

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2010 (UNAUDITED)



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AREF ENERGY HOLDING COMPANY K.S.C. (CLOSED)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Aref Energy Holding Company K.S.C. (Closed) ("the company") and its subsidiaries ("the group") as at 30 June 2010 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three month and six month periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six month period then ended. The management of the company is responsible for the preparation of the interim condensed consolidated financial information in accordance with International Financial Reporting Standards, IAS 34: Interim Financial Reporting ("IAS 34"). 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the company have occurred during the period ended 30 June 2010 that might have had a material effect on the business of the company or on its financial position.

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LICENCE NO. 68 A
OF ERNST & YOUNG

DR. SAUD AL-HUMAIIDI
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DR. SAUD AL-HUMAIIDI & PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL


AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

At 30 June 2010

	Notes	30 June 2010 KD	(Audited) 31 December 2009 KD	30 June 2009 KD
ASSETS				
NON-CURRENT ASSETS				
Property and equipment		18,586,543	19,925,450	20,074,442
Investment property		5,235,630	4,956,952	4,838,834
Intangible assets	3	2,159,873	13,298,679	15,831,597
Investment in associates		3,834,793	3,581,377	5,367,183
Financial assets available for sale		3,468,226	3,428,166	3,375,259
		<u>33,285,065</u>	<u>45,190,624</u>	<u>49,487,315</u>
CURRENT ASSETS				
Inventories		4,190,630	4,696,945	5,285,452
Financial assets at fair value through income statement		32,400,000	32,400,000	32,400,000
Accounts receivable and other assets	4	28,445,049	26,435,322	31,133,055
Bank balances, deposits and cash	5	27,118,946	3,310,819	2,040,261
		<u>92,154,625</u>	<u>66,843,086</u>	<u>70,858,768</u>
TOTAL ASSETS		<u>125,439,690</u>	<u>112,033,710</u>	<u>120,346,083</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		75,000,000	75,000,000	75,000,000
Share premium		193,550	193,550	193,550
Statutory reserve		314,957	314,957	314,957
Voluntary reserve		314,957	314,957	314,957
Foreign currency translation reserve		(66,735)	(1,294,751)	(1,851,929)
Cumulative changes in fair values		23,922	23,922	-
Retained earnings / (accumulated losses)		1,938,559	(9,937,083)	(2,128,764)
		<u>77,719,210</u>	<u>64,615,552</u>	<u>71,842,771</u>
Non-controlling interests		9,292,105	9,355,609	11,037,203
TOTAL EQUITY		<u>87,011,315</u>	<u>73,971,161</u>	<u>82,879,974</u>
NON-CURRENT LIABILITIES				
Employees' end of service benefits		361,795	337,006	278,716
Murabaha payables	6	-	295,092	-
Liabilities against assets subject to finance lease	10	4,698,118	4,909,211	-
		<u>5,059,913</u>	<u>5,541,309</u>	<u>278,716</u>
CURRENT LIABILITIES				
Accounts payable and other liabilities	7	20,963,015	17,730,369	21,536,344
Current portion of liabilities against assets subject to finance lease	10	1,013,772	765,781	-
Murabaha payables	6	11,391,675	14,025,090	15,651,049
		<u>33,368,462</u>	<u>32,521,240</u>	<u>37,187,393</u>
TOTAL LIABILITIES		<u>38,428,375</u>	<u>38,062,549</u>	<u>37,466,109</u>
TOTAL EQUITY AND LIABILITIES		<u>125,439,690</u>	<u>112,033,710</u>	<u>120,346,083</u>


 Walid K. Al-Hashash
 Chairman


 Tareq Al-Wazzan
 Chief Executive Officer

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
For the period ended 30 June 2010

	Notes	Three months ended 30 June		Six months ended 30 June	
		2010 KD	2009 KD	2010 KD	2009 KD
Continuing operations					
Contract revenue		4,336,657	12,040,298	9,324,221	23,566,169
Rental income from investment property		157,894	47,955	264,032	264,721
Share of results of associates		(430,678)	(136,612)	(546,823)	(243,695)
Gain on disposal of intangible asset	3(a)	3,011,696	-	24,255,521	-
Foreign exchange gain		255,764	35,998	232,109	317,421
Other income		215,371	(60,466)	667,184	92,460
Income		7,546,704	11,927,173	34,196,244	23,997,076
Expenses					
Contract cost		5,514,150	10,666,016	9,494,650	20,549,089
Finance cost		302,039	168,346	636,447	530,010
Amortisation of intangible assets		24,383	67,057	48,497	133,846
Impairment of intangible assets	3(b)	2,607,504	-	2,607,504	-
Staff cost		397,493	326,692	653,788	922,137
General and administration expenses		674,044	501,499	1,135,941	982,127
Expenses		9,519,613	11,729,610	14,576,827	23,117,209
(Loss) profit before taxation from continuing operations		(1,972,909)		19,619,417	
Taxation	8	(197,526)	197,563 (348,322)	(8,300,398)	879,867 (634,224)
(Loss) profit for the period after taxation from continuing operations		(2,170,435)	(150,759)	11,319,019	245,643
Loss on sale of discontinued operation		-	-	-	(25,543)
(Loss) profit for the period		(2,170,435)	(150,759)	11,319,019	220,100
Attributable to:					
Equity holders of the company		(1,470,871)	(240,007)	11,875,642	(151,291)
Non-controlling interests		(699,564)	89,248	(556,623)	371,391
(Loss) profit for the period		(2,170,435)	(150,759)	11,319,019	220,100
Basic and diluted (loss) earnings per share attributable to equity holders of the company	9	(2.0) fils	(0.3) fils	15.8 fils	(0.2) fils
Basic and diluted (loss) earnings per share from continuing operations attributable to equity holders of the company	9	(2.0) fils	(0.3) fils	15.8 fils	(0.2) fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)
For the period ended 30 June 2010

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(Loss) profit for the period	(2,170,435)	(150,759)	11,319,019	220,100
Foreign currency translation adjustment	1,256,939	(2,724,531)	1,721,135	(1,432,363)
Other comprehensive income (loss) for the period	1,256,939	(2,724,531)	1,721,135	(1,432,363)
Total comprehensive (loss) income for the period	(913,496)	(2,875,290)	13,040,154	(1,212,263)
Attributable to:				
Equity holders of the company	(553,387)	(2,052,238)	13,103,658	(671,354)
Non-controlling interests	(360,109)	(823,052)	(63,504)	(540,909)
Total comprehensive (loss) income for the period	(913,496)	(2,875,290)	13,040,154	(1,212,263)

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2010

		<i>Six months ended 30 June</i>	
		<i>2010</i>	<i>2009</i>
	<i>Notes</i>	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Profit for the period		11,319,019	220,100
Adjustments for:			
Rental income from investment property		(264,032)	(264,721)
Share of results of associates		546,823	243,695
Amortisation of intangible assets		48,497	133,846
Depreciation		2,014,934	2,098,640
Impairment of intangible asset		2,607,504	-
Provision for employees' end of service benefits		47,539	131,870
Provision for taxation		8,300,398	634,224
Gain on disposal of property and equipment		(97,382)	-
Gain on disposal of intangible asset		(24,255,521)	-
Loss on sale of discontinued operation		-	25,543
Finance cost		636,447	530,010
		<u>904,226</u>	<u>3,753,207</u>
Working capital changes:			
Inventories		506,315	1,295,476
Accounts receivable and other assets		(2,009,727)	(5,687,343)
Accounts payable and other liabilities		2,320,334	5,294,981
		<u>1,721,148</u>	<u>4,656,231</u>
Cash from operating activities		1,721,148	4,656,231
Employees' end of service benefits paid		(22,749)	(73,216)
Taxes Paid		(7,443,942)	-
		<u>(5,745,543)</u>	<u>4,583,015</u>
Net cash (used in) from operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment		(452,463)	(799,346)
Sale of property and equipment		877,193	-
Rental income from investment property		264,032	264,721
Increase in investment in associate		(566,400)	-
Acquisition of intangible assets		(328,678)	(2,088,923)
Disposal of intangible assets (net)		33,269,389	-
Increase in restricted bank balances and deposits	5	(350,261)	(111,436)
Proceeds from disposal of discontinued operation		-	242,161
		<u>32,712,812</u>	<u>(2,492,823)</u>
Net cash from (used in) investing activities			
FINANCING ACTIVITIES			
Net movement in murabaha payables		(2,928,507)	(776,790)
Finance cost paid		(636,447)	(530,010)
Net movement in liabilities against assets subject to finance lease		36,898	-
		<u>(3,528,056)</u>	<u>(1,306,800)</u>
Net cash used in financing activities			
Net increase in cash and cash equivalents		23,439,213	783,482
Net foreign exchange difference		18,653	(270,583)
Cash and cash equivalents at the beginning of the period		2,670,506	937,495
		<u>26,128,372</u>	<u>1,450,394</u>
Cash and cash equivalents at the end of the period	5		

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the period ended 30 June 2010

Attributable to equity holders of the company

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	(Accumulated losses) / retained earnings KD	Total KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2010	75,000,000	193,550	314,957	314,957	(1,294,751)	23,922	(9,937,083)	64,615,552	9,355,609	73,971,161
Profit/ (loss) for the period	-	-	-	-	-	-	11,875,642	11,875,642	(556,623)	11,319,019
Other comprehensive income	-	-	-	-	1,228,016	-	-	1,228,016	493,119	1,721,135
Total comprehensive income/ (expense) for the period	-	-	-	-	1,228,016	-	11,875,642	13,103,658	(63,504)	13,040,154
Balance at 30 June 2010	75,000,000	193,550	314,957	314,957	(66,735)	23,922	1,938,559	77,719,210	9,292,105	87,011,315
Balance at 1 January 2009	75,000,000	193,550	314,957	314,957	(1,331,866)	-	(1,977,473)	72,514,125	11,847,360	84,361,485
(Loss) profit for the period	-	-	-	-	-	-	(151,291)	(151,291)	371,391	220,100
Other comprehensive expense	-	-	-	-	(520,063)	-	-	(520,063)	(912,300)	(1,432,363)
Total comprehensive expense for the period	-	-	-	-	(520,063)	-	(151,291)	(671,354)	(540,909)	(1,212,263)
Movement in non-controlling interest on discontinued operation	-	-	-	-	-	-	-	-	(269,248)	(269,248)
Balance at 30 June 2009	75,000,000	193,550	314,957	314,957	(1,851,929)	-	(2,128,764)	71,842,771	11,037,203	82,879,974

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2010

1 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 principal activities of the company and its subsidiaries (collectively "the group") are explained in Note 12.

The company is a subsidiary of Aref Investment Group S.A.K. (the "parent company"). The parent company is a subsidiary of Kuwait Finance House (the "ultimate parent company"). Both the parent company and the ultimate parent company are listed on the Kuwait Stock Exchange.

The interim condensed consolidated financial information of the group for the period ended 30 June 2010 are approved by the board of directors on 5 August 2010.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the group is prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"):

The interim condensed consolidated financial information do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the group's annual consolidated financial statements for the year ended 31 December 2009.

In the opinion of management, all adjustments (consisting of normal recurring accruals), considered necessary for a fair presentation have been included. Except as discussed below, the accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2009. In addition, results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

New and amended IASB Standards issued and adopted

During the period, the group has adopted the following standards effective for annual periods beginning on or after 1 January 2010.

IFRS 3 Business Combination (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) (effective for annual periods beginning on or after 1 July 2009)

The Group adopted the revised IFRS 3 from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after effective date. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on interim condensed consolidated income statement.

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2010

3 INTANGIBLE ASSETS

- (a) During the current period, the group sold exploration assets with the carrying value of KD 8,958,013 for a total sale consideration of KD 34,081,133 which resulted in a total gain of KD 24,255,521, net of transactions costs. The group had deferred the gain amounting to KD 3,321,755 during the period ended 31 March 2010 from the sale of exploration assets due to the satisfactory completion of due diligence by the buyer, as per the sale agreement. The due diligence exercise was completed by the buyer during the three month period ended 30 June 2010 and accordingly the group has recognised the deferred gain of KD 3,321,755 less an adjustment of KD 567,378 in the current period.
- (b) During the current period, the group has performed impairment testing on the goodwill recognised on the acquisition of Heiglieg Petroleum Services and Investment Company Limited and recorded an impairment loss of KD 2,607,504 in the interim condensed consolidated statement of income.

4 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	30 June 2010 KD	(Audited) 31 December 2009 KD	30 June 2009 KD
Trade accounts receivable	15,797,402	15,578,507	22,293,989
Retention receivables	7,440,826	6,690,996	6,499,739
Advances and prepayments	540,325	1,619,436	614,691
Other receivables	2,346,786	1,210,227	1,590,096
Amounts due from related parties (Note 10)	2,319,710	1,336,156	134,540
	<u>28,445,049</u>	<u>26,435,322</u>	<u>31,133,055</u>

5 BANK BALANCES, DEPOSITS AND CASH

	30 June 2010 KD	(Audited) 31 December 2009 KD	30 June 2009 KD
Bank balances, deposits and cash	27,118,946	3,310,819	2,040,261
Less: restricted bank balances and deposits	(990,574)	(640,313)	(589,867)
Cash and cash equivalents	<u>26,128,372</u>	<u>2,670,506</u>	<u>1,450,394</u>

Restricted bank balances and deposits represent margin deposits that are held as security against letter of credit and letter of guarantees including those granted by a related party (Note 10 and 11).

6 MURABAHA PAYABLES

Murabaha payables include facilities amounting to KD 4,249,315 (31 December 2009: KD 5,831,588; 30 June 2009: KD 2,752,025) taken from a related party (Note 10). These facilities are secured against financial assets at fair value through income statement amounting to KD 8,000,000 (31 December 2009: 17,720,000; 30 June 2009: KD 9,720,000).

Of the murabaha payables, facilities amounting to KD 6,406,110 (31 December 2009: KD 7,770,594; 30 June 2009: KD 11,645,262) taken by a subsidiary are secured against plant and equipment amounting to KD 4,753,944 (31 December 2009: KD 7,930,219; 30 June 2009: KD 7,741,252) and inventories amounting to KD 4,190,630 (31 December 2009: KD 4,696,945; 30 June 2009: KD 5,285,452). These payables include facilities amounting to KD 3,397,847 (31 December 2009: KD 4,160,108; 30 June 2009: KD 5,926,549) that are borrowed from a related party (Note 10).

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2010

7 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	30 June 2010 KD	(Audited) 31 December 2009 KD	30 June 2009 KD
Trade payables	10,230,954	8,816,469	13,530,037
Advances received from customers	3,083,064	2,905,216	2,306,060
Amount due to related parties (Note 10)	151,036	24,939	91,903
Provisions	3,240,059	2,351,046	1,385,698
Dividend payable	2,551,166	2,415,374	3,336,693
Other payables	1,706,736	1,217,325	885,953
	<u>20,963,015</u>	<u>17,730,369</u>	<u>21,536,344</u>

8 TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2010 KD	2009 KD	2010 KD	2009 KD
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	(13,913)	-	21,474	-
National Labour Support Tax ("NLST")	(38,650)	(2,379)	308,078	-
Zakat	(22,354)	(4,049)	117,913	-
Taxation relating to sale of exploration assets (Note 3)	271,691	-	7,553,805	-
Taxation on foreign operations	752	354,750	299,128	634,224
	<u>197,526</u>	<u>348,322</u>	<u>8,300,398</u>	<u>634,224</u>

9 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is calculated by dividing the (loss) profit attributable to equity holders of the company for the period by the weighted average number of shares outstanding during the period, as follows:

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
(Loss) profit for the period attributable to equity holders of the company (KD)	<u>(1,470,871)</u>	<u>(240,007)</u>	<u>11,875,642</u>	<u>(151,291)</u>
Weighted average number of shares outstanding during the period	<u>750,000,000</u>	<u>750,000,000</u>	<u>750,000,000</u>	<u>750,000,000</u>
Basic and diluted (loss) earnings per share	<u>(2.0) fils</u>	<u>(0.3) fils</u>	<u>15.8 fils</u>	<u>(0.2) fils</u>

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2010

9 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE (continued)

Basic and diluted (loss) earnings per share from continuing operations

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
(Loss) profit for the period attributable to equity holders of the company (KD)	(1,470,871)	(240,007)	11,875,642	(151,291)
Add: Loss on sale of discontinued operation (KD)	-	-	-	25,543
(Loss) profit for the period attributable to equity holders of the company from continuing operation (KD)	(1,470,871)	(240,007)	11,875,642	(125,748)
Weighted average number of shares outstanding during the period	750,000,000	750,000,000	750,000,000	750,000,000
Basic and diluted (loss) earnings per share	(2.0) fils	(0.3) fils	15.8 fils	(0.2) fils

10 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, associates, directors and key management personnel of the group and entities controlled, jointly controlled or significantly influenced by such parties. The terms of these transactions are approved by the company's management. Transactions with related parties are as follows:

	<i>Ultimate parent/parent company</i>	<i>Other related parties</i>	<i>30 June 2010</i>	<i>(Audited) 31 December 2009</i>	<i>30 June 2009</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of financial position					
Bank balances, deposits and cash	2,736,301	375,738	3,112,039	2,756,070	1,726,606
Accounts receivables and other assets (Note 4)	-	2,319,710	2,319,710	1,336,156	134,540
Murabaha payables secured against:					
-Financial assets (Note 6)	4,249,315	-	4,249,315	5,831,588	2,752,025
-Non-financial asset (Note 6)	-	3,397,847	3,397,847	4,160,108	5,926,549
Unsecured murabaha payables	728,250	-	728,250	718,000	1,253,763
Liabilities against assets subject to finance lease	-	5,711,890	5,711,890	5,674,992	-
Accounts payable and other liabilities (Note 7)	151,036	-	151,036	24,939	91,903

As at 30 June 2010, the group had outstanding letter of guarantee facilities obtained from a related party amounting to KD 2,470,470 (31 December 2009: KD 2,706,332; 30 June 2009: KD 4,926,388) (Note 11).

Accounts receivables/payables from/to related parties are unsecured, free of finance charge and are receivable/payable on demand.

	<i>Ultimate parent/parent company</i>	<i>Other related parties</i>	<i>Six months ended 30 June</i>	
			<i>2010</i>	<i>2009</i>
			<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of income				
Brokerage fees	-	-	-	27,200
Murabaha finance cost	138,849	27,552	166,401	424,698

AREF Energy Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2010

10 RELATED PARTY TRANSACTIONS (continued)

Key management compensation

Remuneration paid or accrued in relation to "key management" (deemed for this purpose to comprise Directors in relation to their committee service, the Chief Executive Officer and other Senior Officers) as follows:

	<i>Six months ended 30 June</i>	
	<i>2010</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>
Short term benefits	218,074	309,185
End of service benefits	13,519	18,346
	<u>231,593</u>	<u>327,531</u>

11 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2010</i>	<i>31 December</i>	<i>2009</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Capital expenditure commitments			
<i>Financial assets</i>			
Financial assets available for sale	6,990,300	6,665,940	6,898,500
<i>Others</i>			
Property and equipment	-	-	2,104,820
Intangible assets	-	5,736,820	733,836
	<u>6,990,300</u>	<u>12,402,760</u>	<u>9,737,156</u>

Contingent liabilities

As at 30 June 2010, the group had contingent liabilities in respect of outstanding letters of guarantees amounting to KD 4,908,226 (31 December 2009: KD 2,706,332; 30 June 2009: KD 4,531,350) from which it is anticipated that no material liabilities will arise. Letters of guarantees amounting to KD 2,470,470 (31 December 2009: KD 2,706,332; 30 June 2009: KD 4,926,388) have been obtained from a related party (Note 10). These letter of guarantees are partially secured against bank balances and deposits (Note 5).

Aref Energy Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2010

12 SEGMENTAL 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.

	Continuing operations					
	Energy		Others		Total	
	30 June 2010 KD	30 June 2009 KD	30 June 2010 KD	30 June 2009 KD	30 June 2010 KD	30 June 2009 KD
Revenue						
Segment revenue	33,535,679	23,657,578	660,565	339,498	34,196,244	23,997,076
Results						
Profit before taxation from continuing operations	18,965,230	545,858	654,187	334,009	19,619,417	879,867
Assets						
Segment assets	117,955,563	112,357,231	7,484,127	7,988,852	125,439,690	120,346,083
Liabilities						
Segment liabilities	32,015,667	37,265,056	6,412,708	201,053	38,428,375	37,466,109