

**Aref Energy Holding Company [Formerly
Excellent Education Company] K.S.C. (Closed)
And Its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2008 (UNAUDITED)

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
AREF ENERGY HOLDING COMPANY [FORMERLY, EXCELLENT
EDUCATION COMPANY] K.S.C. (CLOSED)**

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Aref Energy Holding Company [Formerly, Excellent Education Company] K.S.C. (Closed) ("the company") and its subsidiaries ("the group") as at 30 September 2008 and the related interim condensed consolidated income statement for the three month and thirteen month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the thirteen months period then ended. The management of the company is responsible for the preparation of the interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on the 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 are 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, no violations of the Commercial Companies' Law of 1960, as amended, nor of the Articles of Association of the company have occurred during the thirteen month period then ended, that might have had a material effect on the business of the company or on its financial position.



WALEED A. AL-OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG



DR. SAUD AL HUMAIIDI
LICENCE NO. 51 A
AL-HUMAIIDI & PARTNERS
INDEPENDENT MEMBER OF BAKER
TILLY INTERNATIONAL

Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C.
(Closed) And Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 September 2008

	Notes	30 September 2008 KD	(Audited) 31 August 2007 KD
ASSETS			
Non-current assets			
Property and equipment		24,548,788	-
Investment property		4,504,115	-
Exploration assets	4	10,157,040	-
Other intangible asset		894,107	-
Investment at fair value through income statement		34,200,000	-
Investment in associates	6	8,800,099	-
Investments available for sale		4,248,190	-
Goodwill	3	6,918,278	-
		<u>94,270,617</u>	<u>-</u>
Current assets			
Inventories		8,651,954	-
Accounts receivables and other assets	7	23,219,323	-
Assets relating to discontinued operation	8	-	8,675,706
Bank balances and cash		716,790	-
		<u>32,588,067</u>	<u>8,675,706</u>
TOTAL ASSETS		<u><u>126,858,684</u></u>	<u><u>8,675,706</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	75,000,000	3,568,950
Share premium		193,550	193,550
Statutory reserve		314,957	314,957
Voluntary reserve		314,957	314,957
Foreign currency translation reserve		(782,427)	-
Retained earnings		8,299,421	1,663,571
Equity attributable to the equity holders of the company		<u>83,340,458</u>	<u>6,055,985</u>
Minority interest		<u>12,051,386</u>	<u>-</u>
Total equity		<u>95,391,844</u>	<u>6,055,985</u>
Non-current liabilities			
Term loans		1,328,172	-
Current liabilities			
Accounts payable and other liabilities	10	14,658,167	-
Amount due to parent company	13	737,758	-
Term loans		14,742,743	-
Liabilities relating to discontinued operation	8	-	2,619,721
		<u>30,138,668</u>	<u>2,619,721</u>
TOTAL LIABILITIES		<u>31,466,840</u>	<u>2,619,721</u>
TOTAL EQUITY AND LIABILITIES		<u><u>126,858,684</u></u>	<u><u>8,675,706</u></u>

Ebrahim Al Khuzam
Vice Chairman

The attached notes 1 to 15 form part of the interim condensed consolidated financial information

Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C.
(Closed) And Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 September 2008

		3 months ended 30 September 2008 KD	3 months ended 31 August 2007 KD	13 months ended 30 September 2008 KD	(Audited) 12 months ended 31 August 2007 KD
	Notes				
Continuing operations					
Contract revenue		16,840,619	-	28,538,891	-
Direct cost		(14,134,673)	-	(24,518,204)	-
Gross Profit		2,705,946	-	4,020,687	-
Unrealised (loss) / gain on investment at fair value through income statement	5	(2,700,000)	-	5,400,000	-
Share of results of associates	6	(114,096)	-	(282,646)	-
Rental income from investment property		84,638	-	234,566	-
Other income		142,828	-	528,996	-
INCOME		119,316	-	9,901,603	-
Staff cost		571,862	-	1,308,558	-
General and administration expenses		951,096	-	1,928,917	-
Finance cost		17,240	-	300,227	-
EXPENSES		1,540,198	-	3,537,702	-
(Loss) / profit for the period from continuing operations		(1,420,882)	-	6,363,901	-
Discontinued operations					
Profit for the period from discontinued operations	8	-	458,184	-	1,073,834
Gain on sale of discontinued operations	8	-	-	1,444,015	-
Profit for the period from discontinued operations		-	458,184	1,444,015	1,073,834
(LOSS) / PROFIT BEFORE TAXATION		(1,420,882)	458,184	7,807,916	1,073,834
Taxation	11	14,569	(17,893)	(389,891)	(36,254)
(LOSS) / PROFIT FOR THE PERIOD		(1,406,313)	440,291	7,418,025	1,037,580
Attributable to:					
Equity holders of the company		(1,982,169)	440,291	6,635,850	1,037,580
Minority interest		575,856	-	782,175	-
(LOSS) / PROFIT FOR THE PERIOD		(1,406,313)	440,291	7,418,025	1,037,580
(Loss) / earnings per share attributable to equity holders of the company					
Basic and diluted (loss) / earnings per share attributable to equity holders of the company	12	<u>(2.6) fils</u>	<u>3.9 fils</u>	<u>15.7 fils</u>	<u>9.1 fils</u>
Basic and diluted (loss) / earnings per share from continuing operations attributable to equity holders of the company	12	<u>(2.6) fils</u>	<u>-</u>	<u>12.3 fils</u>	<u>-</u>

The attached notes 1 to 15 form part of the interim condensed consolidated financial information

Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C. (Closed) And Its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the period ended 30 September 2008

	Attributable to equity holders of the company					Minority interest	Total
	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD
Balance at 31 August 2007	3,568,950	193,550	314,957	314,957	-	1,663,571	6,055,985
Net exchange difference on investment in foreign subsidiaries and associates	-	-	-	-	(782,427)	-	(782,427)
Total expense recognized directly in equity	-	-	-	-	(782,427)	-	(782,427)
Profit for the period	-	-	-	-	-	6,635,850	6,635,850
Total recognised (expense) income for the period	-	-	-	-	(782,427)	6,635,850	5,853,423
Issue of share capital (note 9)	71,431,050	-	-	-	-	-	71,431,050
Arising on acquisition (note 3)	-	-	-	-	-	-	-
Balance at 30 September 2008	75,000,000	193,550	314,957	314,957	(782,427)	8,299,421	83,340,458
Balance at August 31, 2006	3,399,000	193,550	205,074	205,074	-	1,287,627	5,290,325
Profit for the period	-	-	-	-	-	1,037,580	1,037,580
Total recognised income for the period	-	-	-	-	-	1,037,580	1,037,580
Bonus shares	169,950	-	-	-	-	(169,950)	-
Cash dividends	-	-	-	-	-	(271,920)	(271,920)
Transfer to reserves	-	-	109,883	109,883	-	(219,766)	-
Balance at August 31, 2007	3,568,950	193,550	314,957	314,957	-	1,663,571	6,055,985

The attached notes 1 to 15 form part of the interim condensed consolidated financial information

Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C.
(Closed) And Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 September 2008

		13 months ended 30 September 2008 KD	(Audited) 12 months ended 31 August 2007 KD
	Note		
OPERATING ACTIVITIES			
Profit for the period		7,418,025	1,037,580
Adjustments for:			
Unrealised gain on investment at fair value through income Statement		(5,400,000)	-
Gain on sale of discontinued operations		(1,444,015)	-
Share of results of associates		282,646	-
Depreciation and amortisation		2,414,673	-
Finance cost		300,227	-
Provision for end of service benefits		194,329	-
Operating profit before working capital changes:		3,765,885	1,037,580
Accounts receivables and other assets		5,470,274	-
Inventories		(3,722,675)	-
Assets relating to discontinued operation		-	(72,673)
Accounts payable and other liabilities		(1,131,702)	-
Liabilities relating to discontinued operation		-	249,915
End of service benefits paid		(189,114)	-
Net cash from operations		4,192,668	1,214,822
INVESTING ACTIVITIES			
Acquisition of subsidiaries	3	(27,417,405)	-
Purchase of exploration assets		(10,157,040)	-
Purchase of property and equipment		(1,520,386)	-
Acquisition of other intangible asset		(978,775)	-
Purchase of investment available for sale		(2,792,732)	-
Investment in associates		(6,781,476)	-
Purchase of investment at fair value through income statement		(28,800,000)	-
Proceeds on sale of disposal group	8	7,371,647	-
Cash used in investing activities relating to discontinued operation		-	(1,686,453)
Net cash used in investing activities		(71,076,167)	(1,686,453)
FINANCING ACTIVITIES			
Issue of share capital		71,431,050	-
Net amount due to parent company		737,758	-
Finance cost paid		(300,227)	-
Net movement in term loans		(3,177,984)	-
Cash from financing activities relating to discontinued operation		-	484,900
Net cash from financing activities		68,690,597	484,900
Foreign currency translation adjustment		(1,218,661)	-
INCREASE IN BANK BALANCES AND CASH		588,437	13,269
Bank balances and cash at 1 September		128,353	125,975
BANK BALANCES AND CASH AT END OF THE PERIOD		716,790	139,244

The attached notes 1 to 15 form part of the interim condensed consolidated financial information

Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C. (Closed) And Its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) At 30 September 2008

1 ACTIVITIES

The interim condensed consolidated financial information of Aref Energy Holding Company [Excellent Education Company] K.S.C. (Closed) ("the company") and its subsidiaries ("the group") for the period ended 30 September 2008 was authorised for issue by the company's board of directors on 6 November 2008.

The company is a Kuwaiti shareholding company registered in Kuwait. On 15 August 2007, the Extraordinary General Assembly of the shareholders of the company approved the change of the name of the company to "Aref Energy Holding Company K.S.C. (Closed)" from "Excellent Education Company K.S.C. (Closed)" and approved the amendment to articles of association to include the following activities:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns shares, guaranteeing them with third parties where the holding company owns 20% or more of the capital of the borrowing company.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the company by investing them in investment and real estate portfolios managed by specialised companies.

The registered office of the company is P.O. Box 21909 – Safat 13080, State of Kuwait.

During the period, the company has changed its fiscal year end from 31 August to 31 December and as a result the articles of association of the company were amended. Accordingly, the interim condensed consolidated financial information has been prepared for the 13 month period ended 30 September 2008.

Due to non availability of the comparative figures for the period ended 30 September 2008, comparatives for three months and 12 months period ended 31 August 2007 have been included in the accompanying interim condensed consolidated financial information and accordingly these numbers are not comparable.

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

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the group is prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The accounting policies used in preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 August 2007 except for the adoption of the following accounting policies:-

Interest in joint venture

The group has interest in a joint venture which has jointly controlled operations. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

In respect of its interest in jointly controlled assets the group recognize in its financial statements

- a) Its share of the jointly controlled assets, classified according to the name of the assets;
- b) Any liabilities that it has incurred;
- c) Its share if any liabilities incurred jointly with the other venturers in relation to the joint venture;
- d) Any income from the sale or use of its share of the output of the joint venture , together with its share of any expenses incurred by the joint venture; and
- e) Any expenses that it has incurred in respect of its interest in the joint venture.

**Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C.
(Closed) And Its Subsidiaries**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
At 30 September 2008

2 BASIS OF PRESENTATION (continued)

Interest in joint venture (continued)

The financial statements of the joint venture are prepared for the same reporting year as the company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When the group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the group purchases assets from the joint venture, the group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party. Joint venture is proportionately consolidated until the date on which the group ceases to have joint control over the joint venture.

Exploration assets

The successful efforts method of accounting is used for oil and gas exploration and development costs. Under this method, initial acquisition costs of oil and gas properties and costs of drilling and equipping exploration wells are capitalised when incurred and, if subsequently determined to be unsuccessful, are charged to exploration expense. All other exploration expenses, including geological and geophysical costs are charged to exploration expense when expensed.

Capitalised costs of proved oil and gas properties in property and equipment are depleted using the unit-of-production method based on estimated Proven plus Probable ("2P") oil and gas reserves. Changes in reserves are accounted for prospectively.

Costs directly associated with an exploration well are capitalized until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as exploration expense. If hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred from intangible asset to property and equipment.

Abandonment and site restoration

Where required under existing production sharing contracts, the group will record the estimated costs of future abandonment and site restoration of oil and gas properties, which will be added on to the carrying value of the oil and gas properties. The abandonment and site restoration costs initially recorded will be depleted using the unit-of-production method based on estimated Proven plus Probable ("2P") oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and will be accounted for on a prospective basis.

Royalties

The exploration and production of crude oil are conducted jointly with other operators. These operations are reflected in the consolidated income statement based on the group's working interest in such production. The share of revenue to which the group is entitled is net of royalties payable as per contractual agreement with the land owners and other respective parties.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
At 30 September 2008

2 BASIS OF PRESENTATION (continued)

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and tested for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised but tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

If the carrying value of the intangible asset is more than the recoverable amount, the intangible asset is considered impaired and is written down to its recoverable amount. The excess of carrying value over recoverable amount is recognised in the interim condensed consolidated income statement.

Investment properties

Investment properties are initially measured at cost, including transaction costs. The carrying cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of investment property. After the initial recognition, the investment property is carried at fair value that is determined based on valuation performed by independent valuers periodically using valuation methods consistent with the nature and usage of the investment property. Gains or losses from change in the fair value are recognised in the consolidated income statement.

Investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses are recognised in the consolidated income statement in the year of retirement or disposal.

Revenue recognition

Revenue from contracts is recognised in accordance with the percentage of completion method, measured by reference to the percentage of costs incurred to the total estimated costs for each contract. No profit is taken until a contract has progressed to the point where the ultimate realisable profit can be reasonably determined. Provision is made in full for the amount of anticipated losses on uncompleted contracts in the year such losses are first projected.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standard. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three months ended 30 September 2008 are not necessarily indicative of the results that may be expected for the financial period ending 31 December 2008. For more details please refer to the consolidated financial statements and its related disclosure for the year ended 31 August 2007.

3 ACQUISITION OF SUBSIDIARIES

During the period, the group has acquired following subsidiaries from related parties (note 13):

<i>Name</i>	<i>Place of Incorporation</i>	<i>Ownership %</i>	<i>Principal activities</i>
Khalifa Daij Al Dabbous and Brothers Company - W.L.L. ("KDDB").	Kuwait	79	General trading and contracting
Higleig Petroleum Services & Investment Co. Ltd. ("Higleig")	Sudan	64.25	Contracting
Intelligent Drilling Services Co. ("IDS")	Oman	51	Drilling service contracting

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2008

3 ACQUISITION OF SUBSIDIARIES (continued)

These investments have hence been accounted as a subsidiary and have been consolidated from the date of exercise of control. The acquisitions have been accounted for using the purchase method of accounting, as required by International Financial Reporting Standards (IFRS) 3: Business Combinations. The provisional fair value of identifiable assets and liabilities and the goodwill arising from the acquisitions are as follows:

	<i>KDDB KD</i>	<i>Higleig KD</i>	<i>IDS KD</i>	<i>Total KD</i>
Property and equipment	1,230,000	22,890,209	1,145,874	25,266,083
Investment property	-	4,596,439	-	4,596,439
Investment in associates	-	2,301,269	-	2,301,269
Investments available for sale	-	1,455,458	-	1,455,458
Inventories	-	4,929,279	-	4,929,279
Accounts receivable and other Assets	-	27,939,642	749,955	28,689,597
Bank balances and cash	-	699,750	111,667	811,417
Accounts payable and other Liabilities	-	(15,382,943)	(401,711)	(15,784,654)
Term loans	-	(18,268,471)	(980,428)	(19,248,899)
Net assets at provisional fair value	1,230,000	31,160,632	625,357	33,015,989
Less: minority interest	(258,300)	(11,140,720)	(306,425)	(11,705,445)
Add: provisional goodwill	3,178,300	3,183,910	556,068	6,918,278
Total purchase consideration	4,150,000	23,203,822	875,000	28,228,822
Less: Bank balances and cash acquired				(811,417)
Net cash outflow on acquisition				27,417,405

As a result of the acquisition of subsidiaries, the interim condensed consolidated income statement of the group includes the following income and expenses of the subsidiaries from the date of acquisition to the balance sheet date:

Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C.
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
At 30 September 2008

3 ACQUISITION OF SUBSIDIARIES (continued)

Revenues:	<i>KDDB KD</i>	<i>Higleig KD</i>	<i>IDS KD</i>	<i>KD</i>
Contract revenue	-	27,513,740	1,025,151	28,538,891
Less: direct cost	-	(23,495,614)	(1,022,590)	(24,518,204)
Gross profit	-	4,018,126	2,561	4,020,687
Rental income from investment property	-	234,566	-	234,566
Other income	-	293,748	17	293,765
INCOME	-	4,546,440	2,578	4,549,018
Staff cost	103,335	785,531	-	888,866
General and administrative expenses	6,581	1,346,351	36,836	1,389,768
Murabaha finance cost	-	-	30,787	30,787
EXPENSES	109,916	2,131,882	67,623	2,309,421
PROFIT FOR THE PERIOD	(109,916)	2,414,558	(65,045)	2,239,597

Had the acquisition of subsidiaries taken place at the beginning of the period, total revenues of the Group for the period would have been higher by KD 6,947 thousand and the profit attributable to the equity holders of the Parent Company would have higher by KD 1,279 thousand.

4 EXPLORATION ASSETS

This represents amounts paid for acquisition of rights to explore for oil, gas and other minerals and are classified as intangibles.

5 INVESTMENT AT FAIR VALUE THROUGH INCOME STATEMENT

During the period, the group purchased 18% equity interest in an unquoted company, namely Kuwait Energy Company K.S.C.C. ("Kuwait Energy"), incorporated in Kuwait, from related parties (note 13). The group recognised unrealised gain amounting to KD 5,400,000 on Kuwait Energy based on a quote obtained from secondary market, as Kuwait Energy's shares are not quoted on any recognised stock exchange.

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At 30 September 2008

6 INVESTMENT IN ASSOCIATES

	<i>30 September 2008 KD</i>	<i>(Audited) 31 August 2007 KD</i>
Opening balances	-	-
Arising on acquisition of subsidiary (note 3)	2,301,269	-
Additions	1,358,389	-
Share of results	(282,646)	-
Foreign currency translation adjustment	(120,489)	-
	<u>3,256,523</u>	<u>-</u>
Provisional goodwill:		
Additions (provisional)	5,710,838	-
Foreign currency translation adjustment	(167,262)	-
	<u>5,543,576</u>	<u>-</u>
	<u>8,800,099</u>	<u>-</u>

During the period, the group acquired 25% equity interest in Synfuels International, Inc., a company incorporated in The State of Texas, U.S.A. in 1999 and engaged in development and deployment of Gas to Liquid (GTL) Technology for a total consideration of KD 6,869,750 leading to a provisional goodwill of KD 5,710,838.

In addition, due to the acquisition of Hagleig as a subsidiary during the period, the group has acquired 45% equity interest in El Dindir Company, a company incorporated in The Republic of Sudan in 2003 and engaged in drilling of oil wells and related services (Note 3).

7 ACCOUNTS RECEIVABLES AND OTHER ASSETS

	<i>30 September 2008 KD</i>	<i>(Audited) 31 August 2007 KD</i>
Trade receivables	18,542,467	-
Amount due from related parties (note 13)	127,997	-
Other receivables	4,548,859	-
	<u>23,219,323</u>	<u>-</u>

**Aref Energy Holding Company [Formerly Excellent Education Company] K.S.C.
(Closed) And Its Subsidiaries**

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
At 30 September 2008**

8 DISCONTINUED OPERATION

On 1 September 2007, the company sold its entire assets and liabilities for a total consideration of KD 7,500,000. The net assets on the date of disposal were as follows:

	<i>31 August 2007 and 1 September 2007 KD</i>
Assets related to discontinued operation	
Bank balances and cash	139,244
Accounts receivable and prepayments	266,493
Investment carried at fair value through income statement	1,535,134
Inventory	35,630
Investment available for sale	1,826,521
Investment in an associate	2,104,382
Property and equipment	2,459,189
Intangible asset	225,000
Goodwill	84,113
	<u>8,675,706</u>
Liabilities related to discontinued operation	
Bank overdraft	10,891
Accounts payable and accruals	625,320
Murabaha payable	1,852,385
Due to related parties	131,125
	<u>2,619,721</u>
Net assets disposed of	6,055,985
Gain on disposal	<u>1,444,015</u>
Total sale consideration received	7,500,000
Less: Cash and cash equivalent	<u>(128,353)</u>
Cash inflow on disposal	<u>7,371,647</u>

During the current period, there was no revenue or expenses from the discontinued operation, except for gain on disposal of discontinued operation stated above. The profit for the previous period from discontinued operations is analysed below:

	<i>3 months ended 31 August 2007 KD</i>	<i>(Audited) 12 months ended 31 August 2007 KD</i>
Revenues		
Tuition fees	1,235,411	4,611,413
Gain on investment carried at fair value through income statement	256,573	168,968
Share of results of an associate	47,352	122,985
Other income	(93,048)	24,133
Total revenues	<u>1,446,288</u>	<u>4,927,499</u>

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8 DISCONTINUED OPERATION (continued)

	3 months ended 31 August 2007 KD	(Audited) 12 months ended 31 August 2007 KD
Expenses		
General and administrative expenses	344,137	1,080,615
Staff costs	628,623	2,684,548
Finance cost	15,344	88,502
Total expenses	<u>988,104</u>	<u>3,853,665</u>
Profit from discontinued operations	<u>458,184</u>	<u>1,073,834</u>

9 SHARE CAPITAL

On 21 February 2008, the Extraordinary General Assembly of the shareholders of the parent company approved the increase of authorised and issued share capital from KD 10,500,000 to KD 75,000,000 by issue of 645,000,000 shares of cash at 100 fils each. These shares were fully paid up during the period.

10 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	30 September 2008 KD	(Audited) 31 August 2007 KD
Trade payables	1,089,125	-
Retention received	494,114	-
Dividends payable	2,468,772	-
Advances from customers	1,614,680	-
Other payables	8,991,476	-
	<u>14,658,167</u>	<u>-</u>

11 TAXATION

	3 months ended		13 months ended 30 September	(Audited) 12 months ended 31 August
	30 September 2008 KD	31 August 2007 KD	2008 KD	2007 KD
National labour support tax	(53,895)	13,970	175,644	27,471
Contribution to Kuwait Foundation for the Advancement of Sciences	(19,401)	3,923	63,232	8,783
Zakat	(14,209)	-	78,079	-
Taxation on overseas subsidiary	72,936	-	72,936	-
	<u>(14,569)</u>	<u>17,893</u>	<u>389,891</u>	<u>36,254</u>

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12 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>3 months ended</i>		<i>13 months ended</i>	<i>(Audited) 12 months ended</i>
	<i>30 September 2008</i>	<i>31 August 2007</i>	<i>30 September 2008</i>	<i>31 August 2007</i>
(Loss) profit for the period attributable to equity holders of the company	<u>(1,982,169)</u>	<u>440,291</u>	<u>6,635,850</u>	<u>1,037,580</u>
Weighted average number of shares outstanding during the period	<u>750,000,000</u>	<u>114,302,939</u>	<u>423,151,597</u>	<u>114,302,939</u>
Basic and diluted (loss)/earnings per share (fils)	<u>(2.6) fils</u>	<u>3.9 fils</u>	<u>15.7 fils</u>	<u>9.1 fils</u>

Basic and diluted earnings per share from continuing operations

	<i>3 months ended</i>		<i>13 months ended</i>	<i>12 months ended</i>
	<i>30 September 2008</i>	<i>31 August 2007</i>	<i>30 September 2008</i>	<i>31 August 2007</i>
Profit for the period from continuing operations attributable to equity holders of the company	<u>(1,982,169)</u>	<u>-</u>	<u>5,191,835</u>	<u>-</u>
Weighted average number of shares outstanding during the period	<u>750,000,000</u>	<u>-</u>	<u>423,151,597</u>	<u>-</u>
Basic and diluted (loss)/earnings per share from continued operations (fils)	<u>(2.6) fils</u>	<u>-</u>	<u>12.3 fils</u>	<u>-</u>

The basic and diluted earnings per share have been adjusted for the effect of bonus element of right issue during the period (note 9).

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13 RELATED PARTY TRANSACTIONS

Related parties represent associates, major shareholders, 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 group's management. Transactions with related parties are as follows:

	<i>Parent / ultimate parent company KD</i>	<i>Other related parties KD</i>	<i>30 September 2008 KD</i>	<i>(Audited) 31 August 2007 KD</i>
Interim condensed consolidated balance sheet				
Bank balances	103,647	-	103,647	-
Amount due from related parties	-	127,997	127,997	-
Amount due to parent company	737,758	-	737,758	-
	<i>Parent / ultimate parent company KD</i>	<i>Other related parties KD</i>	<i>13 months ended 30 September 2008 KD</i>	<i>(Audited) 12 months ended 31 August 2007 KD</i>
Interim condensed consolidated income statement				
Murabaha finance cost	269,440	-	269,440	-
Other transactions				
Purchase of investment at fair value through income statement	16,000	28,784,000	28,800,000	-
Purchase of subsidiaries	875,000	23,000,679	23,875,679	-
Key management compensation				
Short term benefits			224,172	-
End of service benefits			18,288	-
			<u>242,460</u>	<u>-</u>
Key management compensation: discontinued Operation				
Short term benefits			-	59,766
End of service benefits			-	3,367
			<u>-</u>	<u>63,133</u>

14 CAPITAL COMMITMENTS

At 30 September 2008, the group had a maximum commitment on capital expenditures amounting to KD 7,281,456 (31 August 2007: nil) pertaining to exploration assets and investments available for sale extending beyond one accounting period.

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15 SEGMENTAL INFORMATION

Primary segment information

The group operates in two geographic markets; a) Kuwait, which is designated as domestic, and b) International. The following table shows the distribution of the group's segment revenues, segment results, segment assets, segment liabilities and other segment information by geographical segment:

<i>13 months ended 30 September 2008</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
Segment revenues – continuing operation	-	28,538,891	28,538,891
Segment revenues – discontinued operation	-	-	-
Total segment revenues	-	28,538,891	28,538,891
Segment results – continuing operation	4,297,034	2,066,867	6,363,901
Segment results – discontinued operation	1,444,015	-	1,444,015
Total segment results	5,741,049	2,066,867	7,807,916
Assets and liabilities			
Segment assets – continuing operation	39,031,085	87,827,599	126,858,684
Segment liabilities – continuing operation	1,249,193	30,217,647	31,466,840
Other segmental information			
Capital commitments	-	7,281,456	7,281,456
<i>12 months ended 31 August 2007</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
Segment revenues – discontinued operation	-	-	-
Total segment revenues	-	-	-
Segment results – discontinued operation	1,073,834	-	1,073,834
Total segment results	1,073,834	-	1,073,834
Assets and liabilities			
Segment assets – discontinued operation	8,675,706	-	8,675,706
Segment liabilities – discontinued operation	2,619,721	-	2,619,721