

**THE ENERGY HOUSE HOLDING COMPANY K.S.C. (CLOSED)
AND SUBSIDIARIES**

**Condensed consolidated interim financial information and independent auditors'
review report for the period from 1 January 2013 to 30 September 2013
(Unaudited)**

**The Energy House Holding Company K.S.C. (Closed) 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. (Closed)
State of Kuwait

Introduction

We have reviewed the accompanying 30 September 2013 condensed consolidated interim financial information of The Energy House Holding Company K.S.C. (Closed) ("the Company") and subsidiaries (together "the Group"), which comprises the interim consolidated statement of financial position as at 30 September 2013, the interim consolidated statements of profit or loss and comprehensive income for the three and nine month periods ended 30 September 2013, the interim consolidated statements of changes in equity and cash flows for the nine month period ended 30 September 2013, and notes to the condensed consolidated interim financial information. The Company's management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2013 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2012 and the condensed consolidated interim financial information as at and for the period ended 30 September 2012 were audited and reviewed respectively by other auditors who expressed an unqualified audit opinion and review conclusion respectively on those consolidated financial statements and condensed consolidated interim financial information respectively.

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 nine month period ended 30 September 2013, of the Companies Law No. 25 of 2012, as amended, or of the Company's Memorandum and Articles of Association, that might have had material effect on the Company's activities or on its consolidated financial position.



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Kuwait: 23 October 2013



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**The Energy House Holding Company K.S.C. (Closed) and subsidiaries
State of Kuwait**

Interim consolidated statement of profit or loss (unaudited)

For the three and nine month periods ended 30 September 2013

	Three months ended 30 September		Nine months ended 30 September	
	2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)	2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)
Revenue				
Contract revenue	3,562,792	643,895	8,833,930	2,387,503
Rendering of services	1,271,120	1,288,047	3,571,847	2,339,139
Sales of goods	54,685	195,867	117,006	263,514
Equipment rental income	122,197	69,262	322,949	231,330
	<u>5,010,794</u>	<u>2,197,071</u>	<u>12,845,732</u>	<u>5,221,486</u>
Cost of revenue				
Contract costs	(2,746,815)	(413,790)	(7,083,010)	(2,644,658)
Cost of rendering of services	(768,148)	(1,187,619)	(2,673,093)	(2,900,154)
Cost of sales of goods	(45,698)	(174,123)	(97,049)	(232,273)
Cost of renting equipment	(56,795)	(19,722)	(154,021)	(52,964)
	<u>(3,617,456)</u>	<u>(1,795,254)</u>	<u>(10,007,173)</u>	<u>(5,830,049)</u>
Gross profit / (loss)	1,393,338	401,817	2,838,559	(608,563)
Other income	28,708	152,034	822,808	402,816
Unrealised gain on financial assets at fair value through profit or loss	769,436	-	799,423	-
Realized loss on sale of financial assets at fair value through profit or loss	-	-	(16,004)	-
Rental income from investment property	117,334	33,750	320,549	203,796
Staff costs	(423,085)	(441,285)	(1,281,863)	(1,624,623)
General and administration expenses	(736,917)	(620,085)	(1,354,463)	(2,602,225)
Impairment losses	(850,238)	(530,409)	(2,397,613)	(4,246,270)
Foreign exchange gain / (loss)	339,399	885,093	714,983	(5,802,415)
Amortization of intangible assets	(24,650)	(56,134)	(73,147)	(108,390)
Operating profit / (loss)	613,325	(175,219)	373,232	(14,385,874)
Finance costs	(21,275)	(65,185)	(139,498)	(215,946)
Finance income	3,435	-	51,143	-
Dividend income	-	(835)	-	827,457
Gain on deemed disposal of associate	-	-	8,211	-
Share of results from associates	(52,344)	(244,933)	(209,410)	(57,845)
Profit / (loss) for the period before provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat	543,141	(486,172)	83,678	(13,832,208)
Provision for contribution to KFAS, NLST and Zakat	(4,957)	-	(4,957)	-
Profit / (loss) for the period before taxation	538,184	(486,172)	78,721	(13,832,208)
Write back of Board of Directors' remuneration	-	-	(18,000)	-
Taxation on foreign operations	(3,652)	(4,920)	(18,466)	(63,421)
Net profit / (loss) for the period	534,532	(491,092)	42,255	(13,895,629)
Attributable to:				
Shareholders of the Company	497,136	(446,470)	154,893	(9,463,930)
Non-controlling interests	37,396	(44,622)	(112,638)	(4,431,699)
	<u>534,532</u>	<u>(491,092)</u>	<u>42,255</u>	<u>(13,895,629)</u>
Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (fils)	0.663	(0.595)	0.207	(12.619)

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

**The Energy House Holding Company K.S.C. (Closed) and subsidiaries
State of Kuwait**

Interim consolidated statement of comprehensive income (unaudited)

For the three and nine month periods ended 30 September 2013

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
	KD	KD	KD	KD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Net profit / (loss) for the period	534,532	(491,092)	42,255	(13,895,629)
Other comprehensive (loss) / income				
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>				
Foreign currency translation reserve of subsidiaries	-	-	(647,135)	-
Share of foreign currency translation reserve of associates	(54,952)	-	(86,699)	-
Exchange differences arising on translation of foreign operations	(143,274)	11,978	98,540	5,500,058
Change in fair value of financial assets available for sale	-	-	23,110	-
<i>Total items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>	(198,226)	11,978	(612,184)	5,500,058
Total other comprehensive (loss) / income for the period	(198,226)	11,978	(612,184)	5,500,058
Total comprehensive income / (loss) for the period	336,306	(479,114)	(569,929)	(8,395,571)
Attributable to:				
Shareholders of the Company	333,441	(436,968)	(226,544)	(5,921,339)
Non-controlling interests	2,865	(42,146)	(343,385)	(2,474,232)
	336,306	(479,114)	(569,929)	(8,395,571)

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

The Energy House Holding Company K.S.C. (Closed) and subsidiaries
State of Kuwait
Interim consolidated statement of financial position (unaudited)
As at 30 September 2013

	Notes	30 September 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 September 2012 KD (Unaudited) (Re-presented)
ASSETS				
Non-current assets				
Property and equipment		7,177,482	6,415,904	6,927,675
Intangible assets		777,167	848,382	872,550
Investment property		7,725,098	7,676,967	4,746,306
Investment in associates		3,410,657	3,660,103	4,019,765
Financial assets available for sale		35,559,872	35,534,351	35,498,337
Financial assets at fair value through profit or loss		5,844,461	5,048,469	-
Other non-current assets		153,715	1,316,899	-
		<u>60,648,452</u>	<u>60,501,075</u>	<u>52,064,633</u>
Current assets				
Inventories		1,745,809	1,011,925	1,118,246
Accounts receivable and other assets		10,683,281	11,580,186	13,840,526
Bank balances and cash	7	5,701,286	9,766,931	16,030,649
		<u>18,130,376</u>	<u>22,359,042</u>	<u>30,989,421</u>
Total assets		<u>78,778,828</u>	<u>82,860,117</u>	<u>83,054,054</u>
EQUITY				
Share capital		75,000,000	75,000,000	75,000,000
Share premium		193,550	193,550	193,550
Statutory reserve		472,723	472,723	472,723
Voluntary reserve		314,957	314,957	314,957
Other reserves		(488,728)	(232,633)	(232,633)
Foreign currency translation reserve		202,676	598,961	161,014
Fair value reserve		40,549	25,701	-
Accumulated losses		(14,216,532)	(14,371,425)	(13,874,069)
Equity attributable to shareholders of the Company		<u>61,519,195</u>	<u>62,001,834</u>	<u>62,035,542</u>
Non-controlling interests		4,067,362	4,154,652	3,803,259
Total equity		<u>65,586,557</u>	<u>66,156,486</u>	<u>65,838,801</u>
LIABILITIES				
Non-current liabilities				
Finance lease liabilities		95,043	296,060	355,647
Provision for staff indemnity		414,196	372,098	391,878
		<u>509,239</u>	<u>668,158</u>	<u>747,525</u>
Current liabilities				
Accounts payable and other liabilities		10,885,355	11,974,024	12,437,261
Finance lease liabilities		288,590	272,493	276,051
Bank overdraft		-	1,159,653	1,154,057
Murabaha payables	10	1,509,087	2,629,303	2,600,359
		<u>12,683,032</u>	<u>16,035,473</u>	<u>16,467,728</u>
Total liabilities		<u>13,192,271</u>	<u>16,703,631</u>	<u>17,215,253</u>
Total equity and liabilities		<u>78,778,828</u>	<u>82,860,117</u>	<u>83,054,054</u>

Saad Ali Al Shuwaib
Chairman

Musaed T. Al Emairi
Board Member

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

**The Energy House Holding Company K.S.C. (Closed) and subsidiaries
State of Kuwait**

Interim consolidated statement of cash flows (unaudited)

For the period from 1 January 2013 to 30 September 2013

	Note	Nine months ended 30 September	
		2013 KD (Unaudited)	2012 KD (Unaudited) (Re-presented)
Cash flows from operating activities			
Net profit / (loss) for the period			
Adjustments for:		42,255	(13,895,629)
Rental income		(320,549)	(203,796)
Share of results of associates		209,410	57,845
Dividend income		-	(827,457)
Gain on disposal of property and equipment		(449,697)	(235,220)
Depreciation and amortization		961,874	1,369,809
Impairment loss		2,397,613	5,053,682
Unrealised gain on financial assets at fair value through profit or loss		(799,423)	-
Realized loss on sale of financial assets at fair value through profit or loss		16,004	-
Gains on deemed disposal of associate		(8,211)	-
Transfer of foreign currency translation reserves		840,551	11,300,489
Taxation		23,423	63,421
Finance costs		139,498	215,946
Provision for staff indemnity		129,509	78,506
		<u>3,182,257</u>	<u>2,977,596</u>
Changes in:			
Inventories		(733,884)	607,479
Accounts receivable and other assets		(308,823)	(3,303,561)
Accounts payable and other liabilities		(1,112,092)	(3,187,720)
Cash generated from / (used in) operations		<u>1,027,458</u>	<u>(2,906,206)</u>
Provision for staff indemnity paid		(87,411)	(104,888)
Taxes paid		-	(49,126)
Net cash generated from / (used in) operating activities		<u>940,047</u>	<u>(3,060,220)</u>
Cash flows from investing activities			
Investment in wakala deposits		(1,303,900)	4,452,100
Net movement in restricted bank balances and deposits		(173,289)	171,439
Net movement in bank overdrafts		1,159,653	-
Investment in associate		-	(126,270)
Proceeds from sale of investments at fair value through profit or loss		14,659	-
Purchase of property and equipment		(1,689,903)	(1,278,261)
Proceeds from disposal of property and equipment		536,197	371,789
Purchase of intangible assets		-	(34,775)
Dividend income received		-	861,749
Rental income received		320,549	203,796
Net cash flow on acquisition of subsidiary		-	(29,453)
Net cash (used in) / generated from investing activities		<u>(1,136,034)</u>	<u>4,592,114</u>
Cash flows from financing activities			
Finance costs paid		(139,498)	(196,919)
Net movement in murabaha payables		(1,120,216)	(139,290)
Net movement finance lease liabilities		(184,920)	(453,071)
Net cash used in financing activities		<u>(1,444,634)</u>	<u>(789,280)</u>
Effect of foreign currency translation		211,818	395,344
Net (decrease) / increase in cash and cash equivalents		<u>(1,428,803)</u>	<u>1,137,958</u>
Cash and cash equivalents at beginning of the period		5,302,305	10,433,542
Cash and cash equivalents at end of the period	7	<u>3,873,502</u>	<u>11,571,500</u>

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

The Energy House Holding Company K.S.C. (Closed) and subsidiaries

State of Kuwait

Interim consolidated statement of changes in equity (unaudited)

For the period from 1 January 2013 to 30 September 2013

	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 2013	75,000,000	193,550	472,723	314,957	(232,633)	598,961	25,701	(14,371,425)	62,001,834	4,154,652	66,156,486
Net profit for the period	-	-	-	-	-	-	-	154,893	154,893	(112,638)	42,255
Other comprehensive (loss) / income for the period	-	-	-	-	-	(396,285)	14,848	-	(381,437)	(230,747)	(612,184)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(396,285)	14,848	154,893	(226,544)	(343,385)	(569,929)
Acquisition of additional interest in subsidiary (note 11)	-	-	-	-	(256,095)	-	-	-	(256,095)	256,095	-
Balance at 30 September 2013	75,000,000	193,550	472,723	314,957	(488,728)	202,676	40,549	(14,216,532)	61,519,195	4,067,362	65,586,557
Balance at 1 January 2012	75,000,000	193,550	472,723	314,957	-	(3,381,577)	-	(4,410,139)	68,189,514	6,074,311	74,263,825
(Re-presented)	-	-	-	-	-	-	-	(9,463,930)	(9,463,930)	(4,431,699)	(13,895,629)
Net loss for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	3,542,591	-	-	3,542,591	1,957,467	5,500,058
Total comprehensive income / (loss) for the period	-	-	-	-	-	3,542,591	-	-	(5,921,339)	(2,474,232)	(8,395,571)
Acquisition of additional interest in subsidiary (note 11)	-	-	-	-	(232,633)	-	-	-	(232,633)	203,180	(29,453)
Balance at 30 September 2012	75,000,000	193,550	472,723	314,957	(232,633)	161,014	-	(13,874,069)	62,035,542	3,803,259	65,838,801

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

1. Incorporation and activities

The Energy House Holding Company K.S.C. (Closed) (formerly known as Aref Energy Holding Company K.S.C. (Closed)) ("the Company") is a Kuwaiti shareholding company registered in Kuwait on 1 October 1996 and its shares are listed on the Kuwait Stock Exchange. The postal address of the registered office of the Company is P.O. Box 21909, Safat 13080, State of Kuwait. The Company carries out its activities as per Islamic Shari'ah.

The Company is a subsidiary of Development Enterprise Holding Company K.S.C. (Closed) ("DEH") ("the Parent Company"), which in turn is a subsidiary of Kuwait Finance House K.S.C. ("the Ultimate Parent Company"), a Company listed on the Kuwait Stock Exchange.

The principal activities of the Company and its subsidiaries (together "the Group") are set out in note 14.

The Annual General Assembly of the Company held on 21 March 2013, approved the following:

- consolidated financial statements of the Group for the year ended 31 December 2012; and
- no dividends for the year ended 31 December 2012.

An Extraordinary General Assembly of shareholders held on 8 May 2013 approved the change in name of the Company from "Aref Energy Holding Company K.S.C. (Closed)" to "The Energy House Holding Company K.S.C. (Closed)" and approved the amendment to the Articles of Association. The Ministry of Commerce and Industry has approved the change in name of the Company and such change is applicable with effect from 8 May 2013.

This condensed consolidated interim financial information of the Group was approved for issue by the Board of Directors of the Company on 23 October 2013.

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 2012. 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).

On 29 November 2012, through a decree, Kuwait Companies Law No. 25 of 2012 ("the Law") was issued and later amended by Law No. 97 of 2013 dated 27 March 2013 ("the Decree"). The Law came into effect from the date it was published in Kuwait's Official Gazette. According to Article 2 and 3 of the Decree, Executive Regulations have been issued by the Ministry of Industry and Commerce in the period. These Executive Regulations determine the basis and rules which the Company shall adopt to regularise its affairs with the Companies Law as amended. The Company's management is of the view that application of the provisions of the Law has no material impact on the Company's activities or its financial position.

3. Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the most recent annual audited consolidated financial statements for the year ended 31 December 2012. Additionally, the Group has adopted the following IFRS which are effective for annual periods beginning on or after 1 January 2013:

IFRS 10 Consolidated Financial Statements

The new standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

IFRS 12 Disclosure of Interests in Other Entities

The new standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement

The new standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

IAS 1 Presentation of Financial Statements - Amendments

The amendments to IAS-1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. These amendments became effective for annual periods beginning on or after 1 July 2012.

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 2012.

The Energy House Holding Company K.S.C. (Closed) and subsidiaries
State of Kuwait
Notes to the condensed consolidated interim financial information (unaudited)
for the period from 1 January 2013 to 30 September 2013

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2013 (Unaudited)	2012 (Unaudited) (Re-presented)	2013 (Unaudited)	2012 (Unaudited) (Re-presented)
Profit / (loss) for the period attributable to shareholders of the Company (KD)	497,136	(446,470)	154,893	(9,463,930)
Weighted average number of outstanding shares	750,000,000	750,000,000	750,000,000	750,000,000
Basic and diluted earnings / (loss) per share attributable to shareholders of the Company (fils)	0.663	(0.595)	0.207	(12.619)

6. Provision for contribution to KFAS, NLST and Zakat

	Three months ended 30 September		Nine months ended 30 September	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
KFAS	1,035	-	1,035	-
NLST	2,066	-	2,066	-
Zakat	1,856	-	1,856	-
	<u>4,957</u>	<u>-</u>	<u>4,957</u>	<u>-</u>

7. Bank balances and cash

	30 September 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 September 2012 KD (Unaudited) (Re-presented)
Bank balances and cash	2,401,286	6,663,031	8,424,449
Wakala deposits	<u>3,300,000</u>	<u>3,103,900</u>	<u>7,606,200</u>
Bank balances and cash in the interim consolidated statement of financial position	5,701,286	9,766,931	16,030,649
Bank overdrafts	-	(1,159,653)	(1,154,057)
Restricted bank balances*	(27,784)	(201,073)	(202,892)
Wakala deposits with original maturity over three months**	<u>(1,800,000)</u>	<u>(3,103,900)</u>	<u>(3,102,200)</u>
Cash and cash equivalents in the interim consolidated statement of cash flows	<u><u>3,873,502</u></u>	<u><u>5,302,305</u></u>	<u><u>11,571,500</u></u>

The Energy House Holding Company K.S.C. (Closed) and subsidiaries
State of Kuwait
Notes to the condensed consolidated interim financial information (unaudited)
for the period from 1 January 2013 to 30 September 2013

*Restricted bank balances represent margin deposits that are held as security against letters of guarantee (note 13).

**Wakala deposits with original maturity of more than 3 months includes KD 1,800,000 (31 December 2012 and 30 September 2012: KD 1,800,000) that represent margin deposits that are held as security against the letters of guarantee.

8. Subsidiaries

As on 31 December 2011, the management of the Company had committed to a plan to sell 52.04% equity interest in Higlieg Petroleum Services & Investment Company Ltd (Higlieg). As a result, Higlieg was classified as a disposal group held for sale and disclosed as a discontinued operation as per International Financial Reporting Standard 5: *Non-Current Assets Held for Sale and Discontinued Operations* for the year ended 31 December 2011.

In 2012, the proposed agreement for the sale of Higlieg between the Company and the potential buyer was cancelled due to the significant devaluation of the functional currency of Higlieg and as a result, Higlieg has been consolidated as a subsidiary for the year ended 31 December 2012. Accordingly the comparative amounts for the period from 1 January 2012 to 30 September 2012 have been re-presented to give effect of the consolidation of Higlieg.

The results of Higlieg for the three and nine month periods ended 30 September are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	KD	KD	KD	KD
Revenues	1,971,601	643,895	4,094,641	2,387,503
Cost of revenue	(1,306,051)	(413,790)	(3,033,768)	(2,644,658)
Gross profit / (loss)	665,550	230,105	1,060,873	(257,155)
Other income (loss)	15,255	133,094	785,249	244,515
Rental income from investment property	117,334	33,750	320,549	203,796
Staff costs	(173,871)	(174,633)	(462,066)	(606,996)
General and administration expenses	(98,682)	(832,973)	(295,814)	(5,194,670)
Impairment losses	(833,848)	(46,031)	(2,385,513)	(813,243)
Foreign exchange gain / (loss)	403,736	814,432	673,925	(5,935,713)
Operating loss	95,474	157,744	(302,797)	(12,359,466)
Finance cost	(39,729)	(29,877)	(90,897)	(108,135)
Share of results from associates	(27,638)	(181,482)	(55,239)	176,625
Profit / (loss) before tax	28,107	(53,615)	(448,933)	(12,290,976)
Taxation	(3,652)	(4,920)	(18,466)	(63,421)
Profit / (loss) for the period	24,455	(58,535)	(467,399)	(12,354,397)

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9. Related party transactions

Related parties represent major shareholders, Directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and its subsidiaries which are related parties to the Company have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties are as follows:

<i>Interim consolidated statement of financial position</i>	30 September 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 September 2012 KD (Unaudited) (Re-presented)
<i>The Ultimate Parent Company</i>			
Bank balances and cash	296,473	2,430,417	3,430,486
Murabaha payables secured against financial assets	1,493,087	2,588,749	2,553,707
Accounts payable and other liabilities	5,207	-	-
<i>Entities related to the shareholders</i>			
Accounts receivables and other assets	429,935	1,600,622	2,745,990
Accounts payable and other liabilities	623,612	36,417	653,348
	Three months ended 30 September		Nine months ended 30 September
	2013 KD (Unaudited)	2012 KD (Unaudited)	2013 KD (Unaudited)
			2012 KD (Unaudited)
<i>Transactions included in the interim consolidated statement of profit or loss</i>			
<i>The Ultimate Parent Company</i>			
Brokerage fees	-	-	305
Murabaha finance cost	-	35,043	48,374
106,866			
<i>Compensation of key management personnel</i>			
Short term benefits	140,869	142,311	412,543
Termination benefits	2,174	7,385	60,287
143,043	149,696	472,830	610,453

10. Murabaha payables

Murabaha payables include facilities amounting to KD 1,493,087 (31 December 2012: KD 2,588,749 and 30 September 2012: KD 2,553,707) obtained from a related party (note 9) and are secured against financial assets available for sale amounting to KD 8,323,700 (31 December 2012 and 30 September 2012: KD 8,323,700).

11. Non-controlling interests

During the period, the Group injected KD 2 million in Khalifa Daij Al-Dabbous Brothers Company W.L.L. ("KDDDB"), a subsidiary, as capital increase which resulted in additional interest of 10% in KDDDB and an increase in ownership from 80% to 90%. The legal proceedings and formalities have been completed during the period. As a result of this transaction, the Group recognised a decrease / increase in other reserves and non-controlling interests amounting to KD 111,989 respectively.

During the period, the Group acquired additional 6.25% interest in Nordic Energy FZC ("NES") which resulted in an increase in ownership from 87.5% to 93.75%. The legal proceedings and formalities have been completed during the period. As a result of this transaction, the Group recognised a decrease / increase in other reserves and non-controlling interests amounting to KD 144,106 respectively.

12. Fair values of financial assets

Financial instruments comprise of financial assets and financial liabilities. Fair values of all financial instruments are not materially different from their carrying values except financial assets available for sale carried at cost. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments. The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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

	Level 1 KD	Level 2 KD	Total fair value KD
30 September 2013			
Financial assets at fair value through profit or loss:			
Investment in an unquoted fund	-	5,844,461	5,844,461
Financial assets available for sale:			
Quoted equity securities	444,272	-	444,272
	<u>444,272</u>	<u>5,844,461</u>	<u>6,288,733</u>
31 December 2012			
Financial assets at fair value through profit or loss:			
Investment in an unquoted fund	-	5,048,469	5,048,469
Financial assets available for sale:			
Quoted equity securities	418,751	-	418,751
	<u>418,751</u>	<u>5,048,469</u>	<u>5,467,220</u>

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30 September 2012	Level 1 KD	Level 2 KD	Total fair value KD
Financial assets available for sale:			
Quoted equity securities	382,737	-	382,737
	<u>382,737</u>	<u>-</u>	<u>382,737</u>

During the periods ended 30 September 2013, 31 December 2012 and 30 September 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

13. Commitments and contingent liabilities

	30 September 2013 KD (Unaudited)	31 December 2012 KD (Audited)	30 September 2012 KD (Unaudited)
Capital commitments			
Commitment towards contribution of fund expenses	263,290	312,701	-
Financial assets available for sale	6,795,000	6,759,000	12,389,000
Contingent liabilities			
Letters of guarantee	3,177,290	2,266,938	1,774,549

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14. Segment information

For management purposes, the Group is organised into two operating segments based on business units as follows:

Energy : Exploration, drilling, development and production of oil and gas, alternate and renewable sources of energy, licensing and other activities related to the energy sector; and
Others : Investment and other related services.

	Energy KD	Others KD	Total KD
Three months ended 30 September 2013 (Unaudited)			
Segment revenues	4,833,912	176,882	5,010,794
Profit	408,834	125,698	534,532
Three months ended 30 September 2012 (Unaudited) - Re-presented			
Segment revenues	1,931,942	265,129	2,197,071
(Loss) / profit	(513,478)	22,386	(491,092)
Nine months ended 30 September 2013 (Unaudited)			
Segment revenues	12,405,777	439,955	12,845,732
(Loss) / profit	(274,121)	316,376	42,255
Nine months ended 30 September 2012 (Unaudited) - Re-presented			
Segment revenues	4,726,642	494,844	5,221,486
(Loss) / profit	(14,100,886)	205,257	(13,895,629)
As at 30 September 2013 (Unaudited)			
Segment assets	68,565,948	10,212,880	78,778,828
As at 31 December 2012 (Audited)			
Segment assets	72,217,451	10,642,666	82,860,117
As at 30 September 2012 (Unaudited) - Re-presented			
Segment assets	74,465,716	8,588,338	83,054,054