

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

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

**31 MARCH 2019**



Building a better  
working world

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## 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 31 March 2019 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the three 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.

### *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 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, as amended, or of the Company's Memorandum of Incorporation and Articles of Association have occurred during the three months period ended 31 March 2019 that might have had a material effect on the business of the Company or on its financial position.


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

13 May 2019  
Kuwait

The Energy House Holding Company K.S.C.P. and its Subsidiaries  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 (UNAUDITED)  
 As at 31 March 2019

		(Audited)	
	Notes	31 March 2019 KD	31 December 2018 KD
		31 March 2018 KD	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		1,689,872	1,375,494
Right-of-use assets		412,271	-
Investment property		3,600,301	3,600,301
Investment in associate		240,954	156,187
Financial assets at fair value through other comprehensive Income		85,704	14,723,870
Financial assets at fair value through profit or loss		3,918,758	6,364,385
		<u>9,947,860</u>	<u>26,220,237</u>
			<u>33,789,191</u>
<b>Current assets</b>			
Inventories		877,026	871,784
Account receivables and other debit balances		5,577,739	4,636,242
Cash and cash equivalents	3	21,757,160	1,989,382
		<u>28,211,925</u>	<u>7,497,408</u>
			<u>9,584,373</u>
<b>TOTAL ASSETS</b>		<u><u>38,159,785</u></u>	<u><u>33,717,645</u></u>
			<u><u>43,373,564</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		75,000,000	75,000,000
Share premium		193,550	193,550
Statutory reserve		472,723	472,723
Voluntary reserve		314,957	314,957
Other reserves		(700,997)	(700,997)
Foreign currency translation reserve		(7,889,486)	(7,882,376)
Fair value reserve		99,444	744,876
Accumulated losses		(40,935,649)	(46,075,916)
<b>Equity attributable to equity holders of the Company</b>		<u>26,554,542</u>	<u>23,511,503</u>
Non-controlling interests		2,780,017	2,556,858
<b>Total equity</b>		<u>29,334,559</u>	<u>26,068,361</u>
			<u>33,611,384</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		161,261	147,123
Murabaha payables		-	2,589,180
Lease liabilities		387,348	-
		<u>548,609</u>	<u>2,736,303</u>
			<u>286,751</u>
<b>Current liabilities</b>			
Account payables and other liabilities		3,022,035	2,313,971
Murabaha payables	4	5,229,204	2,599,010
Lease liabilities		25,378	-
		<u>8,276,617</u>	<u>4,912,981</u>
			<u>9,475,429</u>
<b>Total liabilities</b>		<u>8,825,226</u>	<u>7,649,284</u>
			<u>9,762,180</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>38,159,785</u></u>	<u><u>33,717,645</u></u>
			<u><u>43,373,564</u></u>

  
 Ahmed Eissa Al-Sumait  
 Chairman

  
 Hamad A. Al-Qahtani  
 Chief Executive Officer

The attached notes from 1 to 10 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 INCOME (UNAUDITED)

For the period ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 KD	2018 KD
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>			
Contract revenue		575,678	296,271
Services revenue		789,855	291,616
		<u>1,365,533</u>	<u>587,887</u>
<b>COST OF REVENUE</b>			
Contract costs		(192,015)	(532,636)
Services costs		(688,937)	(247,914)
		<u>(880,952)</u>	<u>(780,550)</u>
<b>GROSS PROFIT (LOSS)</b>		<b>484,581</b>	<b>(192,663)</b>
Other income		7,262	5,423
Finance income		120	9,122
Unrealised (loss) gain on financial assets at fair value through profit or loss		(2,458,032)	380,125
Share of results of associates		84,767	1,300
Loss on sale of a subsidiary		-	(115,634)
Allowance for expected credit losses		-	(8,389)
Staff costs		(128,055)	(200,465)
General and administration expenses		(326,092)	(313,112)
Finance costs		(43,210)	(35,749)
Foreign exchange differences		447,973	666,661
<b>OPERATING (LOSS) INCOME</b>		<b>(1,930,686)</b>	<b>196,619</b>
Monetary (loss) gain from hyperinflation	8	(117,316)	227,470
<b>(LOSS) PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO TAX</b>		<b>(2,048,002)</b>	<b>424,089</b>
Taxation on foreign operations		(33,834)	(8,924)
<b>(LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS BEFORE CONTRIBUTION TO NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>		<b>(2,081,836)</b>	<b>415,165</b>
NLST		(96,027)	-
Zakat		(38,411)	-
<b>(LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(2,216,274)</b>	<b>415,165</b>
<b>DISCONTINUED OPERATIONS</b>			
Loss for the period from discontinued operations		-	(359,367)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(2,216,274)</b>	<b>55,798</b>
<b>Attributable to:</b>			
Equity holders of the Company		(2,409,872)	(62,804)
Non-controlling interests		193,598	118,602
		<u>(2,216,274)</u>	<u>55,798</u>
<b>BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	6	<b>(3.21) fils</b>	<b>(0.08) fils</b>

The attached notes from 1 to 10 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 31 March 2019

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
<b>(Loss) profit for the period</b>	<b>(2,216,274)</b>	<b>55,798</b>
<b>Other comprehensive income (loss):</b>		
<i>Items that are (or) may be reclassified subsequently to the interim condensed consolidated statement of income</i>		
Net exchange differences on translation of foreign operations	(19,954)	(938,843)
	<b>(19,954)</b>	<b>(938,843)</b>
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
Fair value gain on financial assets at fair value through other comprehensive income	5,404,136	48,521
<b>Total other comprehensive income (loss) for the period</b>	<b>5,384,182</b>	<b>(890,322)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>3,167,908</b>	<b>(834,524)</b>
<b>Attributable to:</b>		
Equity holders of the Company	2,979,888	(633,555)
Non-controlling interests	188,020	(200,969)
	<b>3,167,908</b>	<b>(834,524)</b>

The attached notes from 1 to 10 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 31 March 2019

	<i>Three months ended</i>	
	<i>31 March</i>	
<i>Note</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
(Loss) profit for the period before contribution to tax from continuing operations	(2,048,002)	424,089
Loss for the period from discontinued operations	-	(359,367)
	<u>(2,048,002)</u>	<u>64,722</u>
(Loss) profit for the period before contribution to tax		
Adjustments to reconcile (loss) profit for the period before contribution to tax to net cash flows:		
Loss from sale of property and equipment	614	225
Finance income	(120)	(9,122)
Loss on sale of a subsidiary	-	115,634
Unrealised loss (gain) on financial assets at fair value through profit or loss	2,458,032	(380,125)
Share of results of associates	(84,767)	(1,300)
Allowance for expected credit losses	-	8,389
Employees' end of service benefits provided	11,041	27,090
Depreciation of property and equipment and right-of-use assets	227,994	122,296
Finance costs	43,210	35,749
Foreign exchange differences	(447,973)	(666,661)
Monetary loss (gain) from hyperinflation	117,316	(227,470)
	<u>277,345</u>	<u>(910,573)</u>
Working capital adjustments:		
Inventories	231,674	82,428
Account receivables and other debit balances	(493,524)	860,005
Account payables and other liabilities	539,792	(242,378)
	<u>555,287</u>	<u>(210,518)</u>
Cash flows from (used in) operations		
Employees' end of service benefits paid	-	(298)
	<u>555,287</u>	<u>(210,816)</u>
Net cash flows from (used in) operating activities		
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of a subsidiary	-	2,353,426
Purchase of property and equipment	(418,007)	(36,947)
Proceeds from sale of financial assets at fair value through other comprehensive income	20,042,302	-
Proceeds from sale of property and equipment	9,690	11,725
Net movement in restricted bank balances and deposits	(2,329)	220,961
	<u>19,631,656</u>	<u>2,549,165</u>
Net cash flows from investing activities		
<b>FINANCING ACTIVITIES</b>		
Finance costs paid	(4,515)	(5,721)
Finance income received	120	9,122
Repayment of murabaha payables	3,287	(26,132)
Payment of lease liabilities	(5,850)	-
	<u>(6,958)</u>	<u>(22,731)</u>
Net cash flows used in financing activities		
Effect of foreign currency translation and hyperinflation adjustments	(414,536)	(182,169)
	<u>19,765,449</u>	<u>2,133,449</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as at the beginning of the period	1,963,407	1,108,852
	<u>21,728,856</u>	<u>3,242,301</u>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</b>	3	

The attached notes from 1 to 10 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 31 March 2019

*Attributable to the equity holders of the Company*

	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	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2019	75,000,000	193,550	472,723	314,957	(700,997)	(7,882,376)	744,876	(44,631,230)	23,511,503	2,556,858	26,068,361
(Loss) profit for the period	-	-	-	-	-	-	-	(2,409,872)	(2,409,872)	193,598	(2,216,274)
Other comprehensive (loss) income for the period	-	-	-	-	-	(7,110)	5,396,870	-	5,389,760	(5,578)	5,384,182
Total comprehensive (loss) income for the period	-	-	-	-	-	(7,110)	5,396,870	(2,409,872)	2,979,888	188,020	3,167,908
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(6,042,302)	6,042,302	-	-	-
Hyperinflation adjustment (Note 8)	-	-	-	-	-	-	-	63,151	63,151	35,139	98,290
<b>As at 31 March 2019</b>	<b>75,000,000</b>	<b>193,550</b>	<b>472,723</b>	<b>314,957</b>	<b>(700,997)</b>	<b>(7,889,486)</b>	<b>99,444</b>	<b>(40,935,649)</b>	<b>26,554,542</b>	<b>2,780,017</b>	<b>29,334,559</b>
As at 1 January 2018	75,000,000	193,550	472,723	314,957	(812,986)	(170,189)	52,873	(45,884,980)	29,165,948	4,849,544	34,015,492
Adjustment on adoption of IFRS 9	-	-	-	-	-	-	-	(181,717)	(181,717)	(101,111)	(282,828)
As at 1 January 2018 (Adjusted)	75,000,000	193,550	472,723	314,957	(812,986)	(170,189)	52,873	(46,066,697)	28,984,231	4,748,433	33,732,664
(Loss) profit for the period	-	-	-	-	-	-	-	(62,804)	(62,804)	118,602	55,798
Other comprehensive (loss) income for the period	-	-	-	-	-	(601,926)	31,175	-	(570,751)	(319,571)	(890,322)
Total comprehensive (loss) income for the period	-	-	-	-	-	(601,926)	31,175	(62,804)	(633,555)	(200,969)	(834,524)
Hyperinflation adjustment (Note 8)	-	-	-	-	-	-	-	165,574	165,574	92,129	257,703
Discontinued operations	-	-	-	-	111,989	-	-	(111,989)	-	455,541	455,541
As at 31 March 2018	75,000,000	193,550	472,723	314,957	(700,997)	(772,115)	84,048	(46,075,916)	28,516,250	5,095,134	33,611,384

The attached notes from 1 to 10 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 and for the period ended 31 March 2019

### 1 CORPORATE INFORMATION AND ACTIVITIES

The Energy House Holding Company K.S.C.P. (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 Boursa Kuwait on 23 May 2005.

The Company’s registered office is located at Al Enmaa Tower, Mirqab, 14<sup>th</sup> floor, Kuwait City and its registered postal address is P.O. Box 21909, Safat 13080, State of Kuwait.

The Company’s principal activities 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 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 Boursa Kuwait.

The interim condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three-months period ended 31 March 2019 were authorised for issuance in accordance with a resolution of the Board of Directors of the Company on 9 May 2019.

The Annual General Assembly meeting (AGM) of the Company for the year ended 31 December 2018 held on 3 April 2019, approved the consolidated financial statements of the Group for the year then ended; and no dividends were declared for the year ended 31 December 2018.

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

#### 2.1. Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34: *Interim Financial Reporting*.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”), which is the functional currency of the Group.

The interim condensed consolidated financial information of the Group does not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2018. In the opinion of the 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 three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2018.



**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)**

**2.2. New standards, interpretations and amendments adopted by the Group**

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 2018, except for the change in accounting policy detailed below for adoption of IFRS 16: Leases from 1 January 2019.

**IFRS 16: Leases ("IFRS 16")**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance cost and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases where the Group is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 and accordingly, the comparative information is not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The right-of-use assets and lease liabilities recorded as at 1 January 2019 amounted to KD 417,608, with no impact on retained earnings. When measuring lease liabilities, the Group discounted lease payments using its average incremental profit rate ranging from 6.81% to 7.51% at 1 January 2019.

*Summary of new accounting policies*

The accounting policies of the Group upon adoption of IFRS 16 are as follows:

a. Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES  
(continued)**

**2.2. New standards, interpretations and amendments adopted by the Group (continued)**

*Summary of new accounting policies (continued)*

a. Right of use assets (continued)

Lease costs for the period ended 31 March 2019 relating to the right-of-use assets amounting to KD 5,337 are included under depreciation expenses.

b. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental profit rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

c. Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

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

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

As at and for the period ended 31 March 2019

### 3 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cashflows, cash and cash equivalents are comprised of the following:

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
Cash and cash equivalents as per the interim condensed consolidated statement of financial position	<b>21,757,160</b>	1,989,382	3,260,251
Restricted bank balances	<b>(28,304)</b>	(25,975)	(17,950)
Cash and cash equivalents as per the interim condensed consolidated statement of cash flows	<b>21,728,856</b>	1,963,407	3,242,301

Restricted bank balances of KD 28,304 (31 December 2018: KD 25,975 and 31 March 2018: KD 17,950) represent margin deposits secured against bank facilities.

### 4 MURABAHA PAYABLES

The average cost rate attributable to murabaha payables during the period was 3% per annum (31 December 2018: 3% per annum and 31 March 2018: 3.5% per annum).

Murabaha facilities are unsecured. Certain murabaha facilities amounting to KD 5,184,905 (31 December 2018: KD 5,147,178 and 31 March 2018: KD 5,038,557) are obtained from the Parent Company (Note 5).

### 5 RELATED PARTY TRANSACTIONS

Related parties represent the 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</i> <i>Parent</i> <i>Company</i> <i>KD</i>	<i>Parent</i> <i>Company</i> <i>KD</i>	<i>Entities under</i> <i>common</i> <i>control</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
Account receivables and other debit balances	-	-	1,685,377	<b>1,685,377</b>	1,226,106	28,111
Cash and cash equivalents	20,254,813	-	-	<b>20,254,813</b>	192,470	193,656
Account payables and other liabilities	-	142,418	-	<b>142,418</b>	212,705	459,136
Murabaha payables (Note 4)	-	5,184,905	-	<b>5,184,905</b>	5,147,178	5,038,557

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

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As at and for the period ended 31 March 2019

**5 RELATED PARTY TRANSACTIONS (continued)**

Transactions with related parties included in the interim condensed consolidated statement of income are, as follows:

	<i>Ultimate Parent Company KD</i>	<i>Parent Company KD</i>	<i>Three months ended 31 March</i>	
			<i>2019 KD</i>	<i>2018 KD</i>
Finance income	120	-	120	136
Finance costs	-	37,727	37,727	30,028

***Compensation of key management personnel***

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

	<i>Three months ended 31 March</i>	
	<i>2019 KD</i>	<i>2018 KD</i>
Salaries and short-term benefits	64,991	47,501
Termination benefits	3,184	1,574
	<u>68,175</u>	<u>49,075</u>

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

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

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### 6 BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Loss for the period attributable to equity holders of the Company	<u>(2,409,872)</u>	<u>(62,804)</u>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	<u>750,000,000</u>	<u>750,000,000</u>
<b>Basic and diluted loss per share attributable to equity holders of the Company</b>	<u><b>(3.21) fils</b></u>	<u><b>(0.08) fils</b></u>

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

### 7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, account receivables and other debit balances and cash and cash equivalents.

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

#### **Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:-

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### **Financial instruments**

The following table provides the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

<i>31 March 2019</i>	<i>Level 1</i>	<i>Level 3</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Financial assets measured at fair value</b>			
<i>Financial assets at fair value through other comprehensive income</i>			
Equity securities	<u>85,704</u>	<u>-</u>	<u>85,704</u>
<i>Financial assets at fair value through profit or loss</i>			
Unquoted fund	<u>-</u>	<u>3,918,758</u>	<u>3,918,758</u>
	<u><b>85,704</b></u>	<u><b>3,918,758</b></u>	<u><b>4,004,462</b></u>

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7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Financial instruments (continued)

	<i>Level 1</i>	<i>Level 3</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>31 December 2018 (Audited)</i>			
<i>Financial assets measured fair value</i>			
<i>Financial assets at fair value through other comprehensive income</i>			
Equity securities	65,380	14,658,490	14,723,870
	<hr/>	<hr/>	<hr/>
<i>Financial assets at fair value through profit or loss</i>			
Unquoted fund	-	6,364,385	6,364,385
	<hr/>	<hr/>	<hr/>
	65,380	21,022,875	21,088,255
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>31 March 2018</i>			
<i>Financial assets</i>			
<i>Financial assets at fair value through other comprehensive income</i>			
Equity securities	372,117	14,000,000	14,372,117
	<hr/>	<hr/>	<hr/>
<i>Financial assets at fair value through profit or loss</i>			
Unquoted fund	-	6,997,744	6,997,744
	<hr/>	<hr/>	<hr/>
	372,117	20,997,744	21,369,861
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The management assessed that the fair values of cash and cash equivalents, account receivables and other debit balances, account payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between levels within the fair value hierarchy during the period ended 31 March 2019.

*Description of significant unobservable inputs to valuation of financial assets:*

Investment in managed fund have been valued based on Net Asset Value (NAV) provided by the custodian of the fund. The information relating to valuation techniques and significant unobservable inputs to valuation to compute the sensitivity of the fair value measurement to changes in unobservable inputs is not available.

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

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

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### 8 HYPERINFLATION ADJUSTMENTS

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 Higeig, 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 (CBOS) or International Monetary Fund (IMF). The conversion factors used to restate the financial statements of the subsidiary are, as follows:

	Index	Conversion Factor
<b>31 March 2019</b>	<b>1,489.800</b>	<b>1.134</b>
31 December 2018	1,415.705	1.224
31 December 2017	832.926	1.106
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	1.000

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

**8 HYPERINFLATION ADJUSTMENTS (continued)**

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 98,290 (31 December 2018: KD 2,283,708 and 31 March 2018: KD 257,703) in the books of Hagleig, up to 31 March 2019, has been adjusted directly in the interim condensed consolidated statement of changes in equity.

The movement in assets and liabilities due to hyperinflation is, as follows:

	<i>31 March 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>31 March 2018 KD</i>
Property and equipment	101,508	2,106,797	44,158
Investment in associate	-	45,449	-
Inventories	236,916	572,586	33,442
Other impact on the interim condensed consolidated statements of income and changes in equity	(357,450)	(146,486)	407,573
	<u>(19,026)</u>	<u>2,578,346</u>	<u>485,173</u>

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

	<i>31 March 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>31 March 2018 KD</i>
<b>Attributable to:</b>			
Equity holders of the Company	63,151	1,467,282	165,574
Non-controlling interests	35,139	816,426	92,129
	<u>98,290</u>	<u>2,283,708</u>	<u>257,703</u>

**Interim condensed consolidated statement of income:**

	<i>31 March 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>31 March 2018 KD</i>
Equity holders of the Company	(75,376)	189,305	146,149
Non-controlling interests	(41,940)	105,333	81,321
	<u>(117,316)</u>	<u>294,638</u>	<u>227,470</u>
<b>Total impact of hyperinflation</b>	<u>(19,026)</u>	<u>2,578,346</u>	<u>485,173</u>



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

9 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
<b>Capital commitments:</b>			
Commitment towards contribution of fund expenses	533,680	559,971	677,794
Financial assets at fair value through other comprehensive income	6,577,200	6,561,000	6,528,600
	<u>7,110,880</u>	<u>7,120,971</u>	<u>7,206,394</u>

10 SEGMENT INFORMATION

i) Primary segment information:

For management purposes, the Group is organised into three 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
- Contracting** : General Trading and contracting
- 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 present revenue and loss information of the Group's operating segments for the three months period ended 31 March 2019 and 31 March 2018, respectively:

	<i>Energy</i> <i>KD</i>	<i>Contracting</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b>31 March 2019</b>				
Total segment revenues	789,855	575,678	-	1,365,533
Loss for the period	(271,143)	552,145	(2,497,276)	(2,216,274)
<b>31 March 2018</b>				
Total segment revenues	291,616	296,271	-	587,887
Profit for the period	(334,749)	50,628	339,919	55,798

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

**10 SEGMENT INFORMATION (continued)**

i) Primary segment information: (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2019, 31 December 2018 and 31 March 2018, respectively:

	<i>Energy</i> <i>KD</i>	<i>Contracting</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>As at 31 March 2019</i>				
Total segment assets	25,485,274	8,722,217	3,952,294	38,159,785
Total segment liabilities	(7,631,749)	(1,185,963)	(7,514)	(8,825,226)
<i>As at 31 December 2018 (Audited)</i>				
Total segment assets	19,535,582	7,748,532	6,433,531	33,717,645
Total segment liabilities	(6,800,756)	(845,175)	(3,353)	(7,649,284)
<i>As at 31 March 2018</i>				
Total segment assets	21,516,130	14,805,729	7,051,705	43,373,564
Total segment liabilities	(6,039,946)	(3,681,540)	(40,694)	(9,762,180)

ii) Secondary segment information:

For management purposes, the Group is divided into three main geographical segments that are: a) State of Kuwait, b) Middle East and North Africa (MENA) and c) outside MENA where the Group performs its main activities in the energy sector and contracting.

	<i>31 March 2019</i>				<i>31 March 2018</i>			
	<i>Kuwait</i> <i>KD</i>	<i>MENA</i> <i>KD</i>	<i>Outside</i> <i>MENA</i> <i>KD</i>	<i>Total</i> <i>KD</i>	<i>Kuwait</i> <i>KD</i>	<i>MENA</i> <i>KD</i>	<i>Outside</i> <i>MENA</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Segment revenue	-	1,365,533	-	1,365,533	-	587,887	-	587,887
Segment results	(220,607)	501,609	(2,497,276)	(2,216,274)	(714,846)	430,725	339,919	55,798