

**THE ENERGY HOUSE HOLDING COMPANY  
K.S.C.P. AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

**30 JUNE 2017**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE ENERGY HOUSE HOLDING COMPANY K.S.C.P.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Energy House Holding Company K.S.C.P. (“the Company”) and its subsidiaries (collectively, “the Group”), as at 30 June 2017 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated 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.

### ***Other Matter***

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by other auditors whose report dated 8 February 2017 expressed an unqualified opinion on those consolidated financial statements.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

### ***Report on review of Other Legal and Regulatory Requirements***

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, or of the Company's Memorandum of Incorporation and Articles of Association have occurred during the six months period ended 30 June 2017 that might have had a material effect on the business of the Company or on its financial position.



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WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

10 August 2017  
Kuwait

# The Energy House Holding Company K.S.C.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 30 June 2017

		(Audited)	
	30 June	31 December	30 June
	2017	2016	2016
	KD	KD	KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7,350,883	7,065,417	10,562,935
Intangible assets and goodwill	-	-	16,480
Investment property	3,760,600	3,736,749	5,629,422
Investment in associates	1,875,857	1,762,855	1,819,506
Financial assets available for sale	14,348,422	14,346,212	24,764,576
Financial assets at fair value through profit or loss	7,430,795	7,964,538	7,903,012
Other assets	-	64,693	194,299
	<u>34,766,557</u>	<u>34,940,464</u>	<u>50,890,230</u>
<b>Current assets</b>			
Inventories	2,463,742	1,473,369	1,388,796
Trade and other receivables	9,270,464	9,438,724	9,450,798
Bank balances, cash and wakala deposits	3,116,991	5,316,618	3,960,509
	<u>14,851,197</u>	<u>16,228,711</u>	<u>14,800,103</u>
<b>TOTAL ASSETS</b>	<u>49,617,754</u>	<u>51,169,175</u>	<u>65,690,333</u>
<b>EQUITY AND LIABILITIES</b>			
<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	247,136	(823,653)	(718,275)
Cumulative changes in fair value reserve	46,112	46,112	27,659
Accumulated losses	(42,480,034)	(41,752,960)	(22,643,735)
Equity attributable to shareholders of the Company	<u>32,981,458</u>	<u>32,637,743</u>	<u>51,833,893</u>
Non-controlling interests	4,760,204	3,535,988	4,896,697
<b>Total equity</b>	<u>37,741,662</u>	<u>36,173,731</u>	<u>56,730,590</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Employees' end of service benefits	564,288	660,870	579,825
	<u>564,288</u>	<u>660,870</u>	<u>579,825</u>
<b>Current liabilities</b>			
Trade and other payables	5,298,484	8,072,920	6,461,376
Murabaha payables	6,013,320	6,261,654	1,918,542
	<u>11,311,804</u>	<u>14,334,574</u>	<u>8,379,918</u>
<b>Total liabilities</b>	<u>11,876,092</u>	<u>14,995,444</u>	<u>8,959,743</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>49,617,754</u>	<u>51,169,175</u>	<u>65,690,333</u>

Ahmed Issa Al-Sumait  
Chairman

Bader Khaled Al-Zamami  
Vice Chairman

The attached notes 1 to 11 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
 (UNAUDITED)

For the period ended 30 June 2017

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2017	2016	2017	2016
		KD	KD	KD	KD
<b>REVENUE</b>					
Contract revenue		3,726,772	1,932,748	7,130,715	5,681,150
Services revenue		335,123	639,813	1,416,794	1,521,310
		<u>4,061,895</u>	<u>2,572,561</u>	<u>8,547,509</u>	<u>7,202,460</u>
<b>COST OF REVENUE</b>					
Contract costs		(4,028,583)	(2,556,968)	(7,047,852)	(6,284,466)
Services cost		(536,416)	(642,748)	(1,258,558)	(1,210,446)
		<u>(4,564,999)</u>	<u>(3,199,716)</u>	<u>(8,306,410)</u>	<u>(7,494,912)</u>
<b>GROSS (LOSS) PROFIT</b>		<b>(503,104)</b>	<b>(627,155)</b>	<b>241,099</b>	<b>(292,452)</b>
Other income		71,433	56,746	190,387	135,470
Investment property rental income		65,788	18,461	110,552	40,322
Reversal of impairment loss on property and equipment		-	583,483	-	583,483
Net investment loss	6	(308,510)	(1,881,436)	(501,813)	(433,131)
Share of results from associates		128,002	(50,759)	105,121	(68,853)
Impairment loss on investment in associates		-	(546,721)	-	(546,721)
Staff costs		(554,436)	(450,637)	(906,828)	(976,816)
General and administration expenses		(521,179)	(228,166)	(1,042,858)	(882,916)
Allowance for doubtful debts		(407,691)	-	(507,691)	-
Finance costs		(79,479)	(24,937)	(107,359)	(46,463)
Foreign exchange gain		1,257,990	682,187	915,608	1,146,018
<b>OPERATING LOSS</b>		<b>(851,186)</b>	<b>(2,468,934)</b>	<b>(1,503,782)</b>	<b>(1,342,059)</b>
Monetary (loss) gain from hyperinflation	9	(27,152)	(141,341)	599,878	(249,186)
<b>LOSS FOR THE PERIOD BEFORE TAX</b>		<b>(878,338)</b>	<b>(2,610,275)</b>	<b>(903,904)</b>	<b>(1,591,245)</b>
Taxation on foreign operations		(91,383)	(6,139)	(235,106)	(48,413)
<b>LOSS FOR THE PERIOD</b>		<b>(969,721)</b>	<b>(2,616,414)</b>	<b>(1,139,010)</b>	<b>(1,639,658)</b>
<b>Attributable to:</b>					
Shareholders of the Company		(1,076,904)	(2,446,069)	(1,381,413)	(1,489,437)
Non-controlling interests		107,183	(170,345)	242,403	(150,221)
		<u>(969,721)</u>	<u>(2,616,414)</u>	<u>(1,139,010)</u>	<u>(1,639,658)</u>
<b>BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	7	<b>(1.44) fils</b>	<b>(3.26) fils</b>	<b>(1.84) fils</b>	<b>(1.99) fils</b>

The attached notes 1 to 11 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME (UNAUDITED)  
 For the period ended 30 June 2017

	<i>Three months ended</i> 30 June		<i>Six months ended</i> 30 June	
	<i>2017</i> <i>KD</i>	<i>2016</i> <i>KD</i>	<i>2017</i> <i>KD</i>	<i>2016</i> <i>KD</i>
<b>Loss for the period</b>	<b>(969,721)</b>	<b>(2,616,414)</b>	<b>(1,139,010)</b>	<b>(1,639,658)</b>
<b>Other comprehensive income (loss):</b> <i>Items that are (or) may be reclassified</i> <i>subsequently to the interim condensed</i> <i>consolidated statement of profit or loss</i>				
Share of foreign currency translation reserve of associates	(27,977)	(34,560)	3,544	(51,198)
Net exchange difference on translation of foreign operations	1,579,976	200,058	1,684,973	(122,373)
Net changes in fair values of financial assets available for sale	-	(21)	-	10,452
<b>Other comprehensive income (loss) for the period</b>	<b>1,551,999</b>	<b>165,477</b>	<b>1,688,517</b>	<b>(163,119)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>582,278</b>	<b>(2,450,937)</b>	<b>549,507</b>	<b>(1,802,777)</b>
<b>Attributable to:</b>				
Shareholders of the Company	(112,093)	(2,327,219)	(310,624)	(1,636,260)
Non-controlling interests	694,371	(123,718)	860,131	(166,517)
	<b>582,278</b>	<b>(2,450,937)</b>	<b>549,507</b>	<b>(1,802,777)</b>

The attached notes 1 to 11 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

For the period ended 30 June 2017

	<i>Six months ended</i>	
	<i>30 June</i>	
<i>Notes</i>	<b>2017</b>	<b>2016</b>
	<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>		
Loss for the period before tax	<b>(903,904)</b>	(1,591,245)
Adjustments to reconcile loss for the period before tax to net cash flows:		
Gain on disposal of property and equipment	<b>(22,208)</b>	(13,950)
Investment property rental income	<b>(110,552)</b>	(40,322)
Reversal of impairment loss on property and equipment	-	(583,483)
Net investment loss	<b>501,813</b>	433,131
Share of results of associates	<b>(105,121)</b>	68,853
Impairment loss on investment in associates	-	546,721
Employees' end of service benefits provided	<b>70,950</b>	92,232
Depreciation	<b>607,635</b>	1,076,221
Allowance for doubtful debts	<b>507,691</b>	-
Finance costs	<b>107,359</b>	46,463
Monetary (gain) loss from hyperinflation	<b>(599,878)</b>	249,186
	<b>53,785</b>	283,807
Working capital adjustments:		
Inventories	<b>(362,371)</b>	232,337
Trade and other receivables	<b>(274,738)</b>	1,072,462
Trade and other payables	<b>(3,009,542)</b>	(1,529,607)
Cash flows (used in) from operations	<b>(3,592,866)</b>	58,999
Employees' end of service benefits paid	<b>(198,728)</b>	(79,116)
Net cash flows used in operating activities	<b>(3,791,594)</b>	(20,117)
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<b>(416,619)</b>	(965,453)
Proceeds from sale of property and equipment	<b>237,783</b>	79,798
Purchase of financial assets at fair value through profit or loss	-	(101,794)
Net movement in restricted bank balances and deposits	<b>128,757</b>	51,527
Rental income received	<b>110,552</b>	40,322
Dividend income received	-	9,605
Net cash flows from (used in) investing activities	<b>60,473</b>	(885,995)
<b>FINANCING ACTIVITIES</b>		
Finance costs paid	<b>(30,252)</b>	(12,737)
Net movement in Murabaha payables	<b>(325,442)</b>	257,506
Dividends paid to non-controlling interests	-	(300,828)
Net cash flows used in financing activities	<b>(355,694)</b>	(56,059)
Effect of foreign currency translation and hyperinflation adjustment	<b>2,015,945</b>	(134,693)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,070,870)</b>	(1,096,864)
Cash and cash equivalents as at the beginning of the period	<b>3,066,044</b>	2,662,996
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</b>	<b>995,174</b>	1,566,132

The attached notes 1 to 11 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the period ended 30 June 2017

	Attributable to shareholders of the Company										
	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Other reserves KD	Foreign currency translation reserve KD	Cumulative changes in fair value reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2017	75,000,000	193,550	472,723	314,957	(812,986)	(823,653)	46,112	(41,752,960)	32,637,743	3,535,988	36,173,731
(Loss) profit for the period	-	-	-	-	-	-	-	(1,381,413)	(1,381,413)	242,403	(1,139,010)
Other comprehensive income for the period	-	-	-	-	-	1,070,789	-	-	1,070,789	617,728	1,688,517
Total comprehensive income (loss) for the period	-	-	-	-	-	1,070,789	-	(1,381,413)	(310,624)	860,131	549,507
Hyperinflation adjustment (Note 9)	-	-	-	-	-	-	-	654,339	654,339	364,085	1,018,424
<b>As at 30 June 2017</b>	<b>75,000,000</b>	<b>193,550</b>	<b>472,723</b>	<b>314,957</b>	<b>(812,986)</b>	<b>247,136</b>	<b>46,112</b>	<b>(42,480,034)</b>	<b>32,981,458</b>	<b>4,760,204</b>	<b>37,741,662</b>
As at 1 January 2016	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
Loss for the period	-	-	-	-	-	-	-	(1,489,437)	(1,489,437)	(150,221)	(1,639,658)
Other comprehensive (loss) income for the period	-	-	-	-	-	(153,551)	6,728	-	(146,823)	(16,296)	(163,119)
Total comprehensive (loss) income for the period	-	-	-	-	-	(153,551)	6,728	(1,489,437)	(1,636,260)	(166,517)	(1,802,777)
Hyperinflation adjustment (Note 9)	-	-	-	-	-	-	-	50,073	50,073	27,861	77,934
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(300,828)	(300,828)
<b>As at 30 June 2016</b>	<b>75,000,000</b>	<b>193,550</b>	<b>472,723</b>	<b>314,957</b>	<b>(812,986)</b>	<b>(718,275)</b>	<b>27,659</b>	<b>(22,643,735)</b>	<b>51,833,893</b>	<b>4,896,697</b>	<b>56,730,590</b>

The attached notes 1 to 11 form an integral part of this interim condensed consolidated financial information.

# The Energy House Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2017

### 1 CORPORATE INFORMATION AND ACTIVITIES

The interim condensed consolidated financial information of The Energy House Holding Company K.S.C.P. (the "Company") and its subsidiaries (collectively the "Group") for the six months period ended 30 June 2017 were authorised for issuance in accordance with a resolution of the Board of Directors of the Company on 10 August 2017.

The Company is a Kuwaiti shareholding company registered and incorporated in the State of Kuwait under commercial registration no. 68770 dated 30 July 1996. The Company's shares are listed on the Kuwait Stock Exchange.

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 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;
- Owing 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 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 Annual General Assembly (AGM) of the Company for the year ended 31 December 2016 held on 30 March 2017, approved the followings:

- Consolidated financial statements of the Group for the year ended 31 December 2016; and
- No dividends for the year ended 31 December 2016.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information.

Operating results for the six months period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the consolidated financial statements for the year ending 31 December 2017.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016 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 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Group.



# The Energy House Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2017

### 3 BANK BALANCES, CASH AND WAKALA DEPOSITS

	<i>30 June</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2016</i> <i>KD</i>	<i>30 June</i> <i>2016</i> <i>KD</i>
Bank balances and cash	<b>1,224,313</b>	3,423,940	2,056,006
Wakala deposits	<b>1,892,678</b>	1,892,678	1,904,503
Bank balances, cash and wakala deposits as per the interim condensed consolidated statement of financial position	<b>3,116,991</b>	5,316,618	3,960,509
Restricted bank balances	<b>(229,139)</b>	(357,896)	(594,377)
Restricted wakala deposits of more than three months	<b>(1,892,678)</b>	(1,892,678)	(1,800,000)
Cash and cash equivalents as per the interim condensed consolidated statement of cash flows	<b>995,174</b>	3,066,044	1,566,132

Restricted bank balances of KD 229,139 (31 December 2016: KD 357,896 and 30 June 2016: KD 594,377) represent margin deposits that are held as security against letters of guarantee (Note 10).

Wakala deposits with original maturity of more than three months of KD 1,892,678 (31 December 2016: KD 1,892,678 and 30 June 2016: KD 1,800,000) represents margin deposits held as a security against the letters of guarantee (Note 10).

### 4 MURABAHA PAYABLES

The average cost rate attributable to murabaha payable during the period was 3.5% per annum (31 December 2016: 3.5% per annum and 30 June 2016: 3.5% per annum).

Murabaha facilities are unsecured. Included in Murabaha facilities is an amount of KD 5,818,174 (31 December 2016: KD 6,037,429 and 30 June 2016: KD 1,728,275) obtained from related parties (Note 5).

### 5 RELATED PARTY TRANSACTIONS

Related parties represent the i.e. major shareholders, associates, 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.

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>Ultimate Parent Company</i> <i>KD</i>	<i>Parent Company</i> <i>KD</i>	<i>Entities under common control</i> <i>KD</i>	<i>30 June</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2016</i> <i>KD</i>	<i>30 June</i> <i>2016</i> <i>KD</i>
Trade and other receivables	-	402	8,939	<b>9,341</b>	9,409	2,323
Bank balances, cash and wakala deposits	2,274,239	-	-	<b>2,274,239</b>	2,865,658	650,575
Trade and other payables	-	-	21,287	<b>21,287</b>	12,216	223,848
Murabaha payables (Note 4)	888,638	4,929,536	-	<b>5,818,174</b>	6,037,429	1,728,275

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2017

**5 RELATED PARTY TRANSACTIONS (continued)**

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

	Ultimate Parent Company KD	Parent Company KD	Six months ended 30 June	
			2017 KD	2016 KD
Other income	22,163	-	22,163	2,852
Finance costs	15,562	69,825	85,387	31,274

Contingent liabilities with related parties included in the interim condensed consolidated financial information are as follows:-

	Ultimate Parent Company KD	30 June 2017 KD	(Audited)	30 June 2016 KD
			31 December 2016 KD	
Letters of credit	1,632,690	1,632,690	1,063,297	-
Letters of guarantee	4,501,541	4,501,541	4,817,334	4,854,226

**Compensation of key management personnel**

The remuneration of key management personnel of the Group during the period were as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 KD	2016 KD	2017 KD	2016 KD
Salaries and short term benefits	72,514	133,751	233,578	284,971
Termination benefits	4,461	6,870	11,002	15,457
	<b>76,975</b>	<b>140,621</b>	<b>244,580</b>	<b>300,428</b>

**6 NET INVESTMENT LOSS**

	Three months ended 30 June		Six months ended 30 June	
	2017 KD	2016 KD	2017 KD	2016 KD
Impairment loss on financial assets available for sale	-	(1,500,000)	-	(1,500,000)
Unrealised (loss) gain on financial assets at fair value through profit or loss	(308,510)	(381,436)	(501,813)	1,070,509
Realised loss on sale of financial assets at fair value through profit or loss	-	-	-	(3,640)
	<b>(308,510)</b>	<b>(1,881,436)</b>	<b>(501,813)</b>	<b>(433,131)</b>

The Energy House Holding Company K.S.C.P. and its Subsidiaries

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**7 BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**

Basic and diluted loss per share attributable to shareholders of the Company is computed by dividing the loss for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Loss for the period attributable to shareholders of the Company	<b>(1,076,904)</b>	(2,446,069)	<b>(1,381,413)</b>	(1,489,437)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	<b>750,000,000</b>	750,000,000	<b>750,000,000</b>	750,000,000
<b>Basic and diluted loss per share attributable to shareholders of the Company</b>	<b>(1.44) fils</b>	(3.26) fils	<b>(1.84) fils</b>	(1.99) fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

**8 FAIR VALUES**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets available for sale, financial assets at fair value through profit or loss, trade and other receivables and bank balances, cash and wakala deposits.

Financial liabilities consist of trade and other payables and murabaha payables.

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 14,000,000 (31 December 2016: KD 14,000,000 and 30 June 2016: KD 24,426,856), are not materially different from their carrying values.

**Determination of fair value and fair value hierarchy:**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted prices in active market for the same instrument;

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

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**8 FAIR VALUES (continued)**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

<i>As at 30 June 2017</i>	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Total KD</i>
<i>Financial assets at fair value through profit or loss:</i>			
Investment in an unquoted fund	-	7,430,795	7,430,795
<i>Financial assets available for sale:</i>			
Quoted equity securities	348,422	-	348,422
	<u>348,422</u>	<u>7,430,795</u>	<u>7,779,217</u>
	<u><u>348,422</u></u>	<u><u>7,430,795</u></u>	<u><u>7,779,217</u></u>
<i>As at 31 December 2016 (Audited)</i>	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Total KD</i>
<i>Financial assets at fair value through profit or loss:</i>			
Investment in an unquoted fund	-	7,964,538	7,964,538
<i>Financial assets available for sale:</i>			
Quoted equity securities	346,212	-	346,212
	<u>346,212</u>	<u>7,964,538</u>	<u>8,310,750</u>
	<u><u>346,212</u></u>	<u><u>7,964,538</u></u>	<u><u>8,310,750</u></u>
<i>As at 30 June 2016</i>	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Total KD</i>
<i>Financial assets at fair value through profit or loss:</i>			
Investment in an unquoted fund	-	7,903,012	7,903,012
<i>Financial assets available for sale:</i>			
Quoted equity securities	337,720	-	337,720
	<u>337,720</u>	<u>7,903,012</u>	<u>8,240,732</u>
	<u><u>337,720</u></u>	<u><u>7,903,012</u></u>	<u><u>8,240,732</u></u>

During the periods ended 30 June 2017, 31 December 2016 and 30 June 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

**Non-financial assets**

	<i>Level 3 KD</i>	<i>Total KD</i>
<b>30 June 2017</b>		
Investment property	3,760,600	3,760,600
	<u>3,760,600</u>	<u>3,760,600</u>
	<u><u>3,760,600</u></u>	<u><u>3,760,600</u></u>
<b>31 December 2016 (Audited)</b>		
Investment property	3,736,749	3,736,749
	<u>3,736,749</u>	<u>3,736,749</u>
	<u><u>3,736,749</u></u>	<u><u>3,736,749</u></u>
<b>30 June 2016</b>		
Investment property	5,629,422	5,629,422
	<u>5,629,422</u>	<u>5,629,422</u>
	<u><u>5,629,422</u></u>	<u><u>5,629,422</u></u>

**8 FAIR VALUES (continued)**

**Investment property**

*Developed property*

Developed property is valued using the income capitalization approach, which is based on capitalization of the discounted annual cash flows from the property, which is calculated by discounting rental income generated annually by the property using the current market discount rate.

**9 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 Higlieig, 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>
<b>30 June 2017</b>	<b>723.000</b>	<b>1.069</b>
31 December 2016	617.400	1.101
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

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 interim condensed 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 interim condensed 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 convention.

The hyperinflation adjustment of KD 1,018,424 (31 December 2016: KD 864,226 and 30 June 2016: KD 77,934) in the books of Higlieig, up to 30 June 2017, has been adjusted directly in the interim condensed consolidated statement of changes in equity.

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**9 HYPERINFLATION ADJUSTMENT (continued)**

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

	<i>30 June</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2016</i> <i>KD</i>	<i>30 June</i> <i>2016</i> <i>KD</i>
Property and equipment	525,504	320,933	33,350
Investment in associate	-	34,737	(549,378)
Investment property	-	(461,053)	-
Inventories	628,002	(81,342)	(41,019)
Other impact on the interim condensed consolidated statement of profit or loss	464,796	(384,702)	385,795
	<u>1,618,302</u>	<u>(571,427)</u>	<u>(171,252)</u>

**Interim condensed consolidated statement of changes in equity:**

	<i>30 June</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2016</i> <i>KD</i>	<i>30 June</i> <i>2016</i> <i>KD</i>
<b>Attributable to:</b>			
Shareholders of the Company	654,339	(555,266)	50,073
Non-controlling interests	364,085	(308,960)	27,861
	<u>1,018,424</u>	<u>(864,226)</u>	<u>77,934</u>

**Interim condensed consolidated statement of profit or loss:**

	<i>30 June</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2016</i> <i>KD</i>	<i>30 June</i> <i>2016</i> <i>KD</i>
Shareholders of the Company	385,422	188,123	(160,102)
Non-controlling interests	214,456	104,676	(89,084)
	<u>599,878</u>	<u>292,799</u>	<u>(249,186)</u>
<b>Total impact of hyperinflation</b>	<u>1,618,302</u>	<u>(571,427)</u>	<u>(171,252)</u>

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10 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 June</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2016</i> <i>KD</i>	<i>30 June</i> <i>2016</i> <i>KD</i>
<b>Capital commitments:</b>			
Commitment towards contribution of fund expenses	818,813	903,683	961,002
Financial assets available for sale	<u>6,569,100</u>	<u>6,593,400</u>	<u>6,536,700</u>
	<u><u>7,387,913</u></u>	<u><u>7,497,083</u></u>	<u><u>7,497,702</u></u>
<b>Contingent liabilities:</b>			
Letters of guarantee	4,501,541	4,817,334	4,854,226
Letters of credit	<u>1,632,690</u>	<u>1,063,297</u>	<u>-</u>
	<u><u>6,134,231</u></u>	<u><u>5,880,631</u></u>	<u><u>4,854,226</u></u>

Restricted bank balances of KD 229,139 (31 December 2016: KD 357,896 and 30 June 2016: KD 594,377) represent margin deposits that are held as security against letters of guarantee (Note 3).

Wakala deposits with original maturity of more than three months of KD 1,892,678 (31 December 2016: KD 1,892,678 and 30 June 2016: KD 1,800,000) represents margin deposits held as a security against the letters of guarantee (Note 3).

No material liabilities are anticipated to arise out of contingent liabilities.

11 SEGMENTAL 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.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The following table presents segment revenue, results, assets and liabilities information regarding the Group's operating business segments:

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11 SEGMENTAL INFORMATION (continued)

	<i>Energy</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>30 June 2017</i>			
Segment revenues	8,547,509	-	8,547,509
Loss for the period	(1,014,456)	(124,554)	(1,139,010)
<i>30 June 2016</i>			
Segment revenues	7,202,460	-	7,202,460
Loss for the period	(1,631,567)	(8,091)	(1,639,658)
<i>As at 30 June 2017</i>			
Segment assets	45,857,154	3,760,600	49,617,754
Segment liabilities	11,876,092	-	11,876,092
<i>As at 31 December 2016 (Audited)</i>			
Segment assets	47,432,426	3,736,749	51,169,175
Segment liabilities	14,995,444	-	14,995,444
<i>As at 30 June 2016</i>			
Segment assets	60,060,911	5,629,422	65,690,333
Segment liabilities	8,959,743	-	8,959,743