

**THE ENERGY HOUSE 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 30 June 2013
(Unaudited)**

Energy House Holding Company K.S.C. (Closed) and subsidiaries
Condensed consolidated interim financial information
For the period from 1 January 2013 to 30 June 2013

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

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

Introduction

We have reviewed the accompanying 30 June 2013 condensed consolidated interim information of The Energy House Holding Company K.S.C. (Closed) ("the Company") and subsidiaries (together "the Group"), which comprises the interim consolidated statement of financial position as at 30 June 2013, the interim consolidated statements of profit or loss and comprehensive income for the three and six month periods ended 30 June 2013, changes in equity and cash flows for the six 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 30 June 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 30 June 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 six month period ended 30 June 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.



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Kuwait: 14 August 2013



BOUBYAN Auditing Office

The Energy House Holding Company K.S.C. (Closed) and subsidiaries

Interim consolidated statement of profit or loss (unaudited)

For the three and six month periods ended 30 June 2013

	Three months ended 30 June		Six months ended 30 June	
Note	2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)	2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)
Revenue				
Contract revenue	1,914,705	705,014	5,271,138	1,743,608
Rendering of services	1,671,108	682,526	2,300,727	1,051,092
Sales of goods	49,430	67,647	62,321	67,647
Equipment rental income	108,565	100,723	200,752	162,068
	<u>3,743,808</u>	<u>1,555,910</u>	<u>7,834,938</u>	<u>3,024,415</u>
Cost of revenue				
Contract costs	(1,898,448)	(994,185)	(4,336,195)	(2,230,868)
Cost of rendering of services	(1,102,981)	(1,072,685)	(1,904,945)	(1,712,535)
Cost of sales of goods	(40,642)	(58,150)	(51,351)	(58,150)
Cost of equipment rental	(50,574)	(17,668)	(97,226)	(33,242)
	<u>(3,092,645)</u>	<u>(2,142,688)</u>	<u>(6,389,717)</u>	<u>(4,034,795)</u>
Gross profit / (loss)	651,163	(586,778)	1,445,221	(1,010,380)
Other income	772,485	92,791	794,100	250,782
Unrealised gain on financial assets at fair value through profit or loss	2,972	-	29,987	-
Realized loss on sale of financial assets at fair value through profit or loss	(5,603)	-	(16,004)	-
Rental income from investment property	127,289	70,728	203,215	170,046
Staff costs	(406,604)	(496,253)	(858,778)	(1,183,338)
General and administration expenses	(336,617)	(1,499,928)	(617,546)	(1,982,140)
Impairment losses	(965,897)	2,715,580	(1,547,375)	(3,715,861)
Foreign exchange gain / (loss)	684,773	(1,160,104)	375,584	(6,687,508)
Amortization of intangible assets	(24,383)	(26,133)	(48,497)	(52,256)
Operating loss	499,578	(890,097)	(240,093)	(14,210,655)
Finance costs	(60,880)	(96,220)	(118,223)	(150,761)
Finance income	7,399	(87,815)	47,708	-
Dividend income	-	828,292	-	828,292
Gain on deemed disposal of associate	60	-	8,211	-
Share of results from associates	(72,736)	312,048	(157,066)	187,088
Profit / (loss) for the period before taxation	373,421	66,208	(459,463)	(13,346,036)
Write back of Board of Directors' remuneration	-	-	(18,000)	-
Taxation on foreign operations	(3,839)	(1,855)	(14,814)	(58,501)
Net Profit / (loss) for the period	369,582	64,353	(492,277)	(13,404,537)
Attributable to:				
Shareholders of the Company	313,189	175,737	(342,243)	(9,017,460)
Non-controlling interests	56,393	(111,384)	(150,034)	(4,387,077)
	<u>369,582</u>	<u>64,353</u>	<u>(492,277)</u>	<u>(13,404,537)</u>
Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (fils)	0.42	0.23	(0.46)	(12.02)

The accompanying notes set out on pages 8 to 15 form an integral part of this condensed consolidated interim financial information

The Energy House Holding Company K.S.C. (Closed) and subsidiaries

Interim consolidated statement of comprehensive income (unaudited)

For the three and six month periods ended 30 June 2013

	Three months ended 30 June		Six months ended 30 June	
	2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)	2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)
Net profit / (loss) for the period	369,582	64,353	(492,277)	(13,404,537)
Other comprehensive (loss) / income				
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>				
Foreign currency translation reserve of subsidiaries	(575,474)	-	(647,135)	-
Share of foreign currency translation reserve of associates	(43,992)	-	(31,747)	-
Exchange differences arising on translation of foreign operations	17,945	34,526	241,814	5,488,080
Change in fair value of financial assets available for sale	23,110	-	23,110	-
<i>Total items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>	<u>(578,411)</u>	<u>34,526</u>	<u>(413,958)</u>	<u>5,488,080</u>
Total other comprehensive (loss) / income for the period	<u>(578,411)</u>	<u>34,526</u>	<u>(413,958)</u>	<u>5,488,080</u>
Total comprehensive (loss) / income for the period	<u>(208,829)</u>	<u>98,879</u>	<u>(906,235)</u>	<u>(7,916,457)</u>
Attributable to:				
Shareholders of the Company	(45,877)	207,910	(559,985)	(5,484,371)
Non-controlling interests	<u>(162,952)</u>	<u>(109,031)</u>	<u>(346,250)</u>	<u>(2,432,086)</u>
	<u>(208,829)</u>	<u>98,879</u>	<u>(906,235)</u>	<u>(7,916,457)</u>

The accompanying notes set out on pages 8 to 15 form an integral part of this condensed consolidated interim financial information

The Energy House Holding Company K.S.C. (Closed) and subsidiaries

Interim consolidated statement of financial position (unaudited)

As at 30 June 2013

	Notes	30 June 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 June 2012 KD (Unaudited) (Re-presented)
ASSETS				
Non-current assets				
Property and equipment		6,730,956	6,415,904	6,526,984
Intangible assets		805,197	848,382	927,802
Investment property		7,797,295	7,676,967	4,723,988
Investment in associates		3,524,319	3,660,103	4,121,258
Financial assets available for sale		35,564,024	35,534,351	35,496,538
Financial assets at fair value through profit or loss		5,154,829	5,048,469	-
Other non-current assets		143,683	1,316,899	-
		<u>59,720,303</u>	<u>60,501,075</u>	<u>51,796,570</u>
Current assets				
Inventories		1,708,537	1,011,925	1,248,711
Accounts receivable and other assets		11,481,729	11,580,186	13,587,233
Bank balances and cash	6	7,441,871	9,766,931	16,415,940
		<u>20,632,137</u>	<u>22,359,042</u>	<u>31,251,884</u>
Total assets		<u>80,352,440</u>	<u>82,860,117</u>	<u>83,048,454</u>
EQUITY				
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		(488,728)	(232,633)	-
Foreign currency translation reserve		366,371	598,961	151,512
Fair value reserve		40,549	25,701	-
Accumulated losses		(14,713,668)	(14,371,425)	(13,427,599)
Equity attributable to shareholders of the Company		<u>61,185,754</u>	<u>62,001,834</u>	<u>62,705,143</u>
Non-controlling interests		4,064,497	4,154,652	3,642,225
Total equity		<u>65,250,251</u>	<u>66,156,486</u>	<u>66,347,368</u>
LIABILITIES				
Non-current liabilities				
Finance lease liabilities		164,128	296,060	410,710
Provision for staff indemnity		410,069	372,098	371,385
		<u>574,197</u>	<u>668,158</u>	<u>782,095</u>
Current liabilities				
Accounts payable and other liabilities		11,713,042	11,974,024	12,025,002
Finance lease liabilities		280,600	272,493	36,718
Bank overdraft		-	1,159,653	1,108,955
Murabaha payables	9	2,534,350	2,629,303	2,748,316
		<u>14,527,992</u>	<u>16,035,473</u>	<u>15,918,991</u>
Total liabilities		<u>15,102,189</u>	<u>16,703,631</u>	<u>16,701,086</u>
Total equity and liabilities		<u>80,352,440</u>	<u>82,860,117</u>	<u>83,048,454</u>

Saad Ali Al Shuwaib
Chairman

Khaled A. Al-Sumaiti
Vice Chairman

The accompanying notes set out on pages 8 to 15 form an integral part of this condensed consolidated interim financial information.

The Energy House Holding Company K.S.C. (Closed) and subsidiaries

Interim consolidated statement of cash flows (unaudited)

For the period from 1 January 2013 to 30 June 2013

	Note	Six months ended 30 June	
		2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)
Cash flows from operating activities			
Net loss for the period		(492,277)	(13,404,537)
Adjustments for:			
Rental income		(403,967)	(332,114)
Share of results of associates		157,066	(187,088)
Dividend income		-	(828,292)
Gain on disposal of property and equipment		(453,225)	(113,290)
Depreciation and amortization		649,260	945,584
Impairment loss		1,547,375	3,715,861
Unrealised gain on financial assets at fair value through profit or loss		(29,987)	-
Realized loss on sale of financial assets at fair value through profit or loss		16,004	-
Gains on deemed disposal of associate		(8,211)	-
Transfer of foreign currency translation reserves		-	11,348,012
Taxation		14,814	58,501
Finance costs		118,223	150,761
Provision for staff indemnity		101,076	63,804
		<u>1,216,151</u>	<u>1,417,202</u>
Changes in:			
Inventories		(696,612)	547,487
Accounts receivable and other assets		453,947	(1,063,405)
Accounts payable and other liabilities		(275,796)	(3,644,185)
Cash generated from / (used in) operations		<u>697,690</u>	<u>(2,742,901)</u>
Provision for staff indemnity paid		(63,105)	(102,437)
Net cash generated from / (used in) operating activities		<u>634,585</u>	<u>(2,845,338)</u>
Cash flows from investing activities			
Investment in wakala deposits		(1,303,900)	4,455,500
Net movement in restricted bank balances and deposits		(23,631)	173,686
Net movement in bank overdrafts		1,159,653	-
Proceeds from sale of investments at fair value through profit or loss		14,659	-
Purchase of property and equipment		(927,600)	(467,606)
Proceeds from disposal of property and equipment		539,301	201,221
Purchase of intangible assets		-	(34,775)
Dividend income received		-	45,739
Rental income received		403,967	332,114
Net cash (used in) / generated from investing activities		<u>(137,551)</u>	<u>4,705,879</u>
Cash flows from financing activities			
Finance costs paid		(118,223)	(195,878)
Net movement in murabaha payables		(94,953)	72,811
Net movement finance lease liabilities		(123,825)	(637,341)
Net cash used in financing activities		<u>(337,001)</u>	<u>(760,408)</u>
Effect of foreign currency translation		2,091	473,865
Net increase in cash and cash equivalents		<u>162,124</u>	<u>1,573,998</u>
Cash and cash equivalents at beginning of the period		5,302,305	10,433,542
Cash and cash equivalents at end of the period	6	<u>5,464,429</u>	<u>12,007,540</u>

The accompanying notes set out on pages 8 to 15 form an integral part of this condensed consolidated interim financial information

Interim consolidated statement of changes in equity (unaudited)

For the period from 1 January 2013 to 30 June 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	-	-	-	-	-	-	-	(342,243)	(342,243)	(150,034)	(492,277)
Other comprehensive (loss) / income for the period	-	-	-	-	-	(232,590)	14,848	-	(217,742)	(196,216)	(413,958)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(232,590)	14,848	(342,243)	(559,985)	(346,250)	(906,235)
Acquisition of additional interest in subsidiary (note 10)	-	-	-	-	(256,095)	-	-	-	(256,095)	256,095	-
Balance at 30 June 2013	75,000,000	193,550	472,723	314,957	(488,728)	366,371	40,549	(14,713,668)	61,185,754	4,064,497	65,250,251
Balance at 1 January 2012	75,000,000	193,550	472,723	314,957	-	(3,381,577)	-	(4,410,139)	68,189,514	6,074,311	74,263,825
(Re-presented)	-	-	-	-	-	-	-	(9,017,460)	(9,017,460)	(4,387,077)	(13,404,537)
Net loss for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	3,533,089	-	-	3,533,089	1,954,991	5,488,080
Total comprehensive income / (loss) for the period	-	-	-	-	-	3,533,089	-	-	(5,484,371)	(2,432,086)	(7,916,457)
Balance at 30 June 2012	75,000,000	193,550	472,723	314,957	-	151,512	-	(13,427,599)	62,705,143	3,642,225	66,347,368

The accompanying notes set out on pages 8 to 15 form an integral part of this condensed consolidated interim financial information

1. Incorporation and activities

The Energy House Holding Company K.S.C. (Closed) (formerly known as Aref Energy Holding Company K.S.C. (Closed)) ("the Company") is a Kuwaiti shareholding company registered in Kuwait on 1 October 1996 and its shares are listed on the Kuwait Stock Exchange. The postal address of the registered office of the Company is 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 Company and its subsidiaries (together "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.

An Extraordinary General Assembly of shareholders held on 8 May 2013 approved the change in name of the Company from "Aref Energy Holding Company K.S.C. (Closed)" to "The Energy House Holding Company K.S.C (Closed)" and approved the amendment to the Articles of Association. The Ministry of Commerce and Industry has approved the change in name of the Company and such change is applicable with effect from 8 May 2013.

This condensed consolidated interim financial information of the Group was approved for issue by the Board of Directors of the Company on 14 August 2013.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 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 Articles 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 Group's activities or on its consolidated financial position.

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 Group 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.

The Energy House 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 30 June 2013

5. Basic and diluted earnings / (loss) per share attributable to shareholders of the Company

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

	Three months ended 30 June		Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited) (Re-presented)	2013 (Unaudited)	2012 (Unaudited) (Re-presented)
Profit / (loss) for the period attributable to shareholders of the Company (KD)	313,189	175,737	(342,243)	(9,017,460)
Weighted average number of outstanding shares	750,000,000	750,000,000	750,000,000	750,000,000
Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (fils)	0.42	0.23	(0.46)	(12.02)

6. Bank balances and cash

	30 June 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 June 2012 KD (Unaudited) (Re-presented)
Bank balances and cash	4,641,871	6,663,031	4,618,540
Wakala deposits	2,800,000	3,103,900	11,797,400
Bank balances and cash in the interim consolidated statement of financial position	7,441,871	9,766,931	16,415,940
Bank overdrafts	-	(1,159,653)	(1,108,955)
Restricted bank balances*	(177,442)	(201,073)	(200,645)
Wakala deposits with original maturity over three months**	(1,800,000)	(3,103,900)	(3,098,800)
Cash and cash equivalents in the interim consolidated statement of cash flows	5,464,429	5,302,305	12,007,540

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

**Wakala deposits with original maturity of more than 3 months includes KD 1,800,000 (31 December 2012 and 30 June 2012: KD 1,800,000) that represent margin deposits that are held as security against the letters of guarantee.

The Energy House 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 30 June 2013

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.

In 2012, 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 2012. Accordingly the comparative amounts for the period from 1 January 2012 to 30 June 2012 have been re-presented to give effect of the consolidation of Higlieg.

The results of Higlieg for the three and six month periods ended 30 June are as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	KD	KD	KD	KD
Revenues	465,633	705,014	2,123,040	1,743,608
Cost of revenue	(820,900)	(994,185)	(1,727,717)	(2,230,868)
Gross (loss) / profit	(355,267)	(289,171)	395,323	(487,260)
Other income (loss)	761,496	(15,816)	769,994	111,421
Rental income from investment property	127,289	70,728	203,215	170,046
Staff costs	(134,878)	(192,212)	(288,195)	(432,363)
General and administration expenses	(110,628)	(4,193,820)	(197,132)	(4,361,697)
Impairment losses	(965,908)	5,664,229	(1,551,665)	(767,212)
Foreign exchange gain / (loss)	670,445	(1,273,688)	270,189	(6,750,145)
Operating loss	(7,451)	(229,750)	(398,271)	(12,517,210)
Finance cost	(28,435)	(61,677)	(51,168)	(78,258)
Share of results from associates	13,684	385,025	(27,601)	358,107
(Loss) / profit before tax	(22,202)	93,598	(477,040)	(12,237,361)
Taxation	(3,839)	(1,855)	(14,814)	(58,501)
(Loss) / profit for the period	(26,041)	91,743	(491,854)	(12,295,862)

The Energy House 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 30 June 2013

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:

<i>Interim consolidated statement of financial position</i>	30 June 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 June 2012 KD (Unaudited) (Re-presented)
<i>Parent Company</i>			
Bank balances and cash	1,150,852	2,430,417	2,832,194
Murabaha payables secured against financial assets	2,518,350	2,588,749	2,518,664
Accounts payable and other liabilities	1,582	-	-
<i>Entities related to the shareholders</i>			
Accounts receivables and other assets	1,349,547	1,600,622	2,308,475
Accounts payable and other liabilities	89,813	36,417	623,621

	Three months ended 30 June		Six months ended 30 June	
	2013 KD (Unaudited)	2012 KD (Unaudited)	2013 KD (Unaudited)	2012 KD (Unaudited)
<i>Transactions included in the interim consolidated statement of profit or loss</i>				
Brokerage fees	-	250	-	305
Murabaha finance cost	60,878	96,000	117,892	150,386
<i>Compensation of key management personnel</i>				
Short term benefits	126,037	153,697	271,674	419,160
Termination benefits	10,604	13,467	58,113	41,597
	136,641	167,164	329,787	460,757

9. Murabaha payables

Murabaha payables include facilities amounting to KD 2,518,350 (31 December 2012: KD 2,588,749 and 30 June 2012: KD 2,518,350) 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 30 June 2012: KD 8,323,700).

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

During the period, the Group acquired additional 6.25% interest in Nordic Energy FZC ("NES") which resulted in an increase in ownership from 87.5% to 93.75%. 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 144,106 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.

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
30 June 2013			
Financial assets at fair value through profit or loss:			
Investment in an unquoted fund	-	5,154,829	5,154,829
Financial assets available for sale:			
Quoted equity securities	448,424	-	448,424
	<u>448,424</u>	<u>5,154,829</u>	<u>5,603,253</u>
31 December 2012			
Financial assets at fair value through profit or loss:			
Investment in an unquoted fund	-	5,048,469	5,048,469
Financial assets available for sale:			
Quoted equity securities	418,751	-	418,751
	<u>418,751</u>	<u>5,048,469</u>	<u>5,467,220</u>

The Energy House Holding Company K.S.C. (Closed) and subsidiaries

Notes to the condensed consolidated interim financial information (unaudited)
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30 June 2012	Level 1 KD	Level 2 KD	Total fair value KD
Financial assets available for sale:			
Quoted equity securities	380,938	-	380,938
	<u>380,938</u>	<u>-</u>	<u>380,938</u>

During the periods ended 30 June 2013, 31 December 2012 and 30 June 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

12. Commitments and contingent liabilities

	30 June 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 June 2012 KD (Unaudited)
Capital commitments			
Commitment towards contribution of fund expenses	291,150	312,701	-
Financial assets available for sale	<u>6,858,000</u>	<u>6,759,000</u>	<u>6,732,000</u>
Contingent liabilities			
Letters of guarantee	<u>3,183,527</u>	<u>2,266,938</u>	<u>2,648,672</u>

Notes to the condensed consolidated interim financial information (unaudited)
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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; and
Others	: Investment and other related services.

Three months ended 30 June 2013 (Unaudited)

Segment revenues			
Profit	3,584,308	159,500	3,743,808
	248,861	120,721	369,582

Three months ended 30 June 2012 (Unaudited) - Re-presented

Segment revenues	1,387,540	168,370	1,555,910
(Loss) / profit	(1,158,310)	1,222,663	64,353

Six months ended 30 June 2013 (Unaudited)

Segment revenues	7,571,865	263,073	7,834,938
(Loss) / profit	(682,955)	190,678	(492,277)

Six months ended 30 June 2012 (Unaudited) - Re-presented

Segment revenues	2,794,700	229,715	3,024,415
(Loss) / profit	(14,728,286)	1,323,749	(13,404,537)

As at 30 June 2013 (Unaudited)

Segment assets	69,999,936	10,352,504	80,352,440
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As at 31 December 2012 (Audited)

Segment assets	72,217,451	10,642,666	82,860,117
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As at 30 June 2012 (Unaudited) – Re-presented

Segment assets	72,602,200	10,446,254	83,048,454
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