

**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 2015 to 30 June 2015 (Unaudited)**

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait

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

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

بوبيان لتدقيق الحسابات
BOUBYAN Auditing Office
محاسبون قانونيون - مستشارون ماليون

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 2015 condensed consolidated interim 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 2015, the interim consolidated statements of profit or loss and other comprehensive income for the three and six month periods ended 30 June 2015, the interim consolidated statements of cash flows and changes in equity 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 2015 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 2015 of the Companies Law No. 25 of 2012, as amended, and its Executive Regulations 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.

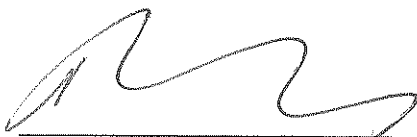
Safi A. Al-Mutawa
License No 138 "A"
of KPMG Safi Al-Mutawa & Partners
Member firm of KPMG International

Yahia Abdullah Al-Foudri
License No 83 "A"
of Boubyan Auditing Office

Kuwait : 29 July 2015

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 2015

	30 June 2015 Notes	31 December 2014	30 June 2014
	KD (Unaudited)	KD (Audited)	KD (Unaudited)
ASSETS			
Non-current assets			
Property and equipment	9,528,228	8,864,202	9,224,060
Intangible assets and goodwill	258,467	306,882	703,054
Investment property	7,938,818	8,001,328	6,860,446
Investment in associates	3,682,330	4,041,115	3,943,288
Financial assets available for sale	31,860,687	31,863,404	31,844,249
Financial assets at fair value through profit or loss	6,610,191	6,910,008	5,918,834
	<u>59,878,721</u>	<u>59,986,939</u>	<u>58,493,931</u>
Current assets			
Inventories	2,483,443	1,704,222	1,822,193
Accounts receivable and other assets	10,713,102	9,280,938	7,976,470
Bank balances, cash and term deposits	5 4,776,084	5,710,707	5,838,230
	<u>17,972,629</u>	<u>16,695,867</u>	<u>15,636,893</u>
Total assets	<u>77,851,350</u>	<u>76,682,806</u>	<u>74,130,824</u>
EQUITY			
Share capital	75,000,000	75,000,000	75,000,000
Share premium	193,550	193,550	193,550
Statutory reserve	472,723	472,723	472,723
Voluntary reserve	314,957	314,957	314,957
Other reserves	(812,986)	(812,986)	(808,518)
Foreign currency translation reserve	(522,611)	(903,050)	(1,611,763)
Fair value reserve	28,115	28,115	28,115
Accumulated losses	(12,082,047)	(11,577,180)	(14,028,327)
Equity attributable to shareholders of the Company	<u>62,591,701</u>	<u>62,716,129</u>	<u>59,560,737</u>
Non-controlling interests	6,529,355	6,075,685	5,822,890
Total equity	<u>69,121,056</u>	<u>68,791,814</u>	<u>65,383,627</u>
LIABILITIES			
Non-current liabilities			
Provision for staff indemnity	504,087	628,938	582,840
	<u>504,087</u>	<u>628,938</u>	<u>582,840</u>
Current liabilities			
Accounts payable and other liabilities	7,977,018	7,187,257	7,218,888
Finance lease liabilities	-	74,797	169,823
Murabaha payables	7 249,189	-	775,646
	<u>8,226,207</u>	<u>7,262,054</u>	<u>8,164,357</u>
Total liabilities	<u>8,730,294</u>	<u>7,890,992</u>	<u>8,747,197</u>
Total equity and liabilities	<u>77,851,350</u>	<u>76,682,806</u>	<u>74,130,824</u>



Saad Ali Al Shuwaib
Chairman



Khaled A. Al Sumaiti
Vice Chairman

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

**The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait**

Interim consolidated statement of profit or loss (unaudited)

For the three and six month periods ended 30 June 2015

	Notes	Three month period ended 30 June		Six month period ended 30 June	
		2015 KD	2014 KD	2015 KD	2014 KD
Revenue					
Contract revenue		4,266,629	1,871,104	7,537,987	3,720,447
Rendering of services		842,972	1,477,558	1,466,825	2,784,872
Sales of goods		-	42,842	-	42,842
Equipment rental income		-	320,898	-	320,898
		<u>5,109,601</u>	<u>3,712,402</u>	<u>9,004,812</u>	<u>6,869,059</u>
Cost of revenue					
Contract costs		(3,735,053)	(1,693,307)	(6,432,824)	(3,367,094)
Rendering of services		(988,184)	(952,111)	(1,754,407)	(1,934,432)
Sales of goods		-	(109,778)	-	(109,778)
Equipment rental		-	(109,455)	-	(109,455)
		<u>(4,723,237)</u>	<u>(2,864,651)</u>	<u>(8,187,231)</u>	<u>(5,520,759)</u>
Gross profit		386,364	847,751	817,581	1,348,300
Other income / (expense)		80,168	(108,490)	145,255	605,685
Unrealised loss on financial assets at fair value through profit or loss		(74,844)	(232,667)	(616,499)	(617,974)
Gain on deemed disposal of financial assets at fair value through profit or loss		-	-	-	83,395
Rental income from investment property		38,118	98,438	106,397	196,647
Staff costs		(500,474)	(506,283)	(948,284)	(934,317)
General and administration expenses		(342,698)	(334,183)	(660,630)	(747,133)
Net reversal of impairment on trade receivables		459,610	1,039,387	459,610	529,117
Impairment loss on financial assets available for sale		-	(3,600,000)	-	(3,600,000)
Foreign exchange gain		307,850	125,428	538,077	78,229
Amortization of intangible assets		(24,648)	(24,383)	(49,034)	(48,497)
Operating income / (loss)		329,446	(2,695,002)	(207,527)	(3,106,548)
Finance costs		(3,897)	(16,333)	(23,630)	(43,557)
Finance income		3,422	7,911	13,052	25,675
Gain on deemed disposal of associate		-	-	-	5,241
Share of results from associates		(49,119)	38,604	(304,904)	(65,503)
Monetary gain / (loss) from hyperinflation	10	75,764	(939,790)	(162,946)	(18,256)
Profit / (loss) for the period before taxation		355,616	(3,604,610)	(685,955)	(3,202,948)
Taxation on foreign operations		(20,170)	(56,153)	(47,135)	(126,443)
Net profit / (loss) for the period		335,446	(3,660,763)	(733,090)	(3,329,391)
Attributable to:					
Shareholders of the Company		61,150	(3,709,090)	(963,435)	(3,474,781)
Non-controlling interests		274,296	48,327	230,345	145,390
		<u>335,446</u>	<u>(3,660,763)</u>	<u>(733,090)</u>	<u>(3,329,391)</u>
Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (fils)	8	<u>0.08</u>	<u>(4.95)</u>	<u>(1.28)</u>	<u>(4.63)</u>

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

**The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait**

Interim consolidated statement of other comprehensive income (unaudited)

For the three and six month periods ended 30 June 2015

	Three month period ended 30 June		Six month period ended 30 June	
	2015 KD	2014 KD	2015 KD	2014 KD
Net profit / (loss) for the period	335,446	(3,660,763)	(733,090)	(3,329,391)
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>				
Share of foreign currency translation reserve of associates	(22,019)	67,405	(22,019)	(85,411)
Exchange differences arising on translation of foreign operations	652,908	13,024	370,626	2,989
Total other comprehensive income / (loss) for the period	630,889	80,429	348,607	(82,422)
Total comprehensive income / (loss) for the period	966,335	(3,580,334)	(384,483)	(3,411,813)
Attributable to:				
Shareholders of the Company	558,472	(3,629,864)	(582,996)	(3,559,706)
Non-controlling interests	407,863	49,530	198,513	147,893
	966,335	(3,580,334)	(384,483)	(3,411,813)

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 2015

	Six month period ended 30 June	
	2015	2014
Note	KD	KD
Cash flows from operating activities		
Net loss for the period	(733,090)	(3,329,391)
<i>Adjustments for:</i>		
Rental income from investment property	(106,397)	(196,647)
Share of results of associates	304,904	65,503
Impairment loss on financial assets available for sale	-	3,600,000
Gain on disposal of property and equipment	(27,308)	(498,739)
Depreciation and amortization	472,193	636,664
Reversal of impairment losses on trade receivables	(459,610)	(529,117)
Unrealised loss on financial assets at fair value through profit or loss	616,499	617,974
Gain on deemed disposal of financial assets at fair value through profit or loss	-	(83,395)
Gains on deemed disposal of associate	-	(5,241)
Monetary loss from hyperinflation	162,946	18,256
Taxation	47,135	126,443
Finance costs	23,630	43,557
Provision for staff indemnity	74,168	67,043
	<u>375,070</u>	<u>532,910</u>
<i>Changes in:</i>		
Inventories	(291,541)	235,424
Accounts receivable and other assets	(972,554)	457,377
Accounts payable and other liabilities	742,626	(1,048,174)
Cash (used in) / generated from operations	<u>(146,399)</u>	<u>177,537</u>
Provision for staff indemnity paid	(211,635)	(4,942)
Taxes paid	-	(10,975)
Net cash (used in) / generated from operating activities	<u>(358,034)</u>	<u>161,620</u>
Cash flows from investing activities		
Net movement in restricted bank balances and deposits	(373,850)	12,914
Investment in Wakala deposits	-	(250,000)
Withdrawal of Wakala deposits	-	1,300,000
Purchase of investments at fair value through profit or loss	(55,060)	(414,321)
Purchase of property and equipment	(724,351)	(396,566)
Proceeds from disposal of property and equipment	32,770	898,829
Rental income received	106,397	196,647
Net cash (used in) / generated from investing activities	<u>(1,014,094)</u>	<u>1,347,503</u>
Cash flows from financing activities		
Finance costs paid	(23,630)	(18,698)
Net movement in murabaha payables	249,189	(775,204)
Net movement finance lease liabilities	(74,797)	(69,724)
Net cash generated from / (used in) financing activities	<u>150,762</u>	<u>(863,626)</u>
Effect of foreign currency translation and hyperinflation adjustments	(87,107)	8,614
Net change in cash and cash equivalents	<u>(1,308,473)</u>	<u>654,111</u>
Cash and cash equivalents at beginning of the period	3,291,365	3,365,726
Cash and cash equivalents at end of the period	5 <u>1,982,892</u>	<u>4,019,837</u>

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

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Interim consolidated statement of changes in equity (unaudited)
For the six month period ended 30 June 2015

	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 2015 (audited)	75,000,000	193,550	472,723	314,957	(812,986)	(903,050)	28,115	(11,577,180)	62,716,129	6,075,685	68,791,814
Net loss for the period	-	-	-	-	-	-	-	(963,435)	(963,435)	230,345	(733,090)
Other comprehensive income / (loss) for the period	-	-	-	-	-	380,439	-	-	380,439	(31,832)	348,607
Total comprehensive loss for the period	-	-	-	-	-	380,439	-	(963,435)	(582,996)	198,513	(384,483)
Equity adjustments due to hyperinflation (note 10)	-	-	-	-	-	-	-	458,568	458,568	255,157	713,725
Balance at 30 June 2015 (unaudited)	75,000,000	193,550	472,723	314,957	(812,986)	(522,611)	28,115	(12,082,047)	62,591,701	6,529,355	69,121,056
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 profit for the period	-	-	-	-	-	-	-	(3,474,781)	(3,474,781)	145,390	(3,329,391)
Other comprehensive loss for the period	-	-	-	-	-	(84,925)	-	-	(84,925)	2,503	(82,422)
Total comprehensive income for the period	-	-	-	-	-	(84,925)	-	(3,474,781)	(3,559,706)	147,893	(3,411,813)
Deemed disposal of a subsidiary	-	-	-	-	(319,790)	-	-	-	(319,790)	319,790	-
Equity adjustments due to hyperinflation (note 10)	-	-	-	-	-	-	-	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

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 12.

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.

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 18 March 2015, approved the following:

- consolidated financial statements of the Group for the year ended 31 December 2014; and
- no dividends for the year ended 31 December 2014.

This condensed consolidated interim financial information of the Group was approved for issue by the Board of Directors of the Company on 29 July 2015

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 2014. 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).

2. Basis of preparation (continued)

Operating results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

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 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

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 2014.

5. Bank balances, cash and term deposits

	30 June 2015 KD (Unaudited)	31 December 2014 KD (Audited)	30 June 2014 KD (Unaudited)
Bank balances and cash	2,476,084	3,910,707	3,788,230
Wakala deposits	<u>2,300,000</u>	<u>1,800,000</u>	<u>2,050,000</u>
Bank balances and cash in the interim consolidated statement of financial position	4,776,084	5,710,707	5,838,230
Restricted bank balances and wakala deposits	<u>(2,793,192)</u>	<u>(2,419,342)</u>	<u>(1,818,393)</u>
Cash and cash equivalents in the interim consolidated statement of cash flows	<u><u>1,982,892</u></u>	<u><u>3,291,365</u></u>	<u><u>4,019,837</u></u>

Restricted bank balances and wakala deposits represent margin deposits that are held as security against letters of guarantee issued by banks on behalf of the Group (note 11).

**The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait**

**Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2015**

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:

<i>Interim consolidated statement of financial position</i>	30 June 2015 KD (Unaudited)	31 December 2014 KD (Audited)	30 June 2014 KD (Unaudited)	
<i>The Ultimate Parent Company</i>				
Bank balances, cash and term deposits	1,302,337	786,153	1,250,732	
Murabaha payables secured against financial assets	-	-	759,646	
<i>The Parent Company</i>				
Accounts receivable and other assets	-	-	1,171	
Accounts payable and other liabilities	11,904	-	564	
<i>Entities related to the shareholders</i>				
Accounts receivables and other assets	15,133	11,898	978	
Accounts payable and other liabilities	247,331	58,194	205,405	
<i>Transactions included in the interim consolidated statement of profit or loss</i>	Three month period ended 30 June		Six month period ended 30 June	
	2015 KD (Unaudited)	2014 KD (Unaudited)	2015 KD (Unaudited)	2014 KD (Unaudited)
<i>The Ultimate Parent Company</i>				
Finance income	172	-	4,120	-
Murabaha finance cost	-	16,333	-	43,557
<i>Compensation of key management personnel</i>				
Short term benefits	147,609	145,275	297,082	266,161
Termination benefits	8,363	9,822	18,461	18,711
	<u>155,972</u>	<u>155,097</u>	<u>315,543</u>	<u>284,872</u>

7. Murabaha payables

Murabaha facility was obtained by a subsidiary carrying effective profit rate of 9.09% per annum. The facility is secured against a building occupied by the subsidiary (31 December 2014 and 30 June 2014: Murabaha facilities were obtained by the Company from a related party and were secured against deposits of the Company and the Parent Company amounted to KD 250,000 and KD 500,000 respectively).

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

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

	Three month period ended 30 June		Six month period ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Profit / (loss) for the period attributable to shareholders of the Company (KD)	61,150	(3,709,090)	(963,435)	(3,474,781)
Weighted average number of outstanding shares	750,000,000	750,000,000	750,000,000	750,000,000
Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (KDs)	0.08	(4.95)	(1.28)	(4.63)

9. Fair value

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial instruments traded in active markets (such as trading and available for sale securities) is based on quoted market prices at the financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

The investment in an unquoted fund is carried at net asset value provided by the fund manager.

The fair value of investment property is determined based on the valuation performed as at 31 December 2014 by accredited independent valuator who is the industry specialists in valuing this type of investment property.

Fair value measurements recognised in the consolidated statement of financial position

The table below analyses the assets carried at fair value. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Notes to the condensed consolidated interim financial information (unaudited)
for the six month period ended 30 June 2015

9. Fair values (continued)

	Level 1 KD	Level 2 KD	Total fair Value KD
30 June 2015			
Financial assets at fair value through profit or loss			
Investment in an unquoted fund	-	6,610,191	6,610,191
Financial assets available for sale			
Quoted equity securities	345,087	-	345,087
Investment property	-	7,938,818	7,938,818
	<u>345,087</u>	<u>14,549,009</u>	<u>14,894,096</u>
31 December 2014			
Financial assets at fair value through profit or loss			
Investment in an unquoted fund	-	6,910,008	6,910,008
Financial assets available for sale			
Quoted equity securities	347,804	-	347,804
Investment property	-	8,001,328	8,001,328
	<u>347,804</u>	<u>14,911,336</u>	<u>15,259,140</u>
30 June 2014			
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
	<u>328,649</u>	<u>12,779,280</u>	<u>13,107,929</u>

During the periods ended 30 June 2015, 31 December 2014 and 30 June 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

At the reporting date, financial assets available for sale with a carrying value of KD 31,515,600 (31 December 2014 and 30 June 2014: KD 31,515,600) are carried at cost less impairment due to the non-availability of quoted market prices or other reliable measures of their fair value. Management believes that the carrying value of these equity investments approximates their fair value.

10. 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 Hagleig, 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 2015	468.600	1.086
31 December 2014	428.300	1.151
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. Investment property and available for sale investments are indexed based on recent fair valuations. The resulting adjustments are taken directly to the consolidated statement of changes in equity;
- 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.

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10. Hyperinflation adjustment (continued)

The movement in non-monetary assets and liabilities due to hyperinflation is as follows:

	30 June 2015 KD (Unaudited)	31 December 2014 KD (Audited)	30 June 2014 KD (Unaudited)
Property and equipment	250,601	245,935	350,049
Investment in associate	(113,590)	461,046	-
Investment property	-	905,271	381,760
Financial assets available for sale	-	7,668	-
Inventories	487,680	408,346	372,296
Provision for staff indemnity	(12,553)	(36,470)	(17,627)
Other impact on the consolidated statement of profit or loss	(61,359)	188,119	225,680
	<u>550,779</u>	<u>2,179,915</u>	<u>1,312,158</u>

Interim consolidated statement of changes in equity

Attributable to:

Shareholders of the Company	458,568	1,591,983	854,791
Non-controlling interests	255,157	885,812	475,623
	<u>713,725</u>	<u>2,477,795</u>	<u>1,330,414</u>

Interim consolidated statement of profit or loss

Attributable to:

Shareholders of the Company	(104,693)	(191,388)	(11,729)
Non-controlling interests	(58,253)	(106,492)	(6,527)
	<u>(162,946)</u>	<u>(297,880)</u>	<u>(18,256)</u>
Total impact of hyperinflation	<u>550,779</u>	<u>2,179,915</u>	<u>1,312,158</u>

11. Commitments and contingent liabilities

	30 June 2015 KD (Unaudited)	31 December 2014 KD (Audited)	30 June 2014 KD (Unaudited)
Capital commitments			
Commitment towards contribution of fund expenses	1,047,957	1,220,175	126,705
Financial assets available for sale	7,200,000	6,993,000	6,768,000
	<u>8,247,957</u>	<u>8,213,175</u>	<u>6,894,705</u>
Contingent liabilities			
Letters of guarantee	2,793,192	2,419,342	1,965,446

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

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12. 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 2015 (Unaudited)			
Segment revenues	<u>5,109,601</u>	<u>-</u>	<u>5,109,601</u>
Profit for the period	<u>293,906</u>	<u>41,540</u>	<u>335,446</u>
Three months ended 30 June 2014 (Unaudited)			
Segment revenues	<u>3,348,662</u>	<u>363,740</u>	<u>3,712,402</u>
Loss for the period	<u>(3,653,296)</u>	<u>(7,467)</u>	<u>(3,660,763)</u>
Six months ended 30 June 2015 (Unaudited)			
Segment revenues	<u>9,004,812</u>	<u>-</u>	<u>9,004,812</u>
(Loss) / profit for the period	<u>(852,539)</u>	<u>119,449</u>	<u>(733,090)</u>
Six months ended 30 June 2014 (Unaudited)			
Segment revenues	<u>6,505,319</u>	<u>363,740</u>	<u>6,869,059</u>
(Loss) / profit for the period	<u>(4,093,403)</u>	<u>764,012</u>	<u>(3,329,391)</u>
As at 30 June 2015 (Unaudited)			
Segment assets	<u>69,912,532</u>	<u>7,938,818</u>	<u>77,851,350</u>
As at 31 December 2014 (Audited)			
Segment assets	<u>68,681,478</u>	<u>8,001,328</u>	<u>76,682,806</u>
As at 30 June 2014 (Unaudited)			
Segment assets	<u>65,891,469</u>	<u>8,239,355</u>	<u>74,130,824</u>