

**AREF ENERGY HOLDING COMPANY K.S.C. (CLOSED)  
AND SUBSIDIARIES**

**Condensed consolidated interim financial information and independent auditors'  
review report for the period from 1 January 2013 to 31 March 2013  
(Unaudited)**

**AREF Energy Holding Company K.S.C. (Closed) and subsidiaries**

**Condensed consolidated interim financial information**

*For the period from 1 January 2013 to 31 March 2013*

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## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information**

**The Board of Directors**  
**AREF Energy Holding Company K.S.C. (Closed)**  
**State of Kuwait**

### *Introduction*

We have reviewed the accompanying 31 March 2013 condensed consolidated interim information of AREF Energy Holding Company K.S.C. (Closed) ("the Company") and subsidiaries (together "the Group"), which comprises the condensed consolidated statement of financial position as at 31 March 2013, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the condensed consolidated interim financial information. The Company's management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*


Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2013 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

### *Other matter*


The consolidated financial statements of the Group as at and for the year ended 31 December 2012 and the condensed consolidated interim financial information as at and for the period ended 31 March 2012 were audited and reviewed respectively by other auditors who expressed an unqualified audit opinion and review conclusion respectively on those consolidated financial statements and condensed consolidated interim financial information respectively.

***Report on Review of Other Legal and Regulatory Requirements***

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the three month period ended 31 March 2013, of the Companies Law No. 25 of 2012, as amended, or of the Company's Memorandum and Articles of Association, that might have had material effect on the Company's activities or on its consolidated financial position.



**Safi A. Al-Mutawa**  
**License No 138 "A"**  
**of KPMG Safi Al-Mutawa & Partners**  
**Member firm of KPMG International**



**Yahia Abdullah Al-Foudri**  
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**Kuwait: 30 April 2013**



**بوبيان لتدقيق الحسابات**  
**BÔUBYAN Auditing Office**



**AREF Energy Holding Company K.S.C. (Closed) and subsidiaries**

**Condensed consolidated statement of profit or loss (unaudited)**  
*For the period from 1 January 2013 to 31 March 2013*

	<b>Three months ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
	<b>KD</b>	<b>KD</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
<b>Revenue</b>		
Contract revenue		
Rendering of services	3,356,433	1,038,594
Sales of goods	629,619	368,566
Equipment rental income	12,891	-
	<u>92,187</u>	<u>61,345</u>
	<b>4,091,130</b>	<b>1,468,505</b>
<b>Cost of revenue</b>		
Contract costs		
Cost of rendering of services	(2,437,747)	(1,236,683)
Cost of sales of goods	(801,964)	(639,850)
Cost of equipment rental	(10,709)	-
	<u>(46,652)</u>	<u>(15,574)</u>
	<b>(3,297,072)</b>	<b>(1,892,107)</b>
<b>Gross profit / (loss)</b>	<b>794,058</b>	<b>(423,602)</b>
Other income		
Unrealised gain on financial assets at fair value through profit or loss	21,615	157,991
Realized loss on sale of financial assets at fair value through profit or loss	27,015	-
Rental income from investment property	(10,401)	-
Staff costs	75,926	99,318
General and administration expenses	(452,174)	(687,085)
Impairment losses	(280,929)	(482,212)
Foreign exchange loss	(581,478)	(6,431,441)
Amortization of intangible assets	(309,189)	(5,527,404)
<b>Operating loss</b>	<b>(24,114)</b>	<b>(26,123)</b>
	<b>(739,671)</b>	<b>(13,320,558)</b>
Finance costs		
Finance income	(57,343)	(54,541)
Gain on deemed disposal of associate	40,309	87,815
Share of results from associates	8,151	-
<b>Loss for the period before taxation</b>	<b>(84,330)</b>	<b>(124,960)</b>
	<b>(832,884)</b>	<b>(13,412,244)</b>
Write back of Board of Directors' remuneration	(18,000)	-
Taxation on foreign operations	(10,975)	(56,646)
<b>Loss for the period</b>	<b>(861,859)</b>	<b>(13,468,890)</b>
<b>Attributable to:</b>		
Shareholders of the Company	(655,432)	(9,193,197)
Non-controlling interests	(206,427)	(4,275,693)
	<b>(861,859)</b>	<b>(13,468,890)</b>
<b>Basic and diluted loss per share attributable to shareholders of the Company ( fils)</b>	<b>5 (0.9)</b>	<b>(12.3)</b>

The accompanying notes set out on pages 8 to 14 form an integral part of this condensed consolidated interim financial information

**AREF Energy Holding Company K.S.C. (Closed) and subsidiaries**

**Condensed consolidated statement of comprehensive income (unaudited)**

*For the period from 1 January 2013 to 31 March 2013*

	<b>Three months ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
	<b>KD</b>	<b>KD</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
<b>Net loss for the period</b>	<b>(861,859)</b>	<b>(13,468,890)</b>
<b>Other comprehensive (loss) / income</b>		
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>		
Movement in subsidiaries' foreign currency translation reserve	(71,661)	-
Share of foreign currency translation reserve of associates	12,245	-
Exchange differences arising on translation of foreign operations	223,869	5,453,554
<i>Total items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>	<b>164,453</b>	<b>5,453,554</b>
<b>Total other comprehensive income for the period</b>	<b>164,453</b>	<b>5,453,554</b>
<b>Total comprehensive loss for the period</b>	<b>(697,406)</b>	<b>(8,015,336)</b>
<b>Attributable to:</b>		
Shareholders of the Company	(514,108)	(5,692,281)
Non-controlling interests	(183,298)	(2,323,055)
	<b>(697,406)</b>	<b>(8,015,336)</b>

The accompanying notes set out on pages 8 to 14 form an integral part of this condensed consolidated interim financial information



**AREF Energy Holding Company K.S.C. (Closed) and subsidiaries**

**Condensed consolidated statement of financial position (unaudited)**

*As at 31 March 2013*

	Note	31 March 2013 KD (Unaudited)	31 December 2012 KD (Audited)	31 March 2012 KD (Unaudited) (Re-presented)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		6,367,578	6,415,904	3,481,495
Intangible assets		829,097	848,382	950,272
Investment property		7,773,230	7,676,967	7,729,485
Investment in associates		3,631,712	3,660,103	4,612,125
Financial assets available for sale		35,539,601	35,534,351	35,738,898
Financial assets at fair value through profit or loss		5,112,627	5,048,469	-
Other non-current assets		711,335	1,316,899	-
		<u>59,965,180</u>	<u>60,501,075</u>	<u>52,512,275</u>
<b>Current assets</b>				
Inventories		1,058,428	1,011,925	2,206,461
Accounts receivable and other assets		12,716,913	11,580,186	14,289,711
Bank balances and cash	6	9,084,819	9,766,931	17,458,769
		<u>22,860,160</u>	<u>22,359,042</u>	<u>33,954,941</u>
<b>Total assets</b>		<u><b>82,825,340</b></u>	<u><b>82,860,117</b></u>	<u><b>86,467,216</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		75,000,000	75,000,000	75,000,000
Share premium		193,550	193,550	193,550
Statutory reserve		472,723	472,723	472,723
Voluntary reserve		314,957	314,957	314,957
Other reserves		(344,622)	(232,633)	-
Foreign currency translation reserve		740,285	598,961	119,339
Fair value reserve		25,701	25,701	-
Accumulated losses		(15,026,857)	(14,371,425)	(13,603,336)
<b>Equity attributable to shareholders of the Company</b>		<u><b>61,375,737</b></u>	<u><b>62,001,834</b></u>	<u><b>62,497,233</b></u>
Non-controlling interests		4,083,343	4,154,652	3,751,256
<b>Total equity</b>		<u><b>65,459,080</b></u>	<u><b>66,156,486</b></u>	<u><b>66,248,489</b></u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Finance lease liabilities		243,438	296,060	743,267
Provision for staff indemnity		413,190	372,098	397,243
		<u>656,628</u>	<u>668,158</u>	<u>1,140,510</u>
<b>Current liabilities</b>				
Accounts payable and other liabilities		12,651,754	11,974,024	15,255,853
Finance lease liabilities		271,553	272,493	336,564
Bank overdrafts		1,163,295	1,159,653	769,548
Murabaha payables	9	2,623,030	2,629,303	2,716,252
		<u>16,709,632</u>	<u>16,035,473</u>	<u>19,078,217</u>
<b>Total liabilities</b>		<u><b>17,366,260</b></u>	<u><b>16,703,631</b></u>	<u><b>20,218,727</b></u>
<b>Total equity and liabilities</b>		<u><b>82,825,340</b></u>	<u><b>82,860,117</b></u>	<u><b>86,467,216</b></u>

Saad Ali Al Shuwaib  
Chairman

Khaled A. Al-Sumaiti  
Vice Chairman

The accompanying notes set out on pages 8 to 14 form an integral part of this condensed consolidated interim financial information.

**AREF Energy Holding Company K.S.C. (Closed) and subsidiaries**

**Condensed consolidated statement of cash flows (unaudited)**

*For the period from 1 January 2013 to 31 March 2013*

	Note	Three months ended 31 March	
		2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)
<b>Cash flows from operating activities</b>			
Net loss for the period		(861,859)	(13,468,890)
Adjustments for:			
Rental income from investment property		(75,926)	(99,318)
Share of results of associates		84,330	124,960
Gain on disposal of property and equipment		-	(134,743)
Depreciation and amortization		333,189	528,895
Impairment loss		581,478	6,431,441
Unrealised gain on financial assets at fair value through profit or loss		(27,015)	-
Realized loss on sale of financial assets at fair value through profit or loss		10,401	-
Gains on deemed disposal of associate		(8,151)	-
Transfer of foreign currency translation reserves		-	5,508,364
Taxation		10,975	56,646
Finance costs		57,343	54,541
Provision for staff indemnity		64,880	5,367
		<u>169,645</u>	<u>(992,737)</u>
Changes in:			
Inventories		(46,503)	(190,898)
Accounts receivable and other assets		(1,102,289)	(912,403)
Accounts payable and other liabilities		666,755	407,362
<b>Cash used in operations</b>		<u>(312,392)</u>	<u>(1,688,676)</u>
Provision for staff indemnity paid		(23,788)	(8,159)
Taxation paid		-	(11,429)
<b>Net cash used in operating activities</b>		<u>(336,180)</u>	<u>(1,708,264)</u>
<b>Cash flows from investing activities</b>			
Investment in wakala deposits		-	4,467,400
Net movement in restricted bank balances and deposits		10,440	62,004
Purchase of property and equipment		(202,663)	(213,348)
Proceeds from disposal of property and equipment		-	215,289
Purchase of intangible assets		-	(34,775)
Dividend income received from equity-accounted investees		-	22,945
Income received from rental of investment property		75,926	99,318
<b>Net cash (used in) / generated from investing activities</b>		<u>(116,297)</u>	<u>4,618,833</u>
<b>Cash flows from financing activities</b>			
Finance costs paid		(23,062)	(41,560)
Net movement in murabaha payables		(40,554)	(17,351)
Net movement finance lease liabilities		(53,562)	(4,938)
<b>Net cash used in financing activities</b>		<u>(117,178)</u>	<u>(63,849)</u>
Net movement in non-controlling interests resulted from acquisition of additional interest in subsidiary	10	(111,989)	-
Effect of foreign currency translation		(31,550)	9,732
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(713,194)</u>	<u>2,856,452</u>
Cash and cash equivalents at beginning of the period		5,302,305	10,433,542
<b>Cash and cash equivalents at end of the period</b>	6	<u>4,589,111</u>	<u>13,289,994</u>

The accompanying notes set out on pages 8 to 14 form an integral part of this condensed consolidated interim financial information



## Condensed consolidated statement of changes in equity (unaudited)

For the period from 1 January 2013 to 31 March 2013

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Other reserves KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Equity attributable to shareholders of the Company KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2013	75,000,000	193,550	472,723	314,957	(232,633)	598,961	25,701	(14,371,425)	62,001,834	4,154,652	66,156,486
Net loss for the period	-	-	-	-	-	-	-	(655,432)	(655,432)	(206,427)	(861,859)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	141,324	23,129	164,453
Total comprehensive income/ (loss) for the period	-	-	-	-	-	141,324	-	(655,432)	(514,108)	(183,298)	(697,406)
Acquisition of additional interest in subsidiary (note 10)	-	-	-	-	(111,989)	-	-	-	(111,989)	111,989	-
Balance at 31 March 2013	75,000,000	193,550	472,723	314,957	(344,622)	740,285	25,701	(15,026,857)	61,375,737	4,083,343	65,459,080
Balance at 1 January 2012 (Re-presented)	75,000,000	193,550	472,723	314,957	-	(3,381,577)	-	(4,410,139)	68,189,514	6,074,311	74,263,825
Net loss for the period	-	-	-	-	-	-	-	(9,193,197)	(9,193,197)	(4,275,693)	(13,468,890)
Other comprehensive income/ (loss) for the period	-	-	-	-	-	3,500,916	-	-	3,500,916	1,952,638	5,453,554
Total comprehensive income/ (loss) for the period	-	-	-	-	-	3,500,916	-	-	(5,692,281)	(2,323,055)	(8,015,336)
Balance at 31 March 2012	75,000,000	193,550	472,723	314,957	-	119,339	-	(13,603,336)	62,497,233	3,751,256	66,248,489

The accompanying notes set out on pages 8 to 14 form an integral part of this condensed consolidated interim financial information

**Notes to the condensed consolidated interim financial information (unaudited)**

*for the period from 1 January 2013 to 31 March 2013*

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**1. Incorporation and activities**

Aref Energy Holding Company K.S.C. (Closed) ("the Company") is a Kuwaiti shareholding company registered in Kuwait on 1 October 1996 and is listed on the Kuwait Stock Exchange. The registered office of the Company is located at P.O. Box 21909, Safat 13080, Kuwait. The Company carries out its activities as per Islamic Shari'ah.

The Company is a subsidiary of Development Enterprise Holding Company K.S.C. (Closed) ("DEH") ("the Parent Company") which in turn is a subsidiary of Kuwait Finance House ("the Ultimate Parent Company").

The principal activities of the Group are explained in note 13.

The Annual General Assembly of the Company held on 21 March 2013 approved the following:

- consolidated financial statements of the Group for the year ended 31 December 2012; and
- no dividends for the year ended 31 December 2012.

This condensed consolidated interim financial information of the Company and its subsidiaries ("The Group") was approved for issue by the Board of Directors of the Company on 28 April 2013.

**2. Basis of preparation**

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting* and the Kuwait Stock Exchange instructions No. 2 of 1998.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the consolidated financial position and performance of the Group, since the last annual consolidated financial statements as at and for the year ended 31 December 2012. This condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

On 29 November 2012 through a decree, Companies Law No. 25 of 2012 ("the Law") was issued and later amended by Law No. 97 of 2013 dated 27 March 2013 ("the Decree"). The Law came into effect from the date it was published in Kuwait's Official Gazette. According to Article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Commerce and Industry within six months of the date of publication of the Decree in Kuwait's Official Gazette will determine the basis and rules which the Company shall adopt to regularise its affairs with the provisions of the amended Law. The Company's management is of the view that application of the provisions of the Law may not have material impact on the Company's activities or on its consolidated financial position.



**Notes to the condensed consolidated interim financial information (unaudited)**

*for the period from 1 January 2013 to 31 March 2013*

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**3. Significant accounting policies**

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the most recent annual audited consolidated financial statements for the year ended 31 December 2012. Additionally, the Company has adopted the following IFRS which are effective for annual periods beginning on or after 1 January 2013:

*IFRS 10 Consolidated Financial Statements*

The new standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

*IFRS 12 Disclosure of Interests in Other Entities*

The new standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

*IFRS 13 Fair Value Measurement*

The new standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

*IAS 1 Presentation of Financial Statements - Amendments*

The amendments to IAS-1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. These amendments became effective for annual periods beginning on or after 1 July 2012.

**4. Judgements and estimates**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2012.



**Notes to the condensed consolidated interim financial information (unaudited)**  
for the period from 1 January 2013 to 31 March 2013

**5. Basic and diluted loss per share attributable to shareholders of the Company**

Basic and diluted loss per share attributable to shareholders of the Company is calculated as follows:

	Three months ended	
	31 March 2013 (Unaudited)	31 March 2012 (Unaudited) (Re-presented)
Loss for the period attributable to shareholders of the Company (KD)	(655,432)	(9,193,197)
Weighted average number of outstanding shares	750,000,000	750,000,000
Basic and diluted loss per share attributable to shareholders of the Company (fils)	(0.9)	(12.3)

**6. Bank balances and cash**

	31 March 2013 KD (Unaudited)	31 December 2012 KD (Audited)	31 March 2012 KD (Unaudited) (Re-presented)
Bank balances and cash	5,963,919	6,663,031	5,197,669
Wakala deposits	3,120,900	3,103,900	12,261,100
Bank balances and cash in the condensed consolidated statement of financial position	9,084,819	9,766,931	17,458,769
Bank overdrafts	(1,163,295)	(1,159,653)	(769,548)
Restricted bank balances*	(211,513)	(201,073)	(312,327)
Wakala deposits with original maturity over three months**	(3,120,900)	(3,103,900)	(3,086,900)
Cash and cash equivalents in the condensed consolidated statement of cash flows	4,589,111	5,302,305	13,289,994

\*Restricted bank balances represent margin deposits that are held as security against letters of guarantees (note 12).

\*\*Wakala deposits with original maturity of more than 3 months includes KD 1,800,000 (31 December 2012 and 31 March 2012: KD 1,800,000) that represent margin deposits that are held as security against the same letters of guarantee.

**7. Subsidiaries**

As on 31 December 2011, the management of the Company had committed to a plan to sell 52.04% equity interest in Higlieg Petroleum Services & Investment Company Ltd (Higlieg). As a result, Higlieg was classified as a disposal group held for sale and disclosed as a discontinued operation as per International Financial Reporting Standard 5: *Non-Current Assets Held for Sale and Discontinued Operations* for the year ended 31 December 2011.

During the previous year, the proposed agreement for the sale of Higlieg between the Company and the potential buyer was cancelled due to the significant devaluation of the functional currency of Higlieg and as a result, Higlieg has been consolidated as a subsidiary for the year ended 31 December

**AREF Energy Holding Company K.S.C. (Closed) and subsidiaries**

**Notes to the condensed consolidated interim financial information (unaudited)**  
for the period from 1 January 2013 to 31 March 2013

2012. Accordingly the comparative amounts for the period from 1 January 2012 to 31 March 2012 have been re-presented to give effect of the consolidation of Higlieg.

The results of Higlieg for the period ended 31 March are as follows:

	2013 KD	2012 KD
Revenues	1,657,407	1,038,594
Cost of revenue	(906,817)	(1,236,683)
Gross profit (loss)	750,590	(198,089)
Other income	8,498	127,237
Rental income from investment property	75,926	99,318
Staff costs	(153,317)	(240,151)
General and administration expenses	(86,504)	(167,877)
Impairment losses	(585,757)	(6,431,441)
Foreign exchange (loss) gain	(400,256)	(5,476,457)
Operating loss	(390,820)	(12,287,460)
Finance cost	(22,733)	(16,581)
Share of results from associates	(41,285)	(26,918)
Loss before tax	(454,838)	(12,330,959)
Taxation	(10,975)	(56,646)
Loss for the period	(465,813)	(12,387,605)

**8. Related party transactions**

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and its subsidiaries which are related parties to the Company have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties are as follows:

Condensed consolidated statement of financial position	31 March 2013 KD (Unaudited)	31 December 2012 KD (Audited)	31 March 2012 KD (Unaudited) (Re-presented)
<i>Parent Company</i>			
Bank balances and cash	1,284,678	2,430,417	4,050,562
Murabaha payables secured against financial assets	2,623,030	2,588,749	2,634,752
Accounts payable and other liabilities	1,026	-	-
<i>Other related parties</i>			
Accounts receivables and other assets	1,106,268	1,600,622	2,537,199
Other assets*	711,335	1,180,780	-
Liabilities against assets subject to finance lease	494,727	554,166	1,091,098
Accounts payable and other liabilities	140,430	36,417	17,674



## AREF Energy Holding Company K.S.C. (Closed) and subsidiaries

### Notes to the condensed consolidated interim financial information (unaudited) for the period from 1 January 2013 to 31 March 2013

\*Other assets represent US Dollar denominated amounts advanced to an associate by one of the subsidiaries to fund the capital calls made by the investee company in the associate. Since these advances will eventually be converted to an investment in associate on completion of certain legal formalities, this amount has been classified under non-current assets and the exchange difference arising on translation of this balance has been recorded under foreign currency translation reserve within other comprehensive income.

	Three months ended	
	31 March 2013 KD (Unaudited)	31 March 2012 KD (Unaudited)
<b>Transactions included in the condensed consolidated statement of profit or loss</b>		
Brokerage fees	-	55
Murabaha finance cost	57,014	54,081
<b>Compensation of key management personnel</b>		
Short term benefits	145,637	265,463
Termination benefits	47,509	28,130
	<u>193,146</u>	<u>293,593</u>

#### 9. Murabaha payables

Murabaha payables include facilities amounting to KD 2,623,030 (31 December 2012: KD 2,588,749 and 31 March 2012: KD 2,634,752) obtained from a related party (note 8) and are secured against financial assets available for sale amounting to KD 8,323,700 (31 December 2012 and 31 March 2012: KD 8,323,700).

#### 10. Non-controlling interests

During the period, the Group injected KD 2 million in Khalifa Daij Al-Dabbous Brothers Company W.L.L. ("KDDB"), a subsidiary, as part of capital increase which resulted in additional interest of 10% in KDDB and an increase in ownership from 80% to 90%. The legal proceedings and formalities have been completed during the period. As a result of this transaction, the Group recognised a decrease / increase in other reserves and non-controlling interests amounting to KD 111,989 respectively.

#### 11. Fair values of financial assets

Financial instruments comprise of financial assets and financial liabilities. Fair values of all financial instruments are not materially different from their carrying values except financial assets available for sale carried at cost. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments. The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in an active market for identical assets and liabilities:

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.



**Notes to the condensed consolidated interim financial information (unaudited)**  
*for the period from 1 January 2013 to 31 March 2013*

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 KD	Level 2 KD	Total fair value KD
<b>31 March 2013</b>			
<b>Financial assets at fair value through profit or loss:</b>			
Investment in an unquoted fund	-	5,112,627	5,112,627
<b>Financial assets available for sale:</b>			
Quoted equity securities	424,001	-	424,001
	<u>424,001</u>	<u>5,112,627</u>	<u>5,536,628</u>
<b>31 December 2012</b>			
<b>Financial assets at fair value through profit or loss:</b>			
Investment in an unquoted fund	-	5,048,469	5,048,469
<b>Financial assets available for sale:</b>			
Quoted equity securities	418,751	-	418,751
	<u>418,751</u>	<u>5,048,469</u>	<u>5,467,220</u>
<b>31 March 2012</b>			
<b>Financial assets available for sale:</b>			
Quoted equity securities	616,804	-	616,804
	<u>616,804</u>	<u>-</u>	<u>616,804</u>

During the periods ended 31 March 2013 and 31 March 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

**12. Commitments and contingent liabilities**

	31 March 2013 KD (Unaudited)	31 December 2012 KD (Audited)	31 March 2012 KD (Unaudited)
<b>Capital commitments</b>			
Commitment towards contribution of fund expenses	316,715	312,701	-
Financial assets available for sale	<u>6,849,000</u>	<u>6,759,000</u>	<u>6,678,000</u>
<b>Contingent liabilities</b>			
Letters of guarantee	<u>2,323,745</u>	<u>2,266,938</u>	<u>1,800,000</u>

**Notes to the condensed consolidated interim financial information (unaudited)**  
*for the period from 1 January 2013 to 31 March 2013*

**13. Segment information**

For management purposes, the Group is organised into two operating segments based on business units as follows:

Energy : Exploration, drilling, development and production of oil and gas, alternate and renewable sources of energy, licensing and other activities related to the energy sector;

Others : Investment and other related services.

	Energy KD	Others KD	Total KD
<b>Three months ended 31 March 2013 (Unaudited)</b>			
Segment revenues	3,987,557	103,573	4,091,130
(Loss) / profit	(923,977)	62,118	(861,859)
<b>Three months ended 31 March 2012 (Unaudited) - Re-presented</b>			
Segment revenues	1,407,160	61,345	1,468,505
Profit / (loss)	(13,569,976)	101,086	(13,468,890)
<b>As at 31 March 2013 (Unaudited)</b>			
Segment assets	72,440,953	10,384,387	82,825,340
<b>As at 31 December 2012 (Audited)</b>			
Segment assets	72,217,451	10,642,666	82,860,117
<b>As at 31 March 2012 (Unaudited) – Re-presented</b>			
Segment assets	76,430,716	10,036,500	86,467,216