

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

**Condensed consolidated interim financial information
and independent auditors' review report for the period
from 1 January 2016 to 30 September 2016 (unaudited)**

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

**The Board of Directors
The Energy House Holding Company K.S.C.P.
State of Kuwait**

Introduction

We have reviewed the accompanying 30 September 2016 condensed consolidated interim financial information of The Energy House Holding Company K.S.C.P. ("the Company") and subsidiaries (together "the Group"), which comprises the interim consolidated statement of financial position as at 30 September 2016, the interim consolidated statements of profit or loss and other comprehensive income for the three and nine month periods ended 30 September 2016, the interim consolidated statements of cash flows and changes in equity for the nine month period then ended, and notes to the condensed consolidated interim financial information. The Company's management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

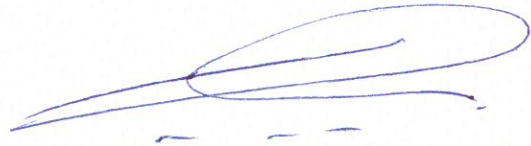
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2016 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.


Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the nine month period ended 30 September 2016 of the Companies Law No. 1 of 2016, the Executive Regulations as amended, the Company's Memorandum of Incorporation and Articles of Association, that might have had material effect on the Company's activities or on its financial position.



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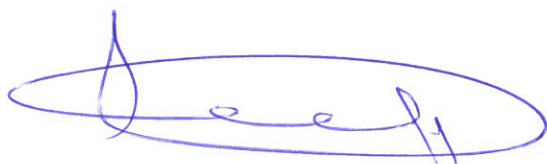


Yahia Abdullah Al-Foudari & Partners
Chartered Accountant Category (A), No. 83
Member of Kuwait Association of
Accountants and Auditors
Member of 

Kuwait: 10 November 2016

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Interim consolidated statement of financial position (unaudited)
As at 30 September 2016

	Notes	30 September 2016 KD (Unaudited)	31 December 2015 KD (Audited)	30 September 2015 KD (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		10,486,279	10,219,471	10,133,006
Intangible assets and goodwill		16,460	16,600	233,757
Investment property		5,618,118	5,652,030	7,751,287
Investment in associates		1,800,705	2,489,024	3,608,051
Financial assets available for sale		24,767,323	26,255,417	31,852,535
Financial assets at fair value through profit or loss		7,835,376	6,783,834	6,816,054
Other assets		194,063	195,714	323,357
		<u>50,718,324</u>	<u>51,612,090</u>	<u>60,718,047</u>
Current assets				
Inventories		1,471,269	1,580,114	2,222,871
Accounts receivable and other assets		9,690,738	10,521,846	10,984,351
Bank balances, cash and wakala deposits	5	3,390,320	5,108,900	3,974,967
		<u>14,552,327</u>	<u>17,210,860</u>	<u>17,182,189</u>
Total assets		<u><u>65,270,651</u></u>	<u><u>68,822,950</u></u>	<u><u>77,900,236</u></u>
EQUITY				
Share capital		75,000,000	75,000,000	75,000,000
Share premium		193,550	193,550	193,550
Statutory reserve		472,723	472,723	472,723
Voluntary reserve		314,957	314,957	314,957
Other reserves		(812,986)	(812,986)	(812,986)
Foreign currency translation reserve		(721,649)	(564,724)	(794,714)
Fair value reserve		29,846	20,931	28,115
Accumulated losses		(25,066,077)	(21,204,371)	(11,653,068)
Equity attributable to shareholders of the Company		<u>49,410,364</u>	<u>53,420,080</u>	<u>62,748,577</u>
Non-controlling interests		4,667,087	5,336,181	6,492,710
Total equity		<u><u>54,077,451</u></u>	<u><u>58,756,261</u></u>	<u><u>69,241,287</u></u>
LIABILITIES				
Non-current liability				
Provision for staff indemnity		582,606	565,802	537,995
		<u>582,606</u>	<u>565,802</u>	<u>537,995</u>
Current liabilities				
Accounts payable and other liabilities		8,000,016	7,942,570	7,765,512
Murabaha payables	7	2,610,578	1,558,317	355,442
		<u>10,610,594</u>	<u>9,500,887</u>	<u>8,120,954</u>
Total liabilities		<u><u>11,193,200</u></u>	<u><u>10,066,689</u></u>	<u><u>8,658,949</u></u>
Total equity and liabilities		<u><u>65,270,651</u></u>	<u><u>68,822,950</u></u>	<u><u>77,900,236</u></u>



Ahmed Issa Al-Sumait
Chairman



Bader Khaled Al-Zamami
Vice Chairman

The accompanying notes set out on pages 8 to 16 form an integral part of this condensed consolidated interim financial information

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Interim consolidated statement of profit or loss (unaudited)
For the three and nine month periods ended 30 September 2016

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2016 KD	2015 KD	2016 KD	2015 KD
Revenue					
Contract revenue		1,564,436	2,681,538	7,245,586	10,219,525
Rendering of services		751,880	451,333	2,273,190	1,918,158
		<u>2,316,316</u>	<u>3,132,871</u>	<u>9,518,776</u>	<u>12,137,683</u>
Cost of revenue					
Contract costs		(4,328,385)	(2,474,765)	(10,612,851)	(8,907,589)
Cost of rendering of services		(626,541)	(68,964)	(1,836,987)	(1,823,371)
		<u>(4,954,926)</u>	<u>(2,543,729)</u>	<u>(12,449,838)</u>	<u>(10,730,960)</u>
Gross (loss) / profit		(2,638,610)	589,142	(2,931,062)	1,406,723
Other income		91,504	131,604	214,892	276,859
Unrealised (loss) / gain on financial assets at fair value through profit or loss		(83,437)	212,802	987,072	(403,697)
Realised loss on financial assets at fair value through profit or loss		-	-	(3,640)	-
Rental income from investment property		27,662	31,524	67,984	137,921
Staff costs		(437,485)	(387,265)	(1,414,301)	(1,335,549)
General and administration expenses		(109,074)	(334,184)	(991,990)	(994,814)
Reversal of impairment loss on trade receivables		404,665	-	404,665	459,610
Reversal of impairment loss on property and equipment		-	-	583,483	-
Impairment of inventories		(283,213)	-	(283,213)	-
Impairment loss on financial assets available for sale	9	-	-	(1,500,000)	-
Impairment loss on an associate		-	-	(546,721)	-
Foreign exchange gain		228,129	248,651	1,374,147	786,728
Amortization of intangible assets		-	(24,652)	-	(73,686)
Operating (loss) / income		(2,799,859)	467,622	(4,038,684)	260,095
Finance costs		(49,333)	63	(95,796)	(23,567)
Finance income		39,028	7,535	51,110	20,587
Share of results from associates		(17,036)	(68,036)	(85,889)	(372,940)
Monetary (loss) / gain from hyperinflation	10	68,613	(83,904)	(180,573)	(246,850)
(Loss) / profit for the period before taxation		(2,758,587)	323,280	(4,349,832)	(362,675)
Taxation on foreign operations		(6,815)	(440)	(55,228)	(47,575)
(Loss) / profit for the period before provision for contribution to National Labour Support Tax ("NLST") and Zakat		(2,765,402)	322,840	(4,405,060)	(410,250)
Reversal of provision for contribution to NLST and Zakat		-	-	-	-
Net (loss)/ profit for the period		(2,765,402)	322,840	(4,405,060)	(410,250)
Attributable to:					
Shareholders of the Company		(2,500,164)	294,547	(3,989,601)	(668,888)
Non-controlling interests		(265,238)	28,293	(415,459)	258,638
		<u>(2,765,402)</u>	<u>322,840</u>	<u>(4,405,060)</u>	<u>(410,250)</u>
Basic and diluted (loss) / earnings per share attributable to shareholders of the Company (fils)	8	(3.334)	0.393	(5.319)	(0.892)

The accompanying notes set out on pages 8 to 16 form an integral part of this condensed consolidated interim financial information

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Interim consolidated statement of other comprehensive income (unaudited)
For the three and nine month periods ended 30 September 2016

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD	KD	KD	KD
Net (loss) / profit for the period	(2,765,402)	322,840	(4,405,060)	(410,250)
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>				
Share of foreign currency translation reserve of associates	(23,246)	-	(74,444)	(22,019)
Exchange differences arising on translation of foreign operations	14,385	(411,841)	(107,988)	(41,215)
Change in fair value of financial assets available for sale	-	-	10,452	-
Total other comprehensive loss for the period	(8,861)	(411,841)	(171,980)	(63,234)
Total comprehensive loss for the period	(2,774,263)	(89,001)	(4,577,040)	(473,484)
Attributable to:				
Shareholders of the Company	(2,501,352)	22,444	(4,137,612)	(560,552)
Non-controlling interests	(272,911)	(111,445)	(439,428)	87,068
	(2,774,263)	(89,001)	(4,577,040)	(473,484)

The accompanying notes set out on pages 8 to 16 form an integral part of this condensed consolidated interim financial information

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Interim consolidated statement of cash flows (unaudited)
For the nine month period ended 30 September 2016

	Nine month period ended 30 September	
	2016	2015
Note	KD	KD
Cash flows from operating activities		
Net loss for the period	(4,405,060)	(410,250)
<i>Adjustments for:</i>		
Rental income from investment property	(67,984)	-
Share of results of associates	85,889	372,940
Impairment loss on financial assets available for sale	1,500,000	-
Impairment of inventories	283,213	-
Impairment loss on an associate	546,721	-
Gain on disposal of property and equipment	(29,738)	(68,797)
Depreciation and amortization	1,009,199	723,224
Reversal of impairment losses on trade receivables	(404,665)	(459,610)
Reversal of impairment losses on property and equipment	(583,483)	-
Unrealised (gain) / loss on financial assets at fair value through profit or loss	(987,072)	403,697
Realised loss on financial assets at fair value through profit or loss	3,640	-
Monetary loss from hyperinflation	180,573	246,850
Taxation	55,228	47,575
Finance costs	95,796	23,567
Provision for staff indemnity	112,213	107,940
	<u>(2,605,530)</u>	<u>987,136</u>
<i>Changes in:</i>		
Inventories	(127,845)	(76,868)
Accounts receivable and other assets	1,237,424	(1,567,160)
Accounts payable and other liabilities	2,218	530,680
Cash used in operations	<u>(1,493,733)</u>	<u>(126,212)</u>
Provision for staff indemnity paid	(98,721)	(211,624)
Net cash used in operating activities	<u>(1,592,454)</u>	<u>(337,836)</u>
Cash flows from investing activities		
Net movement in restricted bank balances and deposits	507,736	(293,112)
Purchase of investments at fair value through profit or loss	(127,231)	(60,264)
Purchase of property and equipment	(1,053,837)	(1,569,828)
Proceeds from disposal of property and equipment	263,964	91,746
Rental income received	67,984	-
Dividend received	9,605	-
Net cash used in investing activities	<u>(331,779)</u>	<u>(1,831,458)</u>
Cash flows from financing activities		
Finance costs paid	(12,737)	(23,567)
Net movement in murabaha payables	1,000,000	355,442
Net movement in finance lease liabilities	-	(74,797)
Dividends paid by a subsidiary	(300,828)	-
Net cash generated from financing activities	<u>686,435</u>	<u>257,078</u>
Effect of foreign currency translation and hyperinflation adjustments	26,954	(116,636)
Net change in cash and cash equivalents	<u>(1,210,844)</u>	<u>(2,028,852)</u>
Cash and cash equivalents at beginning of the period	2,662,996	3,291,365
Cash and cash equivalents at end of the period	<u>5</u> <u>1,452,152</u>	<u>1,262,513</u>

The accompanying notes set out on pages 8 to 16 form an integral part of this condensed consolidated interim financial information

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Interim consolidated statement of changes in equity (unaudited)
For the nine month period ended 30 September 2016

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Other reserves KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Equity attributable to shareholders of the Company KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2016 (audited)	75,000,000	193,550	472,723	314,957	(812,986)	(564,724)	20,931	(21,204,371)	53,420,080	5,336,181	58,756,261
Net loss for the period	-	-	-	-	-	-	-	(3,989,601)	(3,989,601)	(415,459)	(4,405,060)
Other comprehensive (loss) / income for the period	-	-	-	-	-	(156,925)	8,915	-	(148,010)	(23,970)	(171,980)
Total comprehensive loss for the period	-	-	-	-	-	(156,925)	8,915	(3,989,601)	(4,137,611)	(439,429)	(4,577,040)
Dividends paid by a subsidiary	-	-	-	-	-	-	-	-	-	(300,828)	(300,828)
Equity adjustments due to hyperinflation (note 10)	-	-	-	-	-	-	-	127,895	127,895	71,163	199,058
Balance at 30 September 2016 (unaudited)	75,000,000	193,550	472,723	314,957	(812,986)	(721,649)	29,846	(25,066,077)	49,410,364	4,667,087	54,077,451
Balance at 1 January 2015 (audited)	75,000,000	193,550	472,723	314,957	(812,986)	(903,050)	28,115	(11,577,180)	62,716,129	6,075,685	68,791,814
Net loss for the period	-	-	-	-	-	-	-	(668,888)	(668,888)	258,638	(410,250)
Other comprehensive income / (loss) for the period	-	-	-	-	-	108,336	-	-	108,336	(171,570)	(63,234)
Total comprehensive loss for the period	-	-	-	-	-	108,336	-	(668,888)	(560,552)	87,068	(473,484)
Equity adjustments due to hyperinflation (note 10)	-	-	-	-	-	-	-	593,000	593,000	329,957	922,957
Balance at 30 September 2015 (unaudited)	75,000,000	193,550	472,723	314,957	(812,986)	(794,714)	28,115	(11,653,068)	62,748,577	6,492,710	69,241,287

The accompanying notes set out on pages 8 to 16 form an integral part of this condensed consolidated interim financial information

1. Incorporation and activities

The Energy House Holding Company K.S.C.P. ("the Company") is a Kuwaiti shareholding company registered in the State of Kuwait under commercial registration number. 68770 dated 30 July 1996 and its shares are listed on the Kuwait Stock Exchange.

The principal activities of the Company are as follows:

- Ownership of shares of Kuwaiti or foreign shareholding companies or companies with limited liability, or establishing, managing, lending and sponsoring such companies;
- Financing and sponsoring entities in which the Company has an ownership interest of not less than 20%;
- Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such as rights for the benefit of the Company inside or outside the State of Kuwait;
- Owning portable and real-estates to promote its activities in permissible limits according to the law; and
- Utilizing available financial surplus of the Company by investing them in portfolios managed by specialized companies.

The above activities of the Company and its subsidiaries (together "the Group") are organized in business units as explained in note 12.

The Group carries out its activities as per Islamic Shari'ah.

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

The address of the Company's registered office is Arraya Tower 2, Sharq Area, 25th floor, Kuwait City and the postal address is P.O. Box 21909, Safat 13080, State of Kuwait.

The Annual General Assembly of the Company held on 15 March 2016, approved the following:

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

This condensed consolidated interim financial information of the Group was approved for issue by the Board of Directors of the Company on 10 November 2016

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016, cancelled the Companies Law No 25 of 2012, and its amendments. According to Article No. 5, the new Law will be effective retrospectively from 26 of November 2012. The Minister of Commerce has issued the Executive Regulations of Law No 1 of 2016 (by Ministerial Resolution No 287 of 2016 issued on 12 July 2016) and cancelled the current Executive regulations of Company Law No 25 of 2012. The new Executive Regulations are effective from 17 July 2016, date of published in Kuwait Gazette. As per Article No 21 of the new Executive Regulations, all companies have a grace period of 6 months from the date of publication of the Executive Regulation to comply with the new regulations.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the consolidated financial position and performance of the Group, since the last annual consolidated financial statements as at and for the year ended 31 December 2015. This condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

Operating results for the nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

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

3. Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2015, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2016 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

Standards issued but not yet effective

Standards issued but not yet effective during the period ended 30 September 2016 is listed below:

IFRS 16 – Leases

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

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

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

4. Judgements and estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.

5. Bank balances, cash and wakala deposits

	30 September 2016 KD (Unaudited)	31 December 2015 KD (Audited)	30 September 2015 KD (Unaudited)
Bank balances and cash	1,497,642	3,208,900	2,074,967
Wakala deposits	1,892,678	1,900,000	1,900,000
Bank balances and cash and wakala deposits in the interim consolidated statement of financial position	3,390,320	5,108,900	3,974,967
Restricted bank balances and wakala deposits of more than three months	(1,938,168)	(2,445,904)	(2,712,454)
Cash and cash equivalents in the interim consolidated statement of cash flows	1,452,152	2,662,996	1,262,513

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

Wakala deposits with original maturity of more than three months include KD 1,792,678 (31 December 2015: KD 1,800,000 and 30 September 2015: KD 1,800,000) representing margin deposits held as a security against the letters of guarantee (note 11).

6. Related party transactions

Related parties represent major shareholders, Directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the 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 2016 KD (Unaudited)	31 December 2015 KD (Audited)	30 September 2015 KD (Unaudited)
<i>The Ultimate Parent Company</i>			
Bank balances, cash and term deposits	2,289,999	599,487	816,122
Murabaha payables	-	222,635	213,150

The Energy House Holding Company K.S.C.P. and subsidiaries
State of Kuwait
Notes to the condensed consolidated interim financial information (unaudited)
for the nine month period ended 30 September 2016

<i>The Parent Company</i>				
Accounts payable and other liabilities		20,726	-	14,267
Murabaha payables		2,371,599	1,335,682	-
<i>Entities related to the shareholders</i>				
Accounts receivables and other assets		4,249	10,602	6,075
Accounts payable and other liabilities		272,123	308,380	281,713
<i>Transactions included in the interim consolidated statement of profit or loss</i>				
	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD	KD	KD	KD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>The Ultimate Parent Company</i>				
Finance income	-	265	2,852	4,385
Murabaha finance cost	(11,316)	-	-	-
<i>The Parent Company</i>				
Murabaha finance cost	15,959	-	35,917	-
<i>Compensation of key management personnel</i>				
Short term benefits	84,762	119,700	369,733	416,782
Termination benefits	2,634	8,717	18,091	27,178
	87,396	128,417	387,824	443,960

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

7. Murabaha payables

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

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

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) / profit for the period attributable to shareholders of the Company (KD)	(2,500,164)	294,547	(3,989,601)	(668,888)
Weighted average number of outstanding shares	750,000,000	750,000,000	750,000,000	750,000,000
Basic and diluted (loss) / earnings per share attributable to shareholders of the Company (fils)	(3.334)	0.393	(5.319)	(0.892)

9. Fair values of financial assets

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

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

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

The fair value of investment property was determined based on the valuation performed as at 31 December 2015 by accredited independent valuator who is the industry specialists in valuing this type of investment property.

Fair value measurements recognised in the interim consolidated statement of financial position

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

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

9. Fair values of financial assets (continued)

30 September 2016	Level 1 KD	Level 2 KD	Total fair value KD
Financial assets at fair value through profit or loss			
Investment in an unquoted fund	-	7,835,376	7,835,376
Financial assets available for sale			
Quoted equity securities	340,467	-	340,467
Investment property	-	5,618,118	5,618,118
	<u>340,467</u>	<u>13,453,494</u>	<u>13,793,961</u>
31 December 2015	Level 1 KD	Level 2 KD	Total fair value KD
Financial assets at fair value through profit or loss			
Investment in an unquoted fund	-	6,783,834	6,783,834
Financial assets available for sale			
Quoted equity securities	328,561	-	328,561
Investment property	-	5,652,030	5,652,030
	<u>328,561</u>	<u>12,435,864</u>	<u>12,764,425</u>
30 September 2015	Level 1 KD	Level 2 KD	Total fair value KD
Financial assets at fair value through profit or loss			
Investment in an unquoted fund	-	6,816,054	6,816,054
Financial assets available for sale			
Quoted equity securities	336,935	-	336,935
Investment property	-	7,751,287	7,751,287
	<u>336,935</u>	<u>14,567,341</u>	<u>14,904,276</u>

During the periods ended 30 September 2016, 31 December 2015 and 30 September 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

During the period, based on the available information, a financial asset available for sale was impaired by KD 1,500,000 (30 September 2015: Nil).

At the reporting date, financial assets available for sale with a carrying value of KD 24,426,856 (31 December 2015: KD 25,926,856 and 30 September 2015: KD 31,515,600) are carried at cost less impairment due to the non-availability of quoted market prices or other reliable measures of their fair value.

10. Hyperinflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date and that corresponding figures for previous periods be stated in the same terms to the latest statement of financial position date. This has been applied in Hagleig, 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:

	Index	Conversion Factor
30 September 2016	536.900	1.040
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 statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;
- ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;
- iii. Comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the statement of financial position date. Investment property and available for sale investments are indexed based on recent fair valuations. The resulting adjustments are taken directly to the consolidated statement of changes in equity;
- iv. All items in the income statement are restated by applying the relevant quarterly average or year-end conversion factors; and
- v. The effect on the net monetary position of the Group is included in the consolidated statement of profit or loss as a monetary gain or loss from hyperinflation.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies at the subsidiary's level which are used in the preparation of the financial statements under the historical cost conversion.

The hyperinflation adjustment of KD 199,088 (31 December 2015: KD 2,671,992 and 30 September 2015: KD 922,957) in the books of Hagleig, up to 30 September 2016, has been adjusted directly in the interim consolidated statement of changes in equity.

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

	30 September 2016 KD (Unaudited)	31 December 2015 KD (Audited)	30 September 2015 KD (Unaudited)
Property and equipment	100,555	320,110	338,890
Investment in associate	(548,145)	(73,645)	(73,645)
Investment property	-	(2,179,062)	
Inventories	(329,736)	442,798	441,781
Provision for staff indemnity	-	27,516	(15,937)
Other impact on the consolidated statement of profit or loss	795,811	(501,784)	(27,507)
Foreign currency translation reserve	-	-	12,525
	<u>18,485</u>	<u>(1,964,067)</u>	<u>676,107</u>
Interim consolidated statement of changes in equity			
Attributable to:			
Shareholders of the Company	127,895	(1,716,755)	593,000
Non-controlling interests	71,163	(955,237)	329,957
	<u>199,058</u>	<u>(4,667,529)</u>	<u>922,957</u>
Interim consolidated statement of profit or loss			
Attributable to:			
Shareholders of the Company	(116,018)	454,842	(158,601)
Non-controlling interests	(64,555)	253,083	(88,249)
	<u>(180,573)</u>	<u>707,925</u>	<u>(246,850)</u>
Total impact of hyperinflation	<u>18,485</u>	<u>(1,964,067)</u>	<u>676,107</u>
11. Commitments and contingent liabilities			
	30 September 2016 KD (Unaudited)	31 December 2015 KD (Audited)	30 September 2015 KD (Unaudited)
Capital commitments			
Commitment towards contribution of fund expenses	927,549	994,379	1,047,957
Financial assets available for sale	6,528,600	6,480,000	7,200,000
	<u>7,456,149</u>	<u>7,474,379</u>	<u>8,247,957</u>
Contingent liabilities			
Letters of guarantee	4,551,460	6,764,733	2,712,454
Letters of credit	359,300	195,098	-
	<u>4,910,760</u>	<u>6,959,831</u>	<u>2,712,454</u>

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

12. Segment information

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

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

	Energy KD	Others KD	Total KD
Three month ended 30 September 2016 (Unaudited)			
Segment revenues	<u>2,316,316</u>	<u>-</u>	<u>2,316,316</u>
(Loss) / profit for the period	<u>(2,832,092)</u>	<u>66,690</u>	<u>(2,765,402)</u>
Three month ended 30 September 2015 (Unaudited)			
Segment revenues	<u>3,132,871</u>	<u>-</u>	<u>3,132,871</u>
Profit for the period	<u>304,368</u>	<u>18,472</u>	<u>322,840</u>
Nine month ended 30 September 2016 (Unaudited)			
Segment revenues	<u>9,518,776</u>	<u>-</u>	<u>9,518,776</u>
(Loss) / profit for the period	<u>(4,524,154)</u>	<u>119,094</u>	<u>(4,405,060)</u>
Nine month ended 30 September 2015 (Unaudited)			
Segment revenues	<u>12,137,683</u>	<u>-</u>	<u>12,137,683</u>
(Loss) / profit for the period	<u>(548,171)</u>	<u>137,921</u>	<u>(410,250)</u>
As at 30 September 2016 (Unaudited)			
Segment assets	<u>59,652,533</u>	<u>5,618,118</u>	<u>65,270,651</u>
As at 31 December 2015 (Audited)			
Segment assets	<u>63,170,920</u>	<u>5,652,030</u>	<u>68,822,950</u>
As at 30 September 2015 (Unaudited)			
Segment assets	<u>70,148,949</u>	<u>7,751,287</u>	<u>77,900,236</u>

13. Significant event

During the period, based on the examination of certain completed projects undertaken by a subsidiary, the Company has reversed contracting revenue by KD 0.97 million and recorded additional contracting costs of KD 1.2 million.