



First Energy Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2012

Ernst & Young

 **ERNST & YOUNG**

REVIEW REPORT TO THE BOARD OF DIRECTORS OF FIRST ENERGY BANK B.S.C. (c)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of First Energy Bank B.S.C. (c) ("the Bank") and its subsidiaries ("the Group") as of 30 September 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income, changes in owners' equity, cash flows and sources and uses of zakah and charity fund for the nine month period then ended and other explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.



13 November 2012
Manama, Kingdom of Bahrain

First Energy Bank B.S.C. (c)


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012 (Unaudited)

		<i>Unaudited</i> 30 September 2012 US\$ '000	<i>Audited</i> 31 December 2011 US\$ '000
ASSETS			
Cash and bank balances		13,786	3,019
Due from financial institutions	3	168,639	425,848
Financing receivables	4	-	317,008
Investment in ijarah assets	5	529,948	-
Investment securities	6	494,692	328,826
Investment in associates	7	51,972	92,116
Other assets	8	136,248	52,791
Property and equipment		9,299	11,089
TOTAL ASSETS		1,404,584	1,230,697
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Due to financial institutions	9	72,985	89,527
Murabaha payable	10	53,775	-
Term financing	11	69,269	-
Other liabilities		52,977	98,468
Total liabilities		249,006	187,995
Owners' equity			
Equity attributable to shareholders of the parent			
Share capital		1,000,000	1,000,000
Statutory reserve		1,800	1,800
Foreign exchange translation reserve		(2,170)	(2,170)
Retained earnings		32,119	5,481
Total equity attributable to shareholders of the parent		1,031,749	1,005,111
Non-controlling interest	14	123,829	37,591
Total owners' equity		1,155,578	1,042,702
TOTAL LIABILITIES AND OWNERS' EQUITY		1,404,584	1,230,697


H.E. Khadim Al Qubaisi
Chairman


Mohamed Al Fahim
Board Member


Mohammad Ghanem
Acting Chief Executive Officer

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

First Energy Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine month period ended 30 September 2012 (Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2012 US\$ '000	2011 US\$ '000	2012 US\$ '000	2011 US\$ '000
INCOME					
Profit from Islamic financing		194	4,324	4,956	12,246
Profit on Islamic financing		(156)	(125)	(512)	(436)
Net income from Islamic financing		38	4,199	4,444	11,810
Rental income from investment in ijarah assets		11,726	-	22,518	-
Financing cost relating to term financing obtained to purchase ijarah assets	11	(658)	-	(1,862)	-
Profit on Islamic financing against investment in ijarah assets		(485)	-	(746)	-
Net income on investment in ijarah assets		10,583	-	19,910	-
Income from investments		6,162	1,288	13,688	5,371
Share of results of associates		1,223	152	(8,066)	737
Profit on subordinated loan	15	779	-	9,878	-
Gain arising on conversion of associate to subsidiary	7	-	-	21,759	-
Other income		2	-	22	1,095
Total income		18,787	5,639	61,635	19,013
EXPENSES					
Staff costs		2,715	2,414	8,291	7,467
Investment banking expenses		171	143	595	413
Depreciation and amortisation		2,773	716	6,850	2,136
Other expenses		4,022	722	10,397	4,318
Total expenses		9,681	3,995	26,133	14,334
NET INCOME FOR THE PERIOD BEFORE IMPAIRMENT PROVISION					
		9,106	1,644	35,502	4,679
Collective impairment provision		(342)	-	(2,491)	-
NET INCOME FOR THE PERIOD		8,764	1,644	33,011	4,679
Attributable to:					
Shareholders of the parent		6,712	1,665	26,869	4,744
Non-controlling interest		2,052	(21)	6,142	(65)
		8,764	1,644	33,011	4,679

H.E. Khadim Al Qubaisi
Chairman

Mohamed Al Fahim
Board Member

Mohammad Ghanem
Acting Chief Executive Officer

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

First Energy Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the nine month period ended 30 September 2012 (Unaudited)

	Note	Equity attributable to shareholders of the parent						Total owners' equity US\$ '000
		Share capital US\$ '000	Statutory reserve US\$ '000	Foreign exchange translation reserve US\$ '000	Retained earnings US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	
As at 1 January 2012		1,000,000	1,800	(2,170)	5,481	1,005,111	37,591	1,042,702
Net profit for the period		-	-	-	26,869	26,869	6,142	33,011
Transfer to zakah and charity fund		-	-	-	(231)	(231)	-	(231)
Dividends of subsidiary		-	-	-	-	-	(19)	(19)
Movement in non-controlling interest	14	-	-	-	-	-	80,115	80,115
As at 30 September 2012		1,000,000	1,800	(2,170)	32,119	1,031,749	123,829	1,155,578
As at 1 January 2011		1,000,000	1,437	(2,170)	2,252	1,001,519	37,599	1,039,118
Net profit for the period		-	-	-	4,744	4,744	(65)	4,679
Transfer to zakah and charity fund		-	-	-	(38)	(38)	-	(38)
Movement in non-controlling interest		-	-	-	-	-	78	78
As at 30 September 2011		1,000,000	1,437	(2,170)	6,958	1,006,225	37,612	1,043,837

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2012 (Unaudited)

	30 September 2012 Note	30 September 2011 US\$ '000
OPERATING ACTIVITIES		
Net profit for the period	33,011	4,679
Adjustments for :		
Depreciation and amortisation	6,850	2,136
Amortisation of premium (discount)	2,142	(1,582)
Fair valuation loss on equity option	1,386	1,043
Collective impairment provision	2,491	-
Share of results of associates	8,066	(737)
Gain arising on conversion of associate to subsidiary	(21,759)	-
Gain on sale of investment	(5,794)	(1,320)
Operating profit before changes in operating assets and liabilities	<u>26,393</u>	<u>4,219</u>
Net changes in operating assets and liabilities:		
Financing receivables	317,008	(42,521)
Due from financial institutions	30,425	63,593
Other assets	(88,787)	(5,514)
Due to financial institutions	(16,542)	(123,994)
Other liabilities	(48,010)	85,011
Payment to charities	(203)	(168)
Net cash from (used in) operating activities	<u>220,284</u>	<u>(19,374)</u>
INVESTING ACTIVITIES		
Purchase of investments	(340,764)	(77,364)
Disposal/ maturity of investments	182,485	60,439
Net changes in investment in associates	32,078	5,087
Investment in ijarah assets	(513,034)	-
Purchase of premises and equipment	(31)	(21)
Purchase of software	(175)	(87)
Net cash used in investing activities	<u>(639,441)</u>	<u>(11,946)</u>
FINANCING ACTIVITIES		
Net changes in non-controlling interest	14	79
Murabaha payable	53,775	-
Term financing	69,269	-
Net cash from financing activities	<u>203,140</u>	<u>79</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(216,017)	(31,241)
Cash and cash equivalents at 1 January	398,442	495,975
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>182,425</u>	<u>464,734</u>
For the purpose of the interim statement of cash flows, cash and cash equivalents comprised of the following:		
Cash and bank balances	13,786	2,947
Due from financial institutions with original maturity of 90 days or less	168,639	461,787
	<u>182,425</u>	<u>464,734</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

First Energy Bank B.S.C. (c)

**INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF
ZAKAH AND CHARITY FUND**

For the nine month period ended 30 September 2012 (Unaudited)

	30 September 2012 US\$ '000	30 September 2011 US\$ '000
Sources of zakah and charity funds		
Undistributed zakat and charity funds at the beginning of the period	1	140
Contributions by the Bank	231	38
Total sources of zakah and charity funds during the period	232	178
Uses of zakah and charity fund		
Contributions for charitable purposes	203	168
Total uses of funds during the period	203	168
Undistributed zakat and charity fund at end of the period	29	10

The attached notes 1 to 15 form part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

1 INCORPORATION AND ACTIVITIES

First Energy Bank B.S.C. (c) (the "Bank") is a closed shareholding company incorporated in the Kingdom of Bahrain on 23 June 2008, under Commercial Registration No. 69089. The Bank operates under an Islamic Wholesale Banking license issued by the Central Bank of Bahrain (the "CBB"). The Bank's registered office is at Building 1398, Road 4626, Block 346, Manama, Kingdom of Bahrain.

The principal activities of the Bank and its subsidiaries (the "Group") include Shari'a compliant investment advisory services, participation in project development, joint ventures, mergers and acquisitions and the purchase of assets and asset portfolios primarily related to the energy sector. The Bank is regulated by the CBB and supervised by a Shari'a Supervisory Board for compliance with the Shari'a rules and principles.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 13 November 2012.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank and its subsidiaries (together "the Group") for the nine month period ended 30 September 2012 have been prepared in accordance with the guidance given by International Accounting Standard 34 - "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011. In addition, results for the nine month period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

2.2 Accounting convention

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain investments classified as "fair value through statement of owners' equity" that have been measured at fair value.

The interim condensed consolidated financial statements have been presented in United States Dollar ("US\$"), being the reporting and functional currency of the Group's operations.

2.3 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2011, except for the following:

Investment in ijarah assets

Investments in ijarah assets are stated at cost less accumulated depreciation and accumulated impairment / provision. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of ijarah assets to their residual values over their useful life.

Ijarah assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the ijarah asset (calculated as the difference between the net disposal proceeds and the carrying amount of the ijarah asset) is recognised in the consolidated statement of income in the year the asset is derecognised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.4 Basis of consolidation**

These interim condensed consolidated financial statements include the financial statements of the Bank and its subsidiaries after elimination of inter group transactions and balances.

The following are the Group's significant subsidiaries as at 30 September 2012:

<i>Name of subsidiary</i>	<i>Equity interest</i>	<i>Nature of business</i>
North Africa Investment Company, Cayman Islands *	100%	To hold the Group's 40% associate stake in Arab Drilling and Workover Company, Libya.
First Energy-Oman, Cayman Islands *	100%	To hold 15% stake in Al Izz Islamic bank in Oman.
FEB-Novus Aircraft Holding Company, Bahamas *	98.5%	To purchase and lease one A330-300 aircraft to Malaysian Airlines System.
Cosmos Industrial Investment Corporation B.S.C. (c), Bahrain *	93%	Holding company for investment in a project for development and operation of a polycrystalline silicon plant in the Kingdom of Saudi Arabia.
MENAdrill Investment Company *	59.44%	Development and lease of jack up oil rigs
Al Dur Energy Investment Company, Cayman Islands *	59%	To hold 15% indirect interest in a power and water plant project in the Kingdom of Bahrain.

* These subsidiaries are consolidated in these interim condensed consolidated financial statements based on 30 September 2012 management accounts.

3 DUE FROM FINANCIAL INSTITUTIONS

	<i>Unaudited 30 September 2012 US\$ '000</i>	<i>Audited 31 December 2011 US\$ '000</i>
Commodity murabaha contracts	87,739	342,259
Wakala contracts	80,928	83,670
	168,667	425,929
Less: Deferred profits	(28)	(81)
	168,639	425,848

The original maturity of placements with financial institutions is as follows:

Due within 90 days	168,639	395,423
Due after 90 days	-	30,425
	168,639	425,848

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

4 FINANCING RECEIVABLES

	<i>Unaudited</i> 30 September 2012 <i>US\$ '000</i>	<i>Audited</i> 31 December 2011 <i>US\$ '000</i>
Murabaha financing	-	317,008
	<u>-</u>	<u>317,008</u>

This represents the murabaha financing facility provided by the Bank to one of its associate companies. This associate was converted into a subsidiary upon conversion of the convertible portion of the above murabaha on 29 March 2012. The remaining financing receivables balance has been eliminated in full on consolidation.

5 INVESTMENT IN IJARAH ASSETS

	<i>Aircraft</i> <i>US\$ '000</i>	<i>Oil rigs</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
Cost:			
At 1 January 2012	-	-	-
Conversion of an associate to subsidiary (note 7)	-	433,509	433,509
Additions	100,000	5,351	105,351
At 30 September 2012	<u>100,000</u>	<u>438,860</u>	<u>538,860</u>
Depreciation:			
At 1 January 2012	-	-	-
Conversion of an associate to subsidiary (note 7)	-	4,067	4,067
Charge for the period	2,400	2,445	4,845
At 30 September 2012	<u>2,400</u>	<u>6,512</u>	<u>8,912</u>
Net book value:			
As at 30 September 2012	<u>97,600</u>	<u>432,348</u>	<u>529,948</u>
As at 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

6 INVESTMENT SECURITIES

At 30 September 2012 (Unaudited)

	<i>Amortised Cost US\$ '000</i>	<i>Fair value through equity US\$ '000</i>	<i>Total US\$ '000</i>
Debt type			
<i>Quoted investments</i>			
Sukuk	390,272	-	390,272
<i>Unquoted investments</i>			
Debt securities	79,215	-	79,215
Equity type			
<i>Unquoted investments</i>			
Equity shares	-	45,205	45,205
	<u>469,487</u>	<u>45,205</u>	<u>514,692</u>
Provision for impairment	-	(20,000)	(20,000)
	<u>469,487</u>	<u>25,205</u>	<u>494,692</u>

At 31 December 2011 (audited)

	<i>Amortised Cost US\$ '000</i>	<i>Fair value through equity US\$ '000</i>	<i>Total US\$ '000</i>
Debt type			
<i>Quoted investments</i>			
Sukuk	224,406	-	224,406
<i>Unquoted investments</i>			
Debt securities	79,215	-	79,215
Equity type			
<i>Unquoted investments</i>			
Equity shares	-	45,205	45,205
	<u>303,621</u>	<u>45,205</u>	<u>348,826</u>
Provision for impairment	-	(20,000)	(20,000)
	<u>303,621</u>	<u>25,205</u>	<u>328,826</u>

7 INVESTMENT IN ASSOCIATES

	<i>Unaudited 30 September 2012 US\$ '000</i>	<i>Audited 31 December 2011 US\$ '000</i>
At 1 January	92,116	97,342
Elimination of intra-group transactions	(2,858)	(6,057)
Share of results of associates	(8,066)	831
Conversion of an associate to subsidiary	(29,220)	-
	<u>51,972</u>	<u>92,116</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

7 INVESTMENT IN ASSOCIATES (continued)

On 29 March 2012, the Bank exercised its equity conversion option on a murabaha financing facility provided to one of its associate companies which resulted in a gain of US\$ 21,759 thousand and the conversion of the associate into a 59.44% owned subsidiary which is consolidated in these interim condensed consolidated financial statements.

Intra-group gains on transactions between the Group and its equity accounted associates are eliminated to the extent of the Group's interest in the investees.

Summarised financial information of the associates that have been equity accounted not adjusted for the percentage ownership held by the Group.

<i>Name</i>	<i>Country of incorporation</i>	<i>% holding</i>	<i>Nature of business</i>		
Arab Drilling and Workover Company	Libya	40%	Lease of oil drilling rigs		
				<i>Unaudited</i>	<i>Audited</i>
				<i>30 September</i>	<i>31 December</i>
				<i>2012</i>	<i>2011</i>
				<i>US\$ '000</i>	<i>US\$ '000</i>
Total assets				195,282	683,299
Total liabilities				54,723	399,193
Total revenues				-	17,052
Total net (loss) income				(21,714)	2,044

Based on the management accounts received from Arab Drilling and Workover Company (the "Associate"), the management has estimated losses of US\$ 20,822 thousand for the year ended 31 December 2011 and US\$ 892 thousand for the period ended 31 August 2012 which have been accounted for in these interim condensed consolidated financial statements.

8 OTHER ASSETS

	<i>Unaudited</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Advance against investment *	48,078	-
Project work-in-progress	45,974	42,884
Liquidity reserve receivable	11,136	-
Profit receivable on subordinated loan (note 15)	9,878	-
Deferred expenses	5,570	-
Advances paid	5,096	-
Ijarah receivable	3,911	-
Goodwill	2,309	2,309
Fair value of equity option embedded in a convertible murabaha	-	1,386
Intangible assets – software	286	295
Due from associate	65	2,257
Others	3,945	3,660
	<u>136,248</u>	<u>52,791</u>

* This represent an advance made by a wholly owned subsidiary, First Energy Oman, towards an equity investment in Al Izz Islamic Bank, Oman. The funds were transferred to an escrow account, along with other promoters, until the respective IPO is completed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

9 DUE TO FINANCIAL INSTITUTIONS

	<i>Unaudited</i> 30 September 2012 US\$ '000	<i>Audited</i> 31 December 2011 US\$ '000
Commodity murabaha contracts		33,616
Wakala contracts	72,985	55,911
	72,985	89,527

10 MURABAHA PAYABLE

On 10 May 2012, MENAdriI Investment Company (the "Subsidiary") refinanced a facility of US\$ 130,000 thousand granted by the Bank of which US\$ 55,000 thousand was advanced by another bank.

11 TERM FINANCING

In January 2012, FEB-Novus Fin One Ltd (the "Company") raised term financing of US\$ 72,000 thousand to partially fund the acquisition of an Airbus A330-300 aircraft. The term financing matures in January 2024 and bears a profit rate of 1 month Libor plus 345bps per annum. This Company is consolidated in FEB-Novus Aircraft Holding Company, Bahamas (98.5% owned subsidiary of the Bank) in compliance with AAOIFI "Statement of financial accounting No.1: Conceptual Framework for the financial reporting by Islamic Financial Institutions". The financing arrangement is between the Company and the ultimate finance provider.

First Energy Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

At 30 September 2012 (Unaudited)

12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise major shareholders, directors, shari'a supervisory board, external auditors and executive management of the Group and/or entities over which they exercise control and/or significant influence.

The significant balances with related parties were as follows:

	Associates US\$ '000	Key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	30 September 2012 US\$ '000	Associates US\$ '000	Key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Audited 31 December 2011 US\$ '000
Assets								
Cash and bank balances	-	-	1,242	1,242	-	-	375	375
Due from financial institutions	-	-	23,605	23,605	-	-	15,003	15,003
Financing receivables	-	-	-	-	317,007	-	-	317,007
Investment securities	-	-	45,305	45,305	-	-	20,000	20,000
Investment in associates	51,972	-	-	51,972	92,116	-	-	92,116
Other assets	65	-	-	65	3,694	-	-	3,694
Liabilities								
Due to financial institutions	-	-	14,504	14,504	-	-	15,403	15,403
Other liabilities	-	611	33,188	33,799	4,505	625	32,939	38,069

First Energy Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

At 30 September 2012 (Unaudited)

12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The transactions with the related parties included in the interim consolidated statement of income were as follows:

	Associates US\$ '000	Key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Nine months ended 30 September 2012 US\$ '000	Associates US\$ '000	Key management/ personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Nine months ended 30 September 2011 US\$ '000
Income								
Profit from Islamic financing	4,072	-	27	4,099	8,944	-	333	9,277
Profit on Islamic financing	-	-	(267)	(267)	-	-	(132)	(132)
Income from investments	-	-	1,020	1,020	-	-	790	790
Share of results of associates	(8,066)	-	-	(8,066)	737	-	-	737
Gain arising on conversion of associate to subsidiary	21,759	-	-	21,759	-	-	-	-
Other income	20	-	-	20	1,095	-	-	1,095
Expenses								
Staff costs	-	1,163	-	1,163	-	1,336	-	1,336
Investment banking expenses	-	-	-	-	-	-	-	-
Other expenses	1,386	1,026	-	2,412	1,043	79	441	1,563

First Energy Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

13 COMMITMENTS

	<i>Unaudited</i> 30 September 2012 US\$ '000	<i>Audited</i> 31 December 2011 US\$ '000
Other capital commitments	67,856	61,856
Operating lease commitments	766	1,531
Forward treasury commitments	4,349	21,909
	<u>72,971</u>	<u>85,296</u>

14 NON-CONTROLLING INTEREST

	<i>Unaudited</i> 30 September 2012 US\$ '000	<i>Audited</i> 31 December 2011 US\$ '000
At 1 January	37,591	37,599
Net profit (loss) for the period/ year	6,142	(86)
Conversion of an associate to subsidiary (note 7)	74,882	-
Acquisition of a new subsidiary	462	-
Dividends of subsidiary	(19)	-
Increase in share capital	4,771	78
	<u>123,829</u>	<u>37,591</u>

15 PROFIT ON SUBORDINATED LOAN

A profit of 3.85% per annum has been accrued on the outstanding principal amount of the subordinated loan of US\$ 79,215 thousand from 23 July 2009 granted by Al Dur Energy Investment Company to Al Dur Power and Water Company. The profit was not recognised until the commencement of commercial operations of the power plant, which occurred in February 2012. The commencement date was delayed, and management viewed it as conservative to start accrual of profit only after commencement of commercial operations.

