

**Independent Petroleum Group Company S.A.K. (Closed)
and subsidiaries
State of Kuwait**



**Condensed consolidated interim financial information and independent auditors' review report
for the six month period ended 30 June 2013
(Unaudited)**



For the six month period ended 30 June 2013

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Independent auditors' report on review of condensed consolidated interim financial information

**The Board of Directors of
Independent Petroleum Group Company S.A.K. (Closed)
State of Kuwait**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Independent Petroleum Group Company S.A.K. (Closed) ("the Parent Company") and its subsidiaries (together the "Group") as at 30 June 2013, and the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard, 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

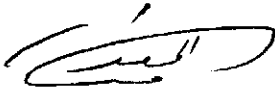
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Report on 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 Parent Company's Memorandum and Articles of Association, that might have had a material effect on the Group's activities or on its consolidated financial position.



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Kuwait: 23 July 2013

**Condensed consolidated statement of income (unaudited)
for the six month period ended 30 June 2013**

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
Sales		349,372	292,644	706,603	524,300
Cost of sales		(346,356)	(291,179)	(701,060)	(520,436)
Gross profit		3,016	1,465	5,543	3,864
Net interest relating to oil marketing operations	3	(1,341)	2,744	(2,373)	1,441
Net results of oil marketing Operations		1,675	4,209	3,170	5,305
Share of results of joint venture and associates	7 & 8	1,437	728	2,558	1,398
General and administrative expenses		(355)	(601)	(758)	(1,148)
Staff costs		(935)	(955)	(2,101)	(1,935)
Depreciation		(382)	(456)	(738)	(927)
Operating profit		1,440	2,925	2,131	2,693
Dividend income		640	74	775	155
(Loss) / gain on investments at fair value through statement of income		(722)	(1,047)	89	781
Net other (expense) / income		(17)	(103)	(71)	34
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		1,341	1,849	2,924	3,663
Contribution to KFAS		(12)	(17)	(26)	(33)
NLST and Zakat		-	-	-	-
Profit for the period		1,329	1,832	2,898	3,630
Earnings per share (fils)	4	9.19	12.67	20.04	25.10

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



Condensed consolidated statement of comprehensive income (unaudited)
for the six month period ended 30 June 2013

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	KD '000	KD '000	KD '000	KD '000
Profit for the period	1,329	1,832	2,898	3,630
Other comprehensive income:				
Items that may be reclassified subsequently to statement of income				
Changes in fair value of investments available for sale	(9)	31	25	2
Foreign currency translation adjustments	91	113	1,588	(16)
Movement in share of associates' hedging reserve	59	(14)	54	41
Other comprehensive income for the period	141	130	1,667	27
Total comprehensive income for the period	1,470	1,962	4,565	3,657

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.


Condensed consolidated statement of financial position (unaudited)
as at 30 June 2013

	Notes	30 June 2013 KD '000	31 December 2012 KD '000 (Audited)	30 June 2012 KD '000
ASSETS				
Current assets				
Cash on hand and at banks	5	58,964	32,456	51,851
Investments at fair value through statement of income	6	43,431	42,627	40,648
Trade and other receivables		235,500	160,526	219,775
Inventories		37,797	66,089	16,869
Total current assets		<u>375,692</u>	<u>301,698</u>	<u>329,143</u>
Non-current assets				
Other loans		1,442	2,149	3,104
Investments available for sale	6	26,709	26,769	24,473
Investment in joint venture	7	4,669	4,068	4,328
Investment in associates	8	23,144	21,155	20,128
Property and equipment	9	19,226	19,387	21,681
Total non-current assets		<u>75,190</u>	<u>73,528</u>	<u>73,714</u>
Total assets		<u>450,882</u>	<u>375,226</u>	<u>402,857</u>
LIABILITIES AND EQUITY				
Current liabilities				
Due to banks		242,072	202,921	234,472
Directors' fees payable		-	100	-
Trade and other payables		118,243	81,201	82,230
Current portion of term loan		1,035	1,018	1,016
Total current liabilities		<u>361,350</u>	<u>285,240</u>	<u>317,718</u>
Non-current liabilities				
Non-current portion of term loan		7,778	8,413	8,649
Provision for staff indemnity		1,756	1,801	2,112
Total non-current liabilities		<u>9,534</u>	<u>10,214</u>	<u>10,761</u>
Total liabilities		<u>370,884</u>	<u>295,454</u>	<u>328,479</u>
Equity				
Share capital	10	15,225	15,225	15,225
Share premium		22,587	22,587	22,587
Legal reserve		7,152	7,152	6,553
General reserve		606	606	606
Fair value reserve		23,864	23,839	21,593
Foreign currency translation adjustments		(529)	(2117)	(3,028)
Share of associates' hedging reserve		(137)	(191)	(222)
Treasury shares reserve		1,429	1,429	1,429
Treasury shares	11	(2,770)	(2,770)	(2,770)
Retained earnings		12,571	14,012	12,405
Total equity		<u>79,998</u>	<u>79,772</u>	<u>74,378</u>
Total liabilities and equity		<u>450,882</u>	<u>375,226</u>	<u>402,857</u>

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

Khalaf Ahmad Al-Khalaf
Chairman

Ghazi Fahad Al-Nafisi
Vice Chairman


Waleed Jaber Hadeed
Executive Managing Director

Independent Petroleum Group Company S.A.K. (Closed)
and subsidiaries
State of Kuwait



Condensed consolidated statement of changes in equity (unaudited)
for the six month period ended 30 June 2013

	Attributable to equity holders of the Parent Company								Total KD '000		
	Share capital KD '000	Share premium KD '000	Legal reserve KD '000	General reserve KD '000	Fair value reserve KD '000	Foreign currency translation adjustments KD '000	Share of associates' hedging reserve KD '000	Treasury shares reserve KD '000		Treasury shares KD '000	Retained earnings KD '000
Balance at 1 January 2013	15,225	22,587	7,152	606	23,839	(2,117)	(191)	1,429	(2,770)	14,012	79,772
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	2,898	2,898
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	25	1,588	54	-	-	-	1,667
Total comprehensive income for the period	-	-	-	-	25	1,588	54	-	-	2,898	4,565
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-
Dividends for 2012 (note 16)	-	-	-	-	-	-	-	-	-	(4,339)	(4,339)
Balance at 30 June 2013	<u>15,225</u>	<u>22,587</u>	<u>7,152</u>	<u>606</u>	<u>23,864</u>	<u>(529)</u>	<u>(137)</u>	<u>1,429</u>	<u>(2,770)</u>	<u>12,571</u>	<u>79,998</u>

Independent Petroleum Group Company S.A.K. (Closed)
and subsidiaries
State of Kuwait



Condensed consolidated statement of changes in equity (unaudited)

for the six month period ended 30 June 2013

	Attributable to equity holders of the Parent Company							Total KD '000			
	Share capital KD '000	Share premium KD '000	Legal reserve KD '000	General reserve KD '000	Fair value reserve KD '000	Foreign currency translation adjustments KD '000	Share of associates' hedging reserve KD '000		Treasury shares reserve KD '000	Treasury shares KD '000	Retained earnings KD '000
Balance at 1 January 2012	15,225	22,587	6,553	606	21,591	(3,012)	(263)	1,429	(2,770)	8,775	70,721
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	3,630	3,630
Profit for the period	-	-	-	-	2	(16)	41	-	-	-	27
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	2	(16)	41	-	-	3,630	3,657
Balance at 30 June 2012	<u>15,225</u>	<u>22,587</u>	<u>6,553</u>	<u>606</u>	<u>21,593</u>	<u>(3,028)</u>	<u>(222)</u>	<u>1,429</u>	<u>(2,770)</u>	<u>12,405</u>	<u>74,378</u>

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



**Condensed consolidated statement of cash flows (unaudited)
for the six month period ended 30 June 2013**

	Note	Six months ended 30 June	
		2013 KD '000	2012 KD '000
OPERATING ACTIVITIES			
Profit before provisions for contribution to KFAS, NLST and Zakat		2,924	3,663
<i>Adjustments for:</i>			
Depreciation		738	927
Interest expense		2,390	2,629
Dividend income		(775)	(155)
Gain on investments at fair value through statement of income		(89)	(781)
Share of results from joint venture and associates		(2,558)	(1,398)
Interest income		(53)	(4,127)
Provision for staff indemnity		278	100
		<u>2,855</u>	<u>858</u>
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(75,024)	(13,315)
Inventories		28,292	62,474
Trade and other payables		37,493	(64,054)
Cash used in operations		<u>(6,384)</u>	<u>(14,037)</u>
Interest received		103	4,392
Payment to KFAS		(54)	-
Directors' fees paid		(100)	-
Payment of staff indemnity		(323)	(8)
Net cash used in operating activities		<u>(6,758)</u>	<u>(9,653)</u>
INVESTING ACTIVITIES			
Investment in associates		536	(1,269)
Dividends received		775	155
Decrease / (increase) in time deposits		351	(441)
Decrease in other loans		-	79
Purchase of property and equipment		(2)	(18)
Net cash generated from / (used in) investing activities		<u>1,660</u>	<u>(1,494)</u>
FINANCING ACTIVITIES			
Increase in due to banks		39,151	38,463
Decrease in term loans		(618)	(431)
Dividends paid		(4,339)	-
Interest paid		(2,106)	(2,193)
Net cash generated from financing activities		<u>32,088</u>	<u>35,839</u>
Effect of foreign currency translation		(131)	(421)
Net decrease in cash and cash equivalents		<u>26,859</u>	<u>24,271</u>
Cash and cash equivalents at beginning of the period		31,314	26,374
Cash and cash equivalents at end of the period	5	<u>58,173</u>	<u>50,645</u>

The accompanying notes set out on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013**

1. Incorporation and activities

Independent Petroleum Group Company S.A.K. (Closed) (“the Parent Company”) was incorporated on 11 September 1976 as a Closed Kuwaiti Shareholding Company. The Parent Company was listed on the Kuwait Stock Exchange on 10 December 1995.

The main activities of the Parent Company and its subsidiaries (together referred to as “the Group”) are the trading of crude oil and petroleum products, strategic investments and joint ventures in petroleum storage facilities, terminal and distribution facilities and other activities related to the petroleum industry and consulting services in the petroleum and petrochemicals fields, ownership of vessels, ship-chartering and other ancillary services.

The registered address of the Parent Company is P.O. Box 24027, Safat 13101, State of Kuwait.

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the “Companies Law”), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, the Executive Regulations which shall be issued by the Minister of Commerce and Industry within six months from the date of issue of amendments in the Official Gazette will determine the basis and rules, which the Parent Company shall adopt to regularize its affairs with the Companies Law as amended.

This condensed consolidated interim financial information for the six month period ended 30 June 2013 was authorized for issue by the Chairman on behalf of the Board of Directors on 23 July 2013.

2. Basis of preparation

a) Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012, except for the implementation of the following standards which are effective 1 January 2013:

IAS 1 Presentation of items of other comprehensive income

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories

- i. Items that will not be reclassified, subsequently to consolidated statement of income.
- ii. Items that may be reclassified to consolidated statement of income when specific conditions are met.



**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013**

IAS 28 Investments in associates and joint ventures.

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in other entities, IAS 28 Investments in Associates has been renamed to IAS 28 Investments in Associates and Joint Ventures which describes the application of the equity method to investments in Joint Ventures in addition to associates.

IFRS 7 Financial Instruments Disclosures

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

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 11 Joint Arrangements

The Group shall determine the type of joint arrangement in which it is involved. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. Joint operators shall account for their share of assets, liabilities, revenue and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Joint venture shall apply equity method of accounting in accordance with IAS 28 - Investment in associates and Joint Ventures (2011), unlike IAS 31, the use of 'proportionate consolidation' is not permitted.

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.



**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013**

IFRS 13 Fair Value Measurement

This IFRS

- i. defines fair value
- ii. sets out in a single IFRS a framework for measuring fair value and
- iii. 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. The Group has included new disclosures (note 16) in the condensed consolidated interim financial information which are required under IFRS 13.

The condensed consolidated interim financial information do not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. 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 six month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2012.

b) Judgments and estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, 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 these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and key source of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended 31 December 2012.

3. Net interest relating to oil marketing operations

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	KD '000	KD '000	KD '000	KD '000
Interest income	10	4,053	17	4,070
Interest expense	(1,351)	(1,309)	(2,390)	(2,629)
	(1,341)	2,744	(2,373)	1,441



Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013

4. Earnings per share

Earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	KD '000	KD '000	KD '000	KD '000
Profit for the period	<u>1,329</u>	<u>1,832</u>	<u>2,898</u>	<u>3,630</u>
	Shares	Shares	Shares	Shares
Weighted average number of issued shares outstanding during the period	152,250,000	152,250,000	152,250,000	152,250,000
Weighted average number of treasury shares outstanding during the period	<u>(7,620,000)</u>	<u>(7,620,000)</u>	<u>(7,620,000)</u>	<u>(7,620,000)</u>
Weighted average number of shares outstanding during the period	<u>144,630,000</u>	<u>144,630,000</u>	<u>144,630,000</u>	<u>144,630,000</u>
Earnings per share (fils)	<u>9.19</u>	<u>12.67</u>	<u>20.04</u>	<u>25.10</u>

5. Cash on hand and at banks

	30 June	31 December	30 June
	2013	2012	2012
	KD '000	KD '000	KD '000
		(Audited)	
Cash on hand and at banks	23,485	2,975	6,178
Call accounts and time deposits	<u>34,688</u>	<u>28,339</u>	<u>44,467</u>
Cash and cash equivalents	58,173	31,314	50,645
Time deposits with maturity exceeding three months	791	1,142	1,206
	<u>58,964</u>	<u>32,456</u>	<u>51,851</u>



**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013**

6. Investments

	30 June 2013 KD '000	31 December 2012 KD '000 (Audited)	30 June 2012 KD '000
Investments at fair value through statement of income:			
Held for trading:			
Managed portfolios	42,203	41,391	39,488
Securities	1,228	1,236	1,160
	<u>43,431</u>	<u>42,627</u>	<u>40,648</u>
Investments available for sale:			
Quoted securities	212	162	178
Unquoted securities	26,497	26,607	24,295
	<u>26,709</u>	<u>26,769</u>	<u>24,473</u>

Investments at fair value through statement of income with a carrying amount of KD 42,203 thousands (31 December 2012: KD 41,391 thousands and 30 June 2012: KD 39,488 thousands) are pledged as collateral against amounts due to banks.

The unquoted securities also include an investment of 12.5% in Asia Petroleum Ltd. carried at cost of KD 1,137 thousands (31 December 2012: KD 1,137 thousands and 30 June 2012: KD 1,137 thousands).

7. Investment in joint venture

The Group has a 50% equity shareholding with equivalent voting power in Uniterminals Ltd, Lebanon. Following are the details of share of results from joint venture recorded during the period:

	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
Share of results from Uniterminals Ltd, Lebanon	302	179	493	500
	<u>302</u>	<u>179</u>	<u>493</u>	<u>500</u>

The Group's share in the net assets and results of joint venture included in the condensed consolidated interim financial information was based on their respective management accounts for the six months period ended 30 June 2013 (2012: Six months period ended 30 June 2012).



Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013

8. Investment in associates

Following are the details of share of results from associates recorded during the period:

	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>KD '000</u>	<u>KD '000</u>	<u>KD '000</u>	<u>KD '000</u>
<i>Share of results from:</i>				
Horizon Singapore Terminals Private Ltd	521	443	1,035	892
Arab Tank Terminals L.L.C.	106	101	208	225
Inpetro SARL	70	63	101	(45)
Horizon Djibouti Holdings Ltd.	147	278	301	445
Horizon Tangiers Terminals SA.	291	(336)	420	(619)
	<u>1,135</u>	<u>549</u>	<u>2,065</u>	<u>898</u>

The Group's share in the net assets and results of associate companies included in the condensed consolidated interim financial information was based on their respective management accounts for the six months period ended 30 June 2013. (2012: Six months period ended 30 June 2012).

9. Property and equipment

Property and equipment at 30 June 2013 include KD 17,743 thousands (31 December 2012: KD 17,797 thousands and 30 June 2012: KD 18,830 thousands) related to ships owned by one of the subsidiaries, D&K Holdings L.L.C. Term loan fully relates to the financing of these vessels which are mortgaged against the term loan.

10. Share capital

The authorised, issued and fully paid share capital consists of 152,250,000 shares of 100 fils each (31 December 2012: 152,250,000 shares of 100 fils each and 30 June 2012: 152,250,000 shares of 100 fils each).

11. Treasury shares

	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>
	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>KD '000</u>	<u>KD '000</u>	<u>KD '000</u>
		<u>(Audited)</u>	
Number of shares	7,620,000	7,620,000	7,620,000
Percentage of issued shares	5%	5%	5%
Market value (KD '000)	2,591	2,591	2,400
Cost (KD '000)	2,770	2,770	2,770

Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013

12. Related party transactions

These represent transactions with related parties in the normal course of business. The related party transactions and balances included in the condensed consolidated interim financial information are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2013 KD '000	2012 KD '000	2013 KD '000	2012 KD '000
a) Revenues and expenses:				
Sales	74,594	67,833	157,693	105,206
Storage expense	1,240	1,019	2,517	2,360
b) Key management compensation				
Salaries and other short-term benefits	156	199	359	390
Termination benefits	13	18	73	40
c) Due from / to related parties:				
		30 June 2013 KD '000	31 December 2012 KD '000 (Audited)	30 June 2012 KD '000
<i>Due from related parties</i>				
Trade and other receivables		17,235	19,022	6,742
Other loans		1,442	2,149	3,104
<i>Due to related parties</i>				
Trade and other payables		175	2,032	1,692

13. Segment information

The Group primarily operates on trading of crude oil and petroleum products. The trading of crude oil and petroleum products is also related to storage and distribution operations. These operations are inter-related and subject to similar risks and returns. The management has determined that the Group is considered to have a single reportable operating segment. The Group operates in different geographic locations. Information about the Group's reportable operating segment is summarised as follows:



Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013

	Three months ended 30 June			
	2013		2012	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	349,372	2,591	275,618	4,566
Europe and South America	-	-	56	(117)
Asia and Far East	-	521	16,970	488
	<u>349,372</u>	<u>3,112</u>	<u>292,644</u>	<u>4,937</u>
Unallocated corporate items		(1,672)		(2,012)
Operating profit		<u>1,440</u>		<u>2,925</u>

	Six months ended 30 June			
	2013		2012	
	Segment revenues KD '000	Segment results KD '000	Segment revenues KD '000	Segment results KD '000
Africa and Middle East	706,603	4,693	471,197	5,804
Europe and South America	-	-	17,006	(54)
Asia and Far East	-	1,035	36,097	953
	<u>706,603</u>	<u>5,728</u>	<u>524,300</u>	<u>6,703</u>
Unallocated corporate items		(3,597)		(4,010)
Operating profit		<u>2,131</u>		<u>2,693</u>

14. Contingent liabilities and commitments

Contingent liabilities

	30 June 2013 KD '000	31 December 2012 KD '000 (Audited)	30 June 2012 KD '000
Letters of guarantee and bid bonds	8,122	1,859	4,684
Letters of credit	117,022	89,118	96,063
	<u>125,144</u>	<u>90,977</u>	<u>100,747</u>
Commitments			
Investments in projects	<u>14,000</u>	<u>14,000</u>	<u>6,532</u>



**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2013**

15. Fair value estimation

Amended IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of managed portfolios under investments at fair value through statement of income amounting to KD 42,203 thousands (31 December 2012: KD 41,391 thousands and 30 June 2012: KD 42,203 thousands) and quoted securities under available-for-sale investments amounting to KD 212 thousands (31 December 2012: KD 162 thousands and 30 June 2012: KD 178 thousands) are determined only based on Level 1 fair value measurement which is the quoted market prices prevailing at the reporting date. The fair value of securities under held for trading category is determined based on Level 2 fair value measurement inputs.

The fair value of investment in VHFL, classified as investments available for sale is determined based on Level 3 fair value measurement which is based on the Discounted Cash Flow method of valuation.

During the period ended 30 June 2013, there were no transfers between different levels of fair value measurement.

16. Annual general assembly

The Shareholders' Annual General Assembly held on 24 March 2013 approved the annual audited consolidated financial statements for the year ended 31 December 2012 and payment of a cash dividend of 30 fils per share for the year ended 31 December 2012.

The Shareholders' Annual General Assembly held on 21 March 2012 approved the annual audited consolidated financial statements for the year ended 31 December 2011. No dividends were declared for the year ended 31 December 2011.