

**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 2016 to 31 March 2016 (unaudited)**

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

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## **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 31 March 2016 condensed consolidated interim financial information of The Energy House Holding Company K.S.C.P. ("the Company") and its subsidiaries (together "the Group"), which comprises the interim consolidated statement of financial position as at 31 March 2016, the interim consolidated statements of profit or loss, other comprehensive income, cash flows and changes in equity for the three 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 31 March 2016 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 three month period ended 31 March 2016 of the Companies Law No. 1 of 2016 and the Executive Regulations of the Companies Law No. 25 of 2012, as amended, and the Company's Memorandum of Incorporation and Articles of Association, that might have had material effect on the Company's activities or on its financial position.



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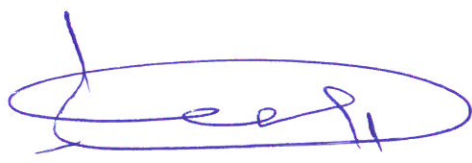


***Yahia Abdullah Al-Foudari & Partners***  
***Chartered Accountant Category (A), No. 83***  
***Member of Kuwait Association of***  
***Accountants and Auditors***  
***Member of*** 

**Kuwait: 28 April 2016**

**The Energy House Holding Company K.S.C.P. and subsidiaries**  
**State of Kuwait**  
**Interim consolidated statement of financial position (unaudited)**  
*As at 31 March 2016*

	Note	31 March 2016 KD (Unaudited)	31 December 2015 KD (Audited)	31 March 2015 KD (Unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		10,163,626	10,219,471	9,254,931
Intangible assets and goodwill		16,380	16,600	282,738
Investment property		5,572,901	5,652,030	7,751,287
Investment in associates		2,450,743	2,489,024	3,612,141
Financial assets available for sale		26,261,185	26,255,417	31,852,535
Financial assets at fair value through profit or loss		8,129,208	6,783,834	6,522,507
Other assets		193,120	195,714	317,070
		<u>52,787,163</u>	<u>51,612,090</u>	<u>59,593,209</u>
<b>Current assets</b>				
Inventories		1,637,744	1,580,114	2,019,699
Accounts receivable and other assets		10,717,464	10,521,846	9,702,710
Bank balances, cash and wakala deposits	5	4,208,101	5,108,900	5,150,316
		<u>16,563,309</u>	<u>17,210,860</u>	<u>16,872,725</u>
<b>Total assets</b>		<u><u>69,350,472</u></u>	<u><u>68,822,950</u></u>	<u><u>76,465,934</u></u>
<b>EQUITY</b>				
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)	(812,986)
Foreign currency translation reserve		(837,126)	(564,724)	(1,019,933)
Fair value reserve		27,660	20,931	28,115
Accumulated losses		(20,197,666)	(21,204,371)	(12,255,131)
<b>Equity attributable to shareholders of the Company</b>		<u>54,161,112</u>	<u>53,420,080</u>	<u>61,921,295</u>
Non-controlling interests		<u>5,019,810</u>	<u>5,336,181</u>	<u>6,059,209</u>
<b>Total equity</b>		<u><u>59,180,922</u></u>	<u><u>58,756,261</u></u>	<u><u>67,980,504</u></u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provision for staff indemnity		592,015	565,802	668,099
		<u>592,015</u>	<u>565,802</u>	<u>668,099</u>
<b>Current liabilities</b>				
Accounts payable and other liabilities		7,752,923	7,942,570	7,616,688
Murabaha payables	7	1,824,612	1,558,317	200,643
		<u>9,577,535</u>	<u>9,500,887</u>	<u>7,817,331</u>
<b>Total liabilities</b>		<u>10,169,550</u>	<u>10,066,689</u>	<u>8,485,430</u>
<b>Total equity and liabilities</b>		<u><u>69,350,472</u></u>	<u><u>68,822,950</u></u>	<u><u>76,465,934</u></u>



Ahmed Issa Al-Sumait  
Vice Chairman



Bader Khaled Al-Zamami  
Board Member

The accompanying notes set out on pages 8 to 16 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 month period ended 31 March 2016*

		<b>Three month period ended 31 March</b>	
	<b>Notes</b>	<b>2016 KD</b>	<b>2015 KD</b>
<b>Revenue</b>			
Contract revenue		3,748,402	3,271,358
Rendering of services		881,497	623,853
		<u>4,629,899</u>	<u>3,895,211</u>
<b>Cost of revenue</b>			
Contract costs		(3,727,498)	(2,697,771)
Cost of rendering of services		(567,698)	(766,223)
		<u>(4,295,196)</u>	<u>(3,463,994)</u>
<b>Gross profit</b>		334,703	431,217
Other income		108,860	65,087
Unrealised gain / (loss) on financial assets at fair value through profit or loss		1,451,945	(541,655)
Realised loss on financial assets at fair value through profit or loss		(3,640)	-
Rental income from investment property		21,861	68,279
Staff costs		(526,179)	(447,810)
General and administration expenses		(654,750)	(317,932)
Foreign exchange gain		463,831	230,227
Amortization of intangible assets		-	(24,386)
<b>Operating income / (loss)</b>		1,196,631	(536,973)
Finance costs		(21,526)	(19,733)
Finance income		8,472	9,630
Share of results from associates		(18,094)	(255,785)
Monetary loss from hyperinflation	10	(107,845)	(238,710)
<b>Profit / (loss) for the period before taxation</b>		1,057,638	(1,041,571)
Taxation on foreign operations		(42,274)	(26,965)
<b>Profit / (loss) for the period before provision for contribution to National Labour Support Tax ("NLST") and Zakat</b>		1,015,364	(1,068,536)
Provision for contribution to NLST and Zakat		(38,608)	-
<b>Net profit / (loss) for the period</b>		<u>976,756</u>	<u>(1,068,536)</u>
<b>Attributable to:</b>			
Shareholders of the Company		956,632	(1,024,585)
Non-controlling interests		20,124	(43,951)
		<u>976,756</u>	<u>(1,068,536)</u>
<b>Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (fils)</b>	8	<u>1.28</u>	<u>(1.37)</u>

The accompanying notes set out on pages 8 to 16 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 month period ended 31 March 2016*

	<b>Three month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>
<b>Net profit / (loss) for the period</b>	<b>976,756</b>	<b>(1,068,536)</b>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to the interim consolidated statement of profit or loss</i>		
Share of foreign currency translation reserve of associates	<b>(16,638)</b>	-
Exchange differences arising on translation of foreign operations	<b>(322,431)</b>	(282,282)
Change in fair value of financial assets available for sale	<b>10,473</b>	-
<b>Total other comprehensive loss for the period</b>	<b>(328,596)</b>	<b>(282,282)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>648,160</b>	<b>(1,350,818)</b>
<b>Attributable to:</b>		
Shareholders of the Company	<b>690,959</b>	(1,141,468)
Non-controlling interests	<b>(42,799)</b>	(209,350)
	<b>648,160</b>	<b>(1,350,818)</b>

The accompanying notes set out on pages 8 to 16 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 three month period ended 31 March 2016*

	Three month period ended 31 March	
	2016 KD	2015 KD
Note		
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the period	976,756	(1,068,536)
<i>Adjustments for:</i>		
Rental income from investment property	(21,861)	(68,279)
Share of results of associates	18,094	255,785
Gain on disposal of property and equipment	(72,362)	-
Depreciation and amortization	340,134	211,785
Unrealised (gain) / loss on financial assets at fair value through profit or loss	(1,451,945)	541,655
Realised loss on financial assets at fair value through profit or loss	3,640	-
Monetary loss from hyperinflation	107,845	238,710
Taxation	80,882	26,965
Finance costs	21,526	19,733
Provision for staff indemnity	45,205	34,390
	<u>47,914</u>	<u>192,208</u>
<i>Changes in:</i>		
Inventories	(45,927)	(42,019)
Accounts receivable and other assets	(193,024)	(738,842)
Accounts payable and other liabilities	(270,528)	402,466
<b>Cash used in operations</b>	<u>(461,565)</u>	<u>(186,187)</u>
Provision for staff indemnity paid	(18,102)	(970)
<b>Net cash used in operating activities</b>	<u>(479,667)</u>	<u>(187,157)</u>
<b>Cash flows from investing activities</b>		
Net movement in restricted bank balances and deposits	52,473	351,465
Purchase of investments at fair value through profit or loss	-	(53,641)
Purchase of property and equipment	(505,519)	(394,371)
Proceeds from disposal of property and equipment	123,352	-
Rental income received	21,861	68,279
<b>Net cash used in investing activities</b>	<u>(307,833)</u>	<u>(28,268)</u>
<b>Cash flows from financing activities</b>		
Finance costs paid	(12,737)	-
Net movement in Murabaha payables	257,506	180,910
Net movement finance lease liabilities	-	(74,797)
Dividends paid by a subsidiary	(301,433)	-
<b>Net cash (used in) / generated from financing activities</b>	<u>(56,664)</u>	<u>106,113</u>
Effect of foreign currency translation and hyperinflation adjustment	(4,162)	(99,614)
<b>Net change in cash and cash equivalents</b>	<u>(848,326)</u>	<u>(208,926)</u>
Cash and cash equivalents at beginning of the period	2,662,996	3,291,365
<b>Cash and cash equivalents at end of the period</b>	<u>5</u> <u>1,814,670</u>	<u>3,082,439</u>

The accompanying notes set out on pages 8 to 16 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 three month period ended 31 March 2016*

	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 2016 (audited)	75,000,000	193,550	472,723	314,957	(812,986)	(564,724)	20,931	(21,204,371)	53,420,080	5,336,181	58,756,261
Net profit for the period	-	-	-	-	-	-	-	956,632	956,632	20,124	976,756
Other comprehensive (loss) / income for the period	-	-	-	-	-	(272,402)	6,729	-	(265,673)	(62,923)	(328,596)
Total comprehensive income for the period	-	-	-	-	-	(272,402)	6,729	956,632	690,959	(42,799)	648,160
Dividends paid by a subsidiary	-	-	-	-	-	-	-	-	-	(301,433)	(301,433)
Equity adjustments due to hyperinflation (note 10)	-	-	-	-	-	-	-	50,073	50,073	27,861	77,934
Balance at 31 March 2016 (unaudited)	75,000,000	193,550	472,723	314,957	(812,986)	(837,126)	27,660	(20,197,666)	54,161,112	5,019,810	59,180,922
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	-	-	-	-	-	-	-	(1,024,585)	(1,024,585)	(43,951)	(1,068,536)
Other comprehensive loss for the period	-	-	-	-	-	(116,883)	-	-	(116,883)	(165,399)	(282,282)
Total comprehensive loss for the period	-	-	-	-	-	(116,883)	-	(1,024,585)	(1,141,468)	(209,350)	(1,350,818)
Equity adjustments due to hyperinflation (note 10)	-	-	-	-	-	-	-	346,634	346,634	192,874	539,508
Balance at 31 March 2015 (unaudited)	75,000,000	193,550	472,723	314,957	(812,986)	(1,019,933)	28,115	(12,255,131)	61,921,295	6,059,209	67,980,504

The accompanying notes set out on pages 8 to 16 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 under commercial registration no. 68770 dated 30 July 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 portables and real-estates to promote its activities in permissible limits according to the law; 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.P ("the Ultimate Parent Company"), a company whose shares are listed on the Kuwait Stock Exchange.

The address of the Company's registered office is Arraya Tower 2, Sharq Area, 25<sup>th</sup> 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 15 March 2016, approved the following:

- consolidated financial statements of the Group for the year ended 31 December 2015; and
- no dividends for the year ended 31 December 2015.

This condensed consolidated interim financial information of the Group was approved for issue by the Board of Directors of the Company on 28 April 2016.

The new Companies Law No.1 of 2016 ("the new law") issued on 24 January 2016 and published in the Official Gazette on 1 February 2016, cancelled Companies Law No. 2012, and its amendments. According to Article No. 5, the new law will be effective retrospectively from 26 of November 2012, and that the Executive Regulation of the Companies Law No. 25 of 2012 will continue until a new set of Executive Regulations are listed.

## **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 2015. This condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

Operating results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the Company's functional and presentation currency.

## **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 preparation of the annual audited consolidated financial statements for the year ended 31 December 2015, 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 January 2016 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

### ***Standards issued but not yet effective***

Standards issued but not yet effective during the period ended 31 March 2016 is listed below:

#### ***IFRS 16 – Leases***

In January 2016, the IASB issued IFRS 16 Leases. The new standard requires lessees to recognise assets and liabilities for most leases on-balance sheet. Lessees applying IFRS 16 will have a single accounting model, with certain exemptions. Lessors applying IFRS 16 will classify leases using the same principle as in IAS 17 and lessor accounting is substantially unchanged.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group intends to adopt this standard when it becomes effective. However, the Group expects no material impact from the adoption on its financial position or performance.

#### **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 2015.

#### **5. Bank balances, cash and wakala deposits**

	<b>31 March 2016 KD (Unaudited)</b>	<b>31 December 2015 KD (Audited)</b>	<b>31 March 2015 KD (Unaudited)</b>
Bank balances and cash	<b>2,304,519</b>	3,208,900	3,350,316
Wakala deposits	<b>1,903,582</b>	1,900,000	1,800,000
Bank balances and cash and wakala deposits in the interim consolidated statement of financial position	<b>4,208,101</b>	5,108,900	5,150,316
Restricted bank balances and wakala deposits of more than three months	<b>(2,393,431)</b>	(2,445,904)	(2,067,877)
Cash and cash equivalents in the interim consolidated statement of cash flows	<b>1,814,670</b>	2,662,996	3,082,439

Wakala deposits with original maturity of more than three months include KD 1,800,000 (31 December 2015: KD 1,800,000 and 31 March 2015: KD 1,800,000) representing margin deposits held as a security against the letters of guarantee (note 11).

Restricted bank balances represent margin deposits that are held as security against letters of guarantee (note 11).

## 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 Company'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>	<b>31 March 2016 KD (Unaudited)</b>	<b>31 December 2015 KD (Audited)</b>	<b>31 March 2015 KD (Unaudited)</b>
<i>The Ultimate Parent Company</i>			
Bank balances, cash and wakala deposits	<b>518,715</b>	599,487	845,895
Murabaha payables	<b>372,635</b>	222,635	-
<i>The Parent Company</i>			
Accounts payable and other liabilities	<b>1,299</b>	-	3,012
Murabaha payables	<b>1,345,550</b>	1,335,682	-
<i>Entities related to the shareholders</i>			
Accounts receivables and other assets	<b>6,795</b>	10,602	10,550
Accounts payable and other liabilities	<b>270,697</b>	308,380	296,613
<i>Transactions included in the interim consolidated statement of profit or loss</i>		<b>Three month period ended 31 March</b>	
		<b>2016 KD (Unaudited)</b>	<b>2015 KD (Unaudited)</b>
<i>The Ultimate Parent Company</i>			
Finance income		<b>2,852</b>	3,948
Murabaha finance cost		<b>9,289</b>	-
<i>The Parent Company</i>			
Murabaha finance cost		<b>9,868</b>	-
<i>Compensation of key management personnel</i>			
Short term benefits		<b>151,220</b>	149,473
Termination benefits		<b>8,587</b>	10,098
		<b>159,807</b>	<b>159,571</b>

During the three months ended, the Group has entered into transactions with related parties on substantially the same terms as those with other parties on an arm's length basis.

## 7. Murabaha payables

Murabaha facilities are unsecured and are obtained from related parties (note 6).

## 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:

	<b>Three month period ended 31 March</b>	
	<b>2016 (Unaudited)</b>	<b>2015 (Unaudited)</b>
Profit / (loss) for the period attributable to shareholders of the Company (KD)	<b>956,632</b>	(1,024,585)
Weighted average number of outstanding shares	<b>750,000,000</b>	750,000,000
Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (fils)	<b>1.28</b>	(1.37)

## 9. Fair values of financial assets

### 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 was determined based on the valuation performed as at 31 December 2015 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).

	<b>Level 1 KD</b>	<b>Level 2 KD</b>	<b>Total fair value KD</b>
<b>31 March 2016</b>			
<b>Financial assets at fair value through profit or loss</b>			
Investment in an unquoted fund	-	8,129,208	8,129,208
<b>Financial assets available for sale</b>			
Quoted equity securities	334,329	-	334,329
Investment property	-	5,572,901	5,572,901
	<u>334,329</u>	<u>13,702,109</u>	<u>14,036,438</u>

**9. Fair values of financial assets (continued)**

	<b>Level 1 KD</b>	<b>Level 2 KD</b>	<b>Total fair value KD</b>
<b>31 December 2015</b>			
<b>Financial assets at fair value through profit or loss</b>			
Investment in an unquoted fund	-	6,783,834	6,783,834
<b>Financial assets available for sale</b>			
Quoted equity securities	328,561	-	328,561
Investment property	-	5,652,030	5,652,030
	<u>328,561</u>	<u>12,435,864</u>	<u>12,764,425</u>
<b>31 March 2015</b>			
<b>Financial assets at fair value through profit or loss</b>			
Investment in an unquoted fund	-	6,522,507	6,522,507
<b>Financial assets available for sale</b>			
Quoted equity securities	336,935	-	336,935
Investment property	-	7,751,287	7,751,287
	<u>336,935</u>	<u>14,273,794</u>	<u>14,610,729</u>

During the periods ended 31 March 2016, 31 December 2015 and 31 March 2015, 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 25,926,856 (31 December 2015: KD 25,926,856 and 31 March 2015: 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.

**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 Higleig, a subsidiary, and the restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) provided by The Central Bank of Sudan (CBS). The conversion factors used to restate the financial statements of the subsidiary are as follows:

	<b>Index</b>	<b>Conversion Factor</b>
31 March 2016	527.700	1.011
31 December 2015	521.800	1.081
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

# **10. Hyperinflation adjustment (continued)**

The above mentioned restatement has been accounted for as follows:

- i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at the 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.

The hyperinflation adjustment of KD 77,934 (31 December 2015: KD 2,671,992 and 31 March 2015: KD 539,508) in the books of Higleig, up to 31 March 2016, has been adjusted directly in the interim consolidated statement of changes in equity.

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

	<b>31 March 2016 KD (Unaudited)</b>	<b>31 December 2015 KD (Audited)</b>	<b>31 March 2015 KD (Unaudited)</b>
Property and equipment	<b>147,412</b>	320,110	228,363
Investment in associate	-	(73,645)	(175,962)
Investment property	-	(2,179,062)	-
Inventories	<b>1,266</b>	442,798	273,458
Provision for staff indemnity	-	27,516	(9,489)
Other impact on the consolidated statement of profit or loss	<b>(178,589)</b>	(501,784)	(15,572)
	<b>(29,911)</b>	(1,964,067)	300,798

**10. Hyperinflation adjustment (continued)**

**Interim Consolidated statement of changes in equity**

	<b>31 March 2016 KD (Unaudited)</b>	<b>31 December 2015 KD (Audited)</b>	<b>31 March 2015 KD (Unaudited)</b>
<b>Attributable to:</b>			
Shareholders of the Company	50,073	(1,716,755)	346,634
Non-controlling interests	27,861	(955,237)	192,874
	<u>77,934</u>	<u>(2,669,946)</u>	<u>539,508</u>

**Interim Consolidated statement of profit or loss**

Shareholders of the Company	(69,290)	454,842	(153,371)
Non-controlling interests	(38,555)	253,083	(85,339)
	<u>(107,845)</u>	<u>707,925</u>	<u>(238,710)</u>
<b>Total impact of hyperinflation</b>	<u>(29,911)</u>	<u>(1,964,067)</u>	<u>300,798</u>

**11. Commitments and contingent liabilities**

	<b>31 March 2016 KD (Unaudited)</b>	<b>31 December 2015 KD (Audited)</b>	<b>31 March 2015 KD (Unaudited)</b>
<b>Capital commitments</b>			
Commitment towards contribution of fund expenses	996,366	994,379	1,065,634
Financial assets available for sale	6,496,200	6,480,000	7,110,000
	<u>7,492,566</u>	<u>7,474,379</u>	<u>8,175,634</u>
<b>Contingent liabilities</b>			
Letters of guarantee	4,854,226	6,764,733	2,067,877
Letter of credit	-	195,098	-
	<u>4,854,226</u>	<u>6,959,831</u>	<u>2,067,877</u>

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

## 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.

	<b>Energy KD</b>	<b>Others KD</b>	<b>Total KD</b>
<b>Three months ended 31 March 2016 (Unaudited)</b>			
Segment revenues	<u>4,629,899</u>	<u>-</u>	<u>4,629,899</u>
Profit for the period	<u>946,423</u>	<u>30,333</u>	<u>976,756</u>
<b>Three months ended 31 March 2015 (Unaudited)</b>			
Segment revenues	<u>3,895,211</u>	<u>-</u>	<u>3,895,211</u>
(Loss) / profit for the period	<u>(1,146,445)</u>	<u>77,909</u>	<u>(1,068,536)</u>
<b>As at 31 March 2016 (Unaudited)</b>			
Segment assets	<u>63,777,571</u>	<u>5,572,901</u>	<u>69,350,472</u>
<b>As at 31 December 2015 (Audited)</b>			
Segment assets	<u>63,170,920</u>	<u>5,652,030</u>	<u>68,822,950</u>
<b>As at 31 March 2015 (Unaudited)</b>			
Segment assets	<u>68,714,647</u>	<u>7,751,287</u>	<u>76,465,934</u>