THE ENERGY HOUSE HOLDING COMPANY K.S.C.P.
AND SUBSIDIARIES

Condensed consolidated interim financial information and independent auditors' review report for the period from 1 January 2014 to 30 June 2014
(Unaudited)

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KPMG

بوبيان لتدقيق الحسابات
BOUBYAN Auditing Office
محاسبون قانونيون - مستشارون ماليون

KPMG Safi Al-Mutawa & Partners
Al Hamra Tower, 25th Floor
Abdulaziz Al Saqr Street
P.O. Box 24, Safat 13001
Kuwait

Telephone : + 965 2228 7000
Fax : + 965 2228 7444

Boubyan Auditing Office
P.O.Box 17445, Khaldiya 72455
Kuwait

Telephone : + 965 2249 4040
Fax : + 965 2249 6565

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

The Board of Directors
The Energy House Holding Company K.S.C.P.
State of Kuwait

Introduction

We have reviewed the accompanying 30 June 2014 condensed consolidated interim financial information of The Energy House Holding Company K.S.C.P. ("the Company") and subsidiaries (together "the Group"), which comprises the interim consolidated statement of financial position as at 30 June 2014, the interim consolidated statements of profit or loss and other comprehensive income for the three and six month periods ended 30 June 2014, 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 2014 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

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 2014, 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
License No 83 "A"
of Boubyan Auditing Office

Kuwait: 6 August 2014

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Interim consolidated statement of financial position (unaudited)
As at 30 June 2014

	Notes	30 June 2014 KD (Unaudited)	31 December 2013 KD (Audited)	30 June 2013 KD (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		**9,224,060**	9,229,509	6,730,956
Intangible assets and goodwill		**703,054**	751,551	805,197
Investment property		**6,860,446**	6,860,446	7,797,295
Investment in associates		**3,943,288**	3,718,951	3,524,319
Financial assets available for sale		**31,844,249**	35,444,249	35,564,024
Financial assets at fair value through profit or loss		**5,918,834**	6,043,473	5,154,829
Other non-current assets		**-**	-	143,683
		58,493,931	62,048,179	59,720,303
Current assets				
Inventories		**1,822,193**	1,685,321	1,708,537
Accounts receivable and other assets		**7,976,470**	7,904,730	11,481,729
Bank balances, cash and term deposits	5	**5,838,230**	6,247,033	7,441,871
		15,636,893	15,837,084	20,632,137
Total assets		**74,130,824**	77,885,263	80,352,440
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		**(808,518)**	(488,728)	(488,728)
Foreign currency translation reserve		**(1,611,763)**	(1,526,838)	366,371
Fair value reserve		**28,115**	28,115	40,549
Accumulated losses		**(14,028,327)**	(11,408,337)	(14,713,668)
Equity attributable to shareholders of the Company		**59,560,737**	62,585,442	61,185,754
Non-controlling interests		**5,822,890**	4,879,584	4,064,497
Total equity		**65,383,627**	67,465,026	65,250,251
LIABILITIES				
Non-current liabilities				
Finance lease liabilities		**-**	18,742	164,128
Provision for staff indemnity		**582,840**	503,105	410,069
		582,840	521,847	574,197
Current liabilities				
Accounts payable and other liabilities		**7,218,888**	8,151,594	11,713,042
Finance lease liabilities		**169,823**	220,805	280,600
Murabaha payables	7	**775,646**	1,525,991	2,534,350
		8,164,357	9,898,390	14,527,992
Total liabilities		**8,747,197**	10,420,237	15,102,189
Total equity and liabilities		**74,130,824**	77,885,263	80,352,440

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.P. and subsidiaries
State of Kuwait
Interim consolidated statement of profit or loss (unaudited)
For the three and six month periods ended 30 June 2014

	Notes	Three month period ended 30 June 2014 KD	Three month period ended 30 June 2013 KD	Six month period ended 30 June 2014 KD	Six month period ended 30 June 2013 KD
Revenue					
Contract revenue		**1,871,104**	1,914,705	**3,720,447**	5,271,138
Rendering of services		**1,477,558**	1,671,108	**2,784,872**	2,300,727
Sales of goods		**42,842**	49,430	**42,842**	62,321
Equipment rental income		**320,898**	108,565	**320,898**	200,752
		3,712,402	3,743,808	**6,869,059**	7,834,938
Cost of revenue					
Contract costs		**(1,693,307)**	(1,898,448)	**(3,367,094)**	(4,336,195)
Cost of rendering of services		**(952,111)**	(1,102,981)	**(1,934,432)**	(1,904,945)
Cost of sales of goods		**(109,778)**	(40,642)	**(109,778)**	(51,351)
Cost of equipment rental		**(109,455)**	(50,574)	**(109,455)**	(97,226)
		(2,864,651)	(3,092,645)	**(5,520,759)**	(6,389,717)
Gross profit		**847,751**	651,163	**1,348,300**	1,445,221
Other (loss) / income	8	**(108,490)**	772,485	**605,685**	794,100
Unrealised (loss) / gain on financial assets at fair value through profit or loss		**(232,667)**	2,972	**(617,974)**	29,987
Realized loss on sale of financial assets at fair value through profit or loss		**-**	(5,603)	**-**	(16,004)
Gain on deemed disposal of financial assets at fair value through profit or loss		**-**	-	**83,395**	-
Rental income from investment property		**98,438**	127,289	**196,647**	203,215
Staff costs		**(506,283)**	(406,604)	**(934,317)**	(858,778)
General and administration expenses		**(334,183)**	(336,617)	**(747,133)**	(617,546)
Reversal of Impairment / (Impairment losses) on trade receivables		**1,039,387**	(965,897)	**529,117**	(1,547,375)
Impairment loss on financial assets available for sale	9	**(3,600,000)**	-	**(3,600,000)**	-
Foreign exchange gain		**125,428**	684,773	**78,229**	375,584
Amortization of intangible assets		**(24,383)**	(24,383)	**(48,497)**	(48,497)
Operating (loss) / income		**(2,695,002)**	499,578	**(3,106,548)**	(240,093)
Finance costs		**(16,333)**	(60,880)	**(43,557)**	(118,223)
Finance income		**7,911**	7,399	**25,675**	47,708
Gain on deemed disposal of associate		**-**	60	**5,241**	8,211
Share of results from associates		**38,604**	(72,736)	**(65,503)**	(157,066)
Monetary loss from hyperinflation	13	**(939,790)**	-	**(18,256)**	-
(Loss) / profit for the period before taxation		**(3,604,610)**	373,421	**(3,202,948)**	(459,463)
Write back of Board of Directors' remuneration		**-**	-	**-**	(18,000)
Taxation on foreign operations		**(56,153)**	(3,839)	**(126,443)**	(14,814)
Net (loss) / profit for the period		**(3,660,763)**	369,582	**(3,329,391)**	(492,277)
Attributable to:					
Shareholders of the Company		**(3,709,090)**	313,189	**(3,474,781)**	(342,243)
Non-controlling interests		**48,327**	56,393	**145,390**	(150,034)
		(3,660,763)	369,582	**(3,329,391)**	(492,277)
Basic and diluted (loss) / earnings per share attributable to shareholders of the Company (fils)	10	**(4.95)**	0.42	**(4.63)**	(0.46)

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.P. and subsidiaries
State of Kuwait
Interim consolidated statement of other comprehensive income (unaudited)
For the three and six month periods ended 30 June 2014

	Three month period ended 30 June		Six month period ended 30 June	
	2014	2013	2014	2013
	KD	KD	KD	KD
Net (loss) / profit for the period	**(3,660,763)**	369,582	**(3,329,391)**	(492,277)
Other comprehensive income				
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss				
Foreign currency translation reserve of subsidiaries	-	(575,474)	-	(647,135)
Share of foreign currency translation reserve of associates	**67,405**	(43,992)	**(85,411)**	(31,747)
Exchange differences arising on translation of foreign operations	**13,024**	17,945	**2,989**	241,814
Change in fair value of financial assets available for sale	-	23,110	-	23,110
Total other comprehensive income / (loss) for the period	**80,429**	(578,411)	**(82,422)**	(413,958)
Total comprehensive loss for the period	**(3,580,334)**	(208,829)	**(3,411,813)**	(906,235)
Attributable to:				
Shareholders of the Company	**(3,629,864)**	(45,877)	**(3,559,706)**	(559,985)
Non-controlling interests	**49,530**	(162,952)	**147,893**	(346,250)
	(3,580,334)	(208,829)	**(3,411,813)**	(906,235)

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.P. and subsidiaries
State of Kuwait
Interim consolidated statement of cash flows (unaudited)
For the six month period ended 30 June 2014

	Note	Six month period ended 30 June 2014 KD	2013 KD
Cash flows from operating activities			
Net profit / (loss) for the period		(3,329,391)	(492,277)
Adjustments for:			
Rental income from investment property		(196,647)	(403,967)
Share of results of associates		65,503	157,066
Impairment loss on financial assets available for sale	9	3,600,000	-
Gain on disposal of property and equipment	8	(498,739)	(453,225)
Depreciation and amortization		636,664	649,260
(Reversal of Impairment) / Impairment losses on trade receivables		(529,117)	1,547,375
Unrealised loss / (gain) on financial assets at fair value through profit or loss		617,974	(29,987)
Realized (gain) / loss on sale of financial assets at fair value through profit or loss		-	16,004
Gain on deemed disposal of financial assets at fair value through profit or loss		(83,395)	-
Gains on deemed disposal of associate		(5,241)	(8,211)
Monetary loss from hyperinflation		18,256	-
Taxation		126,443	14,814
Finance costs		43,557	118,223
Provision for staff indemnity		67,043	101,076
		532,910	1,216,151
Changes in:			
Inventories		235,424	(696,612)
Accounts receivable and other assets		457,377	453,947
Accounts payable and other liabilities		(1,048,174)	(275,796)
Cash generated from operations		177,537	697,690
Provision for staff indemnity paid		(4,942)	(63,105)
Taxes paid		(10,975)	-
Net cash generated from operating activities		161,620	634,585
Cash flows from investing activities			
Net movement in restricted bank balances and deposits		12,914	(23,631)
Investment in Wakala deposits		(250,000)	(1,303,900)
Withdrawal of Wakala deposits		1,300,000	-
Net movement in bank overdrafts		-	1,159,653
Purchase of investments at fair value through profit or loss		(414,321)	-
Proceeds from sale of investments at fair value through profit or loss		-	14,659
Purchase of property and equipment		(396,566)	(927,600)
Proceeds from disposal of property and equipment		898,829	539,301
Rental income received		196,647	403,967
Net cash from / (used in) investing activities		1,347,503	(137,551)
Cash flows from financing activities			
Finance costs paid		(18,698)	(118,223)
Net movement in murabaha payables		(775,204)	(94,953)
Net movement finance lease liabilities		(69,724)	(123,825)
Net cash used in financing activities		(863,626)	(337,001)
Effect of foreign currency translation		8,614	2,091
Net increase in cash and cash equivalents		654,111	162,124
Cash and cash equivalents at beginning of the period		3,365,726	5,302,305
Cash and cash equivalents at end of the period	5	4,019,837	5,464,429

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.P. and subsidiaries
State of Kuwait

Interim consolidated statement of changes in equity (unaudited)

For the six month period ended 30 June 2014

	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 2014 (audited)	**75,000,000**	**193,550**	**472,723**	**314,957**	**(488,728)**	**(1,526,838)**	**28,115**	**(11,408,337)**	**62,585,442**	**4,879,584**	**67,465,026**
Net loss for the period	-	-	-	-	-	-	-	**(3,474,781)**	**(3,474,781)**	**145,390**	**(3,329,391)**
Other comprehensive (loss) / income for the period	-	-	-	-	-	**(84,925)**	-	-	**(84,925)**	**2,503**	**(82,422)**
Total comprehensive loss for the period	-	-	-	-	-	**(84,925)**	-	**(3,474,781)**	**(3,559,706)**	**147,893**	**(3,411,813)**
Deemed disposal of a subsidiary (note 12)	-	-	-	-	**(319,790)**	-	-	-	**(319,790)**	**319,790**	-
Equity adjustments due to hyperinflation (note 13)	-	-	-	-	-	-	-	**854,791**	**854,791**	**475,623**	**1,330,414**
Balance at 30 June 2014 (unaudited)	**75,000,000**	**193,550**	**472,723**	**314,957**	**(808,518)**	**(1,611,763)**	**28,115**	**(14,028,327)**	**59,560,737**	**5,822,890**	**65,383,627**
Balance at 1 January 2013 (audited)	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 for the period	-	-	-	-	-	(232,590)	14,848	(342,243)	(559,985)	(346,250)	(906,235)
Acquisition of additional interest in subsidiary	-	-	-	-	(256,095)	-	-	-	(256,095)	256,095	-
Balance at 30 June 2013 (unaudited)	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

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.P. ("the Company") is a Kuwaiti shareholding company registered in the State of Kuwait on 1 October 1996 and its shares are listed on the Kuwait Stock Exchange.

The principal activities of the Company are as follows:

- Ownership of shares of Kuwaiti or foreign shareholding companies or companies with limited liability, or establishing, managing, lending and sponsoring such companies;
- Financing and sponsoring entities in which the Company has an ownership interest of not less than 20%;
- Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such as rights for the benefit of the Company inside or outside the State of Kuwait;
- Owning real-estates to promote its activities; and
- Utilizing available financial surplus of the Company by investing them in portfolios managed by specialized companies.

The above activities of the Company and its subsidiaries (together "the Group") are organized in business units as explained in note 15.

The Group 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 K.S.C. ("the Ultimate Parent Company"), a Company listed on the Kuwait Stock Exchange.

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. The Executive Regulations have been issued by the Ministry of Commerce and Industry on 29 September 2013 and was published in the Kuwait's Official Gazette on 6 October 2013. According to Article 3 of the resolution, companies have one year from date of publishing the Executive Regulations to comply with the new amended Law. The Company's management is of the view that application of the provisions of the Law has no material impact on the Company's activities or on its consolidated financial position.

The address of the Company's registered office is Arraya Tower 2, Sharq Area, 25th floor, Kuwait City and the postal address is P.O. Box 21909, Safat 13080, State of Kuwait.

The Annual General Assembly of the Company held on 26 March 2014, approved the following:

- consolidated financial statements of the Group for the year ended 31 December 2013; and
- no dividends for the year ended 31 December 2013.

This condensed consolidated interim financial information of the Group was approved for issue by the Board of Directors of the Company on 6 August 2014.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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 2013. 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).

Operating results for the three and six month periods ended 30 June 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014.

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 2013. Additionally, the Group has adopted the following IFRS which are effective for annual periods beginning on or after 1 January 2014:

IFRS 10, IFRS 12 and IAS 27
Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

IAS 32 Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms.

IAS 36 Impairment of assets
These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosures of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively and accordingly will be considered while making disclosures for impairment of non-financial assets in the consolidated financial statements for the year ending 31 December 2014 and would continue to be considered for future disclosures.

The management has determined that the above amendments have no significant financial impact on the condensed consolidated interim financial information of the Group.

IFRS 15 – Revenue from contracts with customers

IFRS 15 specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard was issued in May 2014 and applies to an annual financial statements beginning on or after 1 January 2017.

Management is currently assessing the impact that this standard will have on the financial position and performance of the Company.

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 2013.

5. Bank balances, cash and term deposits

	30 June 2014 KD (Unaudited)	31 December 2013 KD (Audited)	30 June 2013 KD (Unaudited)
Bank balances and cash	**3,788,230**	3,397,033	4,641,871
Wakala deposits	**2,050,000**	2,850,000	2,800,000
Bank balances and cash in the interim consolidated statement of financial position	**5,838,230**	6,247,033	7,441,871
Restricted bank balances	**(18,393)**	(31,307)	(177,442)
Wakala deposits with original maturity over three months	**(1,800,000)**	(2,850,000)	(1,800,000)
Cash and cash equivalents in the interim consolidated statement of cash flows	**4,019,837**	3,365,726	5,464,429

Restricted bank balances represent margin deposits that are held as security against letters of guarantee (note 14).

Wakala deposits of KD 250,000 (31 December 2013: KD 1,050,000; 30 June 2013: nil) are pledged against murabaha payables (note 7).

Wakala deposits with original maturity of more than 3 months amounting to KD 1,800,000 (31 December 2013 and 30 June 2013: KD 1,800,000) represent margin deposits that are held as security against the letters of guarantee.

6. 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:

Interim consolidated statement of financial position	**30 June 2014 KD (Unaudited)**	**31 December 2013 KD (Audited)**	**30 June 2013 KD (Unaudited)**
The Ultimate Parent Company			
Bank balances, cash and term deposits	**1,250,732**	495,888	1,150,852
Murabaha payables secured against financial assets	**759,646**	1,509,991	2,518,350
The Parent Company			
Accounts receivables and other assets	**1,171**	-	-
Accounts payable and other liabilities	**564**	-	1,582
Entities related to the shareholders			
Accounts receivables and other assets	**978**	14,781	1,349,547
Accounts payable and other liabilities	**205,405**	147,453	89,813

Transactions included in the interim consolidated statement of profit or loss	**Three months ended 30 June**		**Six months ended 30 June**	
	2014 KD (Unaudited)	**2013 KD (Unaudited)**	**2014 KD (Unaudited)**	**2013 KD (Unaudited)**
The Ultimate Parent Company				
Murabaha finance cost	**16,333**	60,878	**43,557**	117,892
Compensation of key management personnel				
Short term benefits	**145,275**	126,037	**266,161**	271,674
Termination benefits	**9,822**	10,604	**18,711**	58,113
	155,097	136,641	**284,872**	329,787

7. Murabaha payables

Murabaha payables include facilities amounting to KD 759,646 (31 December 2013: KD 1,509,991 ; 30 June 2013: KD 2,518,350) obtained from a related party (note 6) and are secured against deposits amounting to KD 250,000 by the Company (note 5) and KD 500,000 by the Parent Company (31 December 2013: secured against deposits amounting to KD 1,050,000 by the Company and KD 500,000 by the Parent Company; 30 June 2013: secured against financial assets available for sale amounting to KD 8,323,700).

8. Other income

This mainly represents gain on sale of leasehold property by one of the subsidiaries during the three month period ended 31 March 2014.

9. Impairment loss on financial assets available for sale

During the period ended 30 June 2014, based on the available information and cash flow projections, the management resolved to impair a financial asset available for sale by KD 3,600,000.

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

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

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited)	**2013 (Unaudited)**	**2014 (Unaudited)**	**2013 (Unaudited)**
(Loss) / profit for the period attributable to shareholders of the Company (KD)	**(3,709,090)**	313,189	**(3,474,781)**	(342,243)
Weighted average number of outstanding shares	**750,000,000**	750,000,000	**750,000,000**	750,000,000
Basic and diluted (loss) / earnings per share attributable to shareholders of the Company (fils)	**(4.95)**	0.42	**(4.63)**	(0.46)

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:

30 June 2014	**Level 1 KD**	**Level 2 KD**	**Total fair value KD**
Financial assets at fair value through profit or loss			
Investment in an unquoted fund	-	**5,918,834**	**5,918,834**
Financial assets available for sale			
Quoted equity securities	**328,649**	-	**328,649**
Investment property	-	**6,860,446**	**6,860,446**
	328,649	**12,779,280**	**13,107,929**

31 December 2013	Level 1 KD	Level 2 KD	Total fair Value KD
Financial assets at fair value through profit or loss			
Investment in an unquoted fund	-	6,043,473	6,043,473
Financial assets available for sale			
Quoted equity securities	328,649	-	328,649
Investment property	-	6,860,446	6,860,446
	328,649	12,903,919	13,232,568

30 June 2013	Level 1 KD	Level 2 KD	Total fair value KD
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
Investment property	-	7,797,295	7,797,295
	448,424	12,952,124	13,400,548

During the periods ended 30 June 2014, 31 December 2013 and 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

12. Deemed disposal of a subsidiary

During the period ended 30 June 2014, the Group entered into an agreement to convert the shareholder loan of USD 15 million (KD 4,231,500), provided by the Group to Nordic Energy FZC (the "Subsidiary") to equity. Following the agreement, the Group owns 92.64% equity interest in the subsidiary (31 December 2013 and 30 June 2013: 93.75%).

Since, the above transaction, did not result in loss of control to the Group, the resulting loss of KD 319,790 has been disclosed under "other reserves" in the condensed consolidated statement of changes in equity.

13. Hyperinflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date and that corresponding figures for previous periods be stated in the same terms to the latest statement of financial position date. This has been applied in Higleig, a subsidiary, and hence the restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) provided by The International Monetary Fund (IMF) and the Central Bank of Sudan (CBS).

The conversion factors used to restate the financial statements of the subsidiary are as follows:

	Index	Conversion factor
30 June 2014	372.900	1.107
31 December 2013	314.826	1.198
31 December 2012	262.793	1.444
31 December 2011	181.944	1.189
31 December 2010	153.043	1

The above mentioned restatement is affected as follows:

i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;
ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;
iii. Comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the statement of financial position date;
iv. All items in the income statement are restated by applying the relevant quarterly average or year-end conversion factors; and
v. The effect on the net monetary position of the Group is included in the consolidated statement of profit or loss as a monetary gain or loss from hyperinflation.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies at the subsidiary's level which are used in the preparation of the financial statements under the historical cost conversion.

14. Commitments and contingent liabilities

	30 June 2014 KD (Unaudited)	31 December 2013 KD (Audited)	30 June 2013 KD (Unaudited)
Capital commitments			
Commitment towards contribution of fund expenses	**126,705**	217,333	291,150
Financial assets available for sale	**6,768,000**	6,777,000	6,858,000
	6,894,705	6,994,333	7,149,150
Contingent liabilities			
Letters of guarantee	**1,965,446**	1,603,110	3,183,527

No material liabilities are anticipated to arise out of contingent liabilities. The letters of guarantee are partly secured by wakala deposits and restricted bank balances (note 5).

15. 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.

	Energy KD	Others KD	Total KD
Three months ended 30 June 2014 (Unaudited)			
Segment revenues	**3,348,662**	**363,740**	**3,712,402**
Loss for the period	**(3,653,296)**	**(7,467)**	**(3,660,763)**
Three months ended 30 June 2013 (Unaudited)			
Segment revenues	3,585,813	157,995	3,743,808
(Loss) / profit for the period	(522,081)	891,663	369,582
Six months ended 30 June 2014 (Unaudited)			
Segment revenues	**6,505,319**	**363,740**	**6,869,059**
(Loss) / profit for the period	**(4,093,403)**	**764,012**	**(3,329,391)**
Six months ended 30 June 2013 (Unaudited)			
Segment revenues	7,573,370	261,568	7,834,938
(Loss) / profit for the period	(1,454,998)	962,721	(492,277)
As at 30 June 2014 (Unaudited)			
Segment assets	**65,891,469**	**8,239,355**	**74,130,824**
As at 31 December 2013 (Audited)			
Segment assets	69,633,447	8,251,816	77,885,263
As at 30 June 2013 (Unaudited)			
Segment assets	71,076,096	9,276,344	80,352,440