515	5,696,460	11,055,108
Investment properties		1,945,870	1,962,197	2,011,177
Goodwill		6,820,396	6,820,396	9,095,590
Intangible assets		607	829	1,745
Available for sale investments	4	619,101	631,432	965,003
Term deposits		6,670	6,696	14,031
		<u>15,084,159</u>	<u>15,118,010</u>	<u>23,142,654</u>
Current assets				
Inventories		966,222	954,184	3,124,482
Trade and other receivables	5	3,150,867	3,149,588	3,151,522
Due from related parties	6	1,797,950	1,808,452	319,055
Wakala receivables		146,341	145,769	144,051
Investments at fair value through statement of income		30,506	31,898	201,054
Cash and cash equivalents	7	1,403,413	1,653,265	4,307,947
		<u>7,495,299</u>	<u>7,743,156</u>	<u>11,248,111</u>
Assets related to discontinued operations	8	11,027,369	11,027,369	-
		<u>18,522,668</u>	<u>18,770,525</u>	<u>11,248,111</u>
Total assets		<u>33,606,827</u>	<u>33,888,535</u>	<u>34,390,765</u>
Equity and liabilities				
Equity				
Capital		60,304,500	60,304,500	60,304,500
Share premium		181,866	181,866	1,514,700
Treasury shares	9	(181,866)	(181,866)	(181,866)
Treasury shares reserve		27,456	27,456	27,456
Statutory reserve		-	-	748,726
Voluntary reserve		-	-	97,526
Change of fair value reserve		(62,229)	(53,302)	29,343
Foreign currency translation reserve		795,036	802,975	772,544
Accumulated losses		(41,212,497)	(40,987,311)	(42,439,886)
Equity attributable to owners of the parent		<u>19,852,266</u>	<u>20,094,318</u>	<u>20,873,043</u>
Non-controlling interests		7,502,481	7,541,177	7,776,829
Total equity		<u>27,354,747</u>	<u>27,635,495</u>	<u>28,649,872</u>
Liabilities				
Non-current liabilities				
Provision for staff indemnity		612,367	585,781	515,617
Deferred tax		55,989	78,324	71,305
		<u>668,356</u>	<u>664,105</u>	<u>586,922</u>
Current liabilities				
Trade and other payables	10	2,985,564	2,990,775	3,672,984
Due to related parties	6	-	-	30,987
Wakala payables		-	-	1,450,000
		<u>2,985,564</u>	<u>2,990,775</u>	<u>5,153,971</u>
Liabilities related to discontinued operations	8	2,598,160	2,598,160	-
		<u>5,583,724</u>	<u>5,588,935</u>	<u>5,153,971</u>
Total liabilities		<u>6,252,080</u>	<u>6,253,040</u>	<u>5,740,893</u>
Total equity and liabilities		<u>33,606,827</u>	<u>33,888,535</u>	<u>34,390,765</u>

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


Nasser Bader Al-Al Sharhan
Chairman

Jhail Mohammad Jhail
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 three month period ended 31 March 2016**

	Note	For the three month period ended 31 March	
		2016	2015
		KD	KD
Continuing operations			
Operating revenues		1,412,420	1,307,478
Operating costs		(1,364,215)	(1,245,084)
Gross profit		48,205	62,394
Revenues of Islamic deposits		572	578
Loss on sale of investments at fair value through statement of income		-	(1,290)
Change in fair value of investments at fair value through statement of income		(159)	(3,008)
Gain on foreign currency translation reserve reclassified		-	355,325
Gain on sale of available for sale investments		-	18,100
Gains from foreign currency differences		(15,888)	21,099
Rental income		99,366	102,037
Commission income		46,915	9,529
Other income		3,599	5,144
Total income		182,610	569,908
Expenses			
General and administrative expenses		378,399	376,691
Depreciation and amortization		26,574	30,783
Tax provision		36,659	-
Write back of tax provision for foreign subsidiaries		-	(7,849)
Finance costs		710	23,352
Total expenses		442,342	422,977
Net (loss)/profit from continued operations before Zakat		(259,732)	146,931
Zakat		-	(2,420)
Net (loss)/profit for the period from continued operations		(259,732)	144,511
Loss of discontinued operations	8	-	(202,139)
Net loss for the Period		(259,732)	(57,628)
Net (loss)/profit for the period attributable to:			
Owners of the Parent Company		(225,186)	13,092
Non-controlling interests		(34,546)	(70,720)
		(259,732)	(57,628)
Loss / profit per share attributable to owners of the Parent Company:			
From continuing and discontinued operations (fils)	11	(0.37)	0.02
From continuing operations (fils)		(0.37)	0.22
From discontinued operations (fils)		-	(0.2)

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 three month period ended 31 March 2016**

	Three month period ended 31 March	
	2016	2015
	KD	KD
Net loss for the Period	<u>(259,732)</u>	<u>(57,628)</u>
Other comprehensive (loss)/income		
<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	(8,927)	(9,588)
Exchange differences on translation of foreign operations	<u>(12,089)</u>	<u>308,641</u>
Other comprehensive (loss)/income for the period	<u>(21,016)</u>	<u>299,053</u>
Total comprehensive (loss)/income for the period	<u>(280,748)</u>	<u>241,425</u>
Attributable to:		
Owners of the Parent Company	(242,052)	216,577
Non-controlling interests	<u>(38,696)</u>	<u>24,848</u>
	<u>(280,748)</u>	<u>241,425</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 three month period ended 31 March 2016

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Equity attributable to owners of the parent 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
Loss for the period	-	-	-	-	-	-	-	-	(225,186)	(225,186)	(34,546)	(259,732)
Other comprehensive loss	-	-	-	-	-	-	(8,927)	(7,939)	-	(16,866)	(4,150)	(21,016)
Total comprehensive loss	-	-	-	-	-	-	(8,927)	(7,939)	(225,186)	(242,052)	(38,696)	(280,748)
Balance at 31 March 2016	<u>60,304,500</u>	<u>181,866</u>	<u>(181,866)</u>	<u>27,456</u>	<u>-</u>	<u>-</u>	<u>(62,229)</u>	<u>795,036</u>	<u>(41,212,497)</u>	<u>19,852,266</u>	<u>7,502,481</u>	<u>27,354,747</u>
Balance at 1 January 2015	60,304,500	1,514,700	(181,866)	27,456	748,726	97,526	55,411	886,334	(42,452,978)	20,999,809	7,782,063	28,781,872
Profit for the period	-	-	-	-	-	-	-	-	13,092	13,092	(70,720)	(57,628)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(9,588)	213,073	-	203,485	95,568	299,053
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(9,588)	213,073	13,092	216,577	24,848	241,425
Disposal of a subsidiary	-	-	-	-	-	-	(16,480)	(326,863)	-	(343,343)	(30,082)	(373,425)
Balance at 31 March 2015	<u>60,304,500</u>	<u>1,514,700</u>	<u>(181,866)</u>	<u>27,456</u>	<u>748,726</u>	<u>97,526</u>	<u>29,343</u>	<u>772,544</u>	<u>(42,439,886)</u>	<u>20,873,043</u>	<u>7,776,829</u>	<u>28,649,872</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 three month period ended 31 March 2016**

	Note	For the three month period ended 31 March	
		2016	2015
		KD	KD
OPERATING ACTIVITIES			
(Loss) / profit for the period attributable to equity owners of the Parent Company		(225,186)	13,092
<i>Adjustment for:</i>			
Depreciation and amortization		238,538	218,895
Provision for staff indemnity		38,915	20,619
Finance costs		710	23,352
Loss on sale of investments at fair value through statement of income		-	1,290
Change in fair value of investments at fair value through statement of income		159	3,008
Write back of tax provision for foreign subsidiaries		-	(7,849)
		<u>53,136</u>	<u>272,407</u>
<i>Changes in operating assets and liabilities</i>			
Inventories		(12,038)	(46,170)
Trade and other receivables		(1,279)	537,091
Due from related parties		10,502	(6,449)
Trade and other payables		(13,150)	(103,925)
Due to related parties		-	22,982
Deferred tax		(22,335)	(28,305)
Cash generated from operations		<u>14,836</u>	<u>647,631</u>
Payment of employees end of service indemnity		(12,329)	(12,958)
Net cash generated from operating activities		<u>2,507</u>	<u>634,673</u>
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		(233,371)	(538,818)
Proceeds from disposal of property, plant and equipment		16,327	-
Proceeds on sale of available for sale investments		3,404	702
Proceeds on sale of investments at fair value through statement of income		1,233	(137)
Net change in term deposits		26	(78)
Interest income received		-	5
Net change in wakala receivables		(572)	(578)
Net cash used in investing activities		<u>(212,953)</u>	<u>(538,904)</u>
Financing activities			
Change in non-controlling interests		(38,696)	(5,234)
Finance costs paid		(710)	(23,352)
Net cash used in financing activities		<u>(39,406)</u>	<u>(28,586)</u>
(Decrease)/increase in cash and cash equivalents		<u>(249,852)</u>	<u>67,183</u>
Cash and cash equivalents at beginning of the period		1,653,265	4,565,289
Exchange differences on translation of foreign operations		-	(324,525)
Cash and cash equivalents at end of the period	7	<u>1,403,413</u>	<u>4,307,947</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 three month period ended 31 March 2016**

1. Incorporation and activities

Safat Energy 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. 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. 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 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 Kuwait Companies Law issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the Official Gazette on 1 February 2016, cancelled the Companies Law No. 25 of 2012, as amended. This Law shall be applicable as of 26 November 2012.

Minister of Commerce and Industry shall issue the executive regulations of this law, along with the required resolutions for its implementation within two months as of the date of its publication in the official gazette. Other regulatory bodies shall issue, during the mentioned period, their resolutions required to be issued by them, in accordance with the provisions of this law. Effectiveness of the executive regulations of Decree Law No. 25 of 2012, as amended, shall be continued until commencement of this Law executive regulations effectiveness. The executive regulations shall specify rules and controls of regularizing companies' current affairs in accordance with provisions of the new law.

The interim condensed consolidated financial information for the period ended 31 March 2016 was authorized for issue by the Board of Directors of the Parent Company on 15 May 2016.

**Notes to interim condensed consolidated financial information (unaudited)
For the three month period ended 31 March 2016**

2. Basis of preparation

The condensed consolidated interim 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 notes required for complete financial statements in accordance with International Financial Reporting Standards.

In the opinion of Management, all necessary adjustments including the regular accruals for a fair presentation have been included in the interim condensed consolidated financial information. Business results for the period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the year ended 31 December 2016. For more information, refer to the consolidated financial statements and their related notes for the year ended 31 December 2015.

The accounting policies applied in these interim condensed consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2015, except for the application of the new and amended IFRSs effective and applied on the Group.

a) New standards, interpretations and amendments effective from 1 January 2016

Some of the new or amended standards became effective for the current reporting period. However, the Group did not have to change its accounting policy or make amendments retrospectively due to application of such standards.

- Amendments to IAS 1 – Disclosure Initiative.
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization.
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants.
- Amendments to IAS 27 – Equity method in separate financial statements.
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception.
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations.
- IFRS 14 – Regulatory Deferral Accounts.
- Annual Improvements to IFRS – 2012 – 2014 Cycle.

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.

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

**Notes to interim condensed consolidated financial information (unaudited)
For the three month period ended 31 March 2016**

2. Basis of preparation (Continued)

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

IFRS 9 - Financial Instruments (continued)

The Group anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's consolidated 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.

3. Basis of consolidation

The interim condensed consolidated financial information for the three month period ended 31 March 2016 include the Parent Company and its subsidiaries. The Eastern Industrial and Oil Field Services B.S.C. (Closed) was consolidated based on accounts prepared by the management for the three month period ended 31 March 2016. 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:

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>			<u>Principal activity</u>
		<u>31 March 2016</u>	<u>31 December 2015</u>	<u>31 March 2015</u>	
		<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	
Direct Holding:					
Synergy 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)	Egypt	60	60	60	Support activities to oil well drilling and related works.
Eastern Industrial & Oilfield Services Holding Co. B.S.C. (Closed) and its subsidiaries	Bahrain	100	100	80	Holding industrial property rights and investing in financial instruments

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

**Notes to interim condensed consolidated financial information (unaudited)
For the three month period ended 31 March 2016**

3. Basis of consolidation (continued)

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>			<u>Principal activity</u>
		31			
		<u>31 March 2016</u>	<u>December 2015</u>	<u>31 March 2015</u>	
		(%)	(%)	(%)	
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

	<u>31 March 2016</u>	<u>31 December 2015 (audited)</u>	<u>31 March 2015</u>
	KD	KD	KD
Unquoted local shares	165,200	173,966	486,671
Unquoted foreign shares	360,901	363,466	358,920
Investment in funds (note 6)	93,000	94,000	119,412
	<u>619,101</u>	<u>631,432</u>	<u>965,003</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 the interim condensed consolidated financial position. Management does not have indicators to impairment.

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

Notes to interim condensed consolidated financial information (unaudited)
For the three month period ended 31 March 2016

5. Trade and other receivables

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Trade receivables	4,151,062	3,968,284	5,435,392
Prepayments	114,210	135,605	223,558
Provision for doubtful debts	<u>(1,556,258)</u>	<u>(1,556,303)</u>	<u>(3,112,665)</u>
	2,709,014	2,547,586	2,546,285
Refundable deposits	106,347	69,619	68,898
Accrued revenues	107,123	325,095	121,708
Prepaid expenses	84,378	94,939	321,534
Staff receivables	20,294	14,336	40,065
Other receivables	<u>123,711</u>	<u>98,013</u>	<u>53,032</u>
	<u><u>3,150,867</u></u>	<u><u>3,149,588</u></u>	<u><u>3,151,522</u></u>

The movement in the allowance for doubtful debts:

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Balance at 1 January	1,556,303	3,071,941	3,071,941
Provided during the year	-	33,288	-
Transfer to discontinued operations	-	(1,548,777)	-
Differences of foreign currency translation	<u>(45)</u>	<u>(149)</u>	<u>40,724</u>
Balance at 31 December	<u><u>1,556,258</u></u>	<u><u>1,556,303</u></u>	<u><u>3,112,665</u></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.

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

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6. Related party transactions (Continued)

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Balances included in the interim condensed consolidated statement of financial position:			
Available for sale investments	93,000	94,000	119,412
Investments at fair value through statement of income	30,506	31,898	201,054
Due from related parties:			
Due from related parties	1,981,369	1,991,871	502,474
Less: Allowance for doubtful debts	(183,419)	(183,419)	(183,419)
	<u>1,797,950</u>	<u>1,808,452</u>	<u>319,055</u>
Due to related parties	-	-	30,987
Wakala payable	-	-	1,450,000
Transactions included in the interim condensed consolidated income statement:			
General and administrative expenses	392	3,098	702
Finance costs	-	38,991	22,982
Senior management employees' benefits and salaries			
Salaries and other short term benefits	16,667	66,667	16,667
End of service benefits	1,442	5,769	1,442
	<u>18,109</u>	<u>72,436</u>	<u>18,109</u>

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

7. Cash and cash equivalents

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Cash on hand	24,038	31,214	18,761
Cash at banks	1,379,375	1,622,051	4,033,438
Bank guarantee deposits	-	-	255,748
	<u>1,403,413</u>	<u>1,653,265</u>	<u>4,307,947</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 statement of financial position. Such operations were recorded in drilling and maintenance activities for purposes of segments information of the Group (note 12). It is expected that the sale value will exceed the net carrying value of such assets and liabilities. Consequently, no impairment losses were recognised in value of such assets as at the date of the consolidated financial statements.

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

	National Drilling Company (S.A.E)	
	31 March 2016	31 December 2015
	KD	KD
Assets		
Property, plant and equipment	6,161,600	6,161,600
Goodwill	2,275,194	2,275,194
Inventories	2,206,332	2,206,332
Receivables and other debit balances	311,259	311,259
Cash and cash equivalents	72,984	72,984
Total assets designated as discontinued operations	<u>11,027,369</u>	<u>11,027,369</u>
Liabilities		
Payables and other credit balances	2,598,160	2,598,160
Total liabilities designated as discontinued operations	<u>2,598,160</u>	<u>2,598,160</u>
Net assets related to the subsidiary subjects to disposal	<u>8,429,209</u>	<u>8,429,209</u>

Income information and comparative cash flows related to the discontinued operations are reclassified to include such operations designated as discontinued operations in the current period. Below is a summary of business results related to the discontinued operations for the period:

	National Drilling Company (S.A.E)	
	31 March 2016	31 March 2015
	KD	KD
Activity income	-	-
Operating costs	-	(150,635)
General and administrative expenses	-	(51,504)
Other income	-	-
Net loss for the period related to discontinued operations	<u>-</u>	<u>(202,139)</u>

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8. Discontinued operations (Continued)

Loss per share from discontinued operations are as follows:

	National Drilling Co. (S.A.E)	
	31 March 2016	31 March 2015
Basic loss per share (Fils) (note 11)	-	(0.20)

Net cash flows related to discontinued operations for the period are as follows:

	National Drilling Company (S.A.E)	
	31 March 2016	31 March 2015
	KD	KD
Net cash flows form operating activities	-	(201,807)
Net cash flows from investing activities	-	(494,870)
Net cash flows from financing activities	-	-
Net cash flows related to discontinued operations	-	(696,677)

9. Treasury shares

	31 March 2016	31 December 2015 (audited)	31 March 2015
Number of shares	836,629	836,629	836,629
Percentage of issued shares (%)	0.14	0.14	0.14
Market value (KD)	10,458	10,458	16,733
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.

10. Trade and other payables

	31 March 2016	31 December 2015 (Audited)	31 March 2015
	KD	KD	KD
Trade payables	1,614,774	1,677,568	733,431
Dividends payables	404,224	404,224	1,427,252
Accrued expense	126,323	161,304	136,788
Provision for staff leave	178,239	161,976	149,384
Refundable deposits	26,411	26,411	28,494
Staff incentives provision	104,330	91,200	123,427
Discounts provision	50,000	50,000	376,790
Lawsuits provision	129,053	67,634	17,224
Zakat	20,076	30,451	21,432
National Labor Support Tax	14,416	20,432	14,586
Other	317,718	299,575	644,176
	<u>2,985,564</u>	<u>2,990,775</u>	<u>3,672,984</u>

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11. (Loss) /earnings per share (fils)

(Loss)/profit per share is computed by dividing the (loss)/profit attributable to owners of the Parent Company by the weighted average number of outstanding shares during the period taking into account treasury shares:

	Three month period ended	
	31 March	
	2016	2015
(Loss)/profit for the period attributable to the equity holders of the Parent Company (KD)	(225,186)	13,092
Continuing operations (KD)	(225,186)	134,375
Discontinued operations (KD)	-	(121,283)
	Shares	Shares
(Loss)/profit per share attributable to owners of the parent company from:		
Weighted average number of outstanding shares (shares)	602,208,371	602,208,371
Continuing and discontinued operations (fils)	(0.37)	0.02
Continuing operations (fils)	(0.37)	0.22
Discontinued operations (fils)	-	(0.20)

12. 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.

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.

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

Financial information about business segments for the three month period ended 31 March 2016 is as follows:

	Investment management	Drilling and maintenance	Total
	KD	KD	KD
31 March 2016			
Segment revenue	150,452	1,412,420	1,562,872
Segment result	(142,405)	(117,327)	(259,732)
Segment assets	14,329,368	19,277,459	33,606,827
Segment liabilities	3,390,024	2,862,056	6,252,080

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12. Segmental Information (Continued)

Financial information about business segments for the year ended 31 December 2015 is as follows:

	<u>Investment management</u>	<u>Drilling and maintenance</u>	<u>Total</u>
	KD	KD	KD
31 December 2015			
Total income	499,013	7,013,977	7,512,990
Segment result	(1,507,096)	472,783	(1,034,313)
Segment assets	14,512,322	19,376,213	33,888,535
Segment liabilities	-	6,253,040	6,253,040

Financial information about business segments for the three month period ended 31 March 2015 is as follows:

	<u>Investment management</u>	<u>Drilling and maintenance</u>	<u>Total</u>
	KD	KD	KD
31 March 2015			
Segment revenue	117,288	1,697,704	1,814,992
Segment result	(91,661)	34,033	(57,628)
Segment assets	11,583,075	22,807,690	34,390,765
Segment liabilities	2,276,299	3,464,594	5,740,893

13. Fair value of financial instruments

Fair value is 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

The entity shall use the valuation techniques that are considered appropriate in the circumstances, which have sufficient information to measure the fair value, while increasing the benefit from the related observable inputs and reducing usage of the unobservable inputs. There are the most three used techniques widely, which are market approach, cost approach and income approach.

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

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

- Level 1: Inputs represent the quoted prices (unadjusted) in active markets of identical assets or liabilities that the entity can access the same at the measurement date.
- Level 2: Inputs are those 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 that can be determined to assets and liabilities.

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13. Fair value of financial instruments (Continued)

31 March 2016	Level 1	Level 2	Total
	KD	KD	KD
<i>Financial assets as fair value through statement of income</i>			
Managed portfolio	30,506	-	30,506
<i>Available for sale investments</i>			
Managed funds	-	93,000	93,000
Total	30,506	93,000	123,506
31 December 2015	Level 1	Level 2	Total
	KD	KD	KD
<i>Financial assets as fair value through statement of income</i>			
Managed portfolio	31,898	-	31,898
<i>Available for sale investments</i>			
Managed funds	-	94,000	94,000
Total	31,898	94,000	125,898
31 March 2015	Level 1	Level 2	Total
	KD	KD	KD
<i>Financial assets as fair value through statement of income</i>			
Managed portfolio	201,054	-	201,054
<i>Available for sale investments</i>			
Managed funds	-	119,412	119,412
Total	201,054	119,412	320,466

14. Annual general assembly

The Annual General Assembly for the year ended 31 December 2015, has not been held till the date of approving this interim condensed consolidated financial information. Consequently, the consolidated financial statements for the year ended 31 December 2015 were not approved. Approval of the interim condensed consolidated financial information for the three month period ended 31 March 2016 do not include any adjustments, which might have been required, had the General Assembly did not approve the consolidated financial statements for the year ended 31 December 2015. The Parent Company's Board of Directors did not recommend any dividends for the year ended 31 December 2015.

The extraordinary general assembly of shareholders was held on 7 April 2016. Shareholders approved decrease of the Company's share capital to KD 20,000,000 after amortization of portion of the accumulated losses of KD 40,304,500. Further, they approved amendment of the Parent Company to become "Senegy Holding" K.P.S.C.

The General Assembly of the Shareholders was held on 28 May 2015 and approved the consolidated financial statements for the year ended 31 December 2014. Shareholders decided not to distribute dividends and to amortize the accumulated losses of KD 2,179,086 as follows:

	KD
Portion of share premium	1,332,834
Statutory reserve	748,726
Voluntary reserve	97,526
	2,179,086