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

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

**30 JUNE 2020**



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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Energy House Holding Company K.S.C.P. ("the Company") and its subsidiaries (collectively, the "Group") as at 30 June 2020, and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cashflows for the six months period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

### *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.

### *Emphasis of Matter*

We draw attention to Note 8 to the interim condensed consolidated financial information, which indicates that a subsidiary of the Company has an ongoing dispute with their joint operations partner for breach of the terms and conditions of the profit-sharing agreement and ownership of the equipment involved in the joint operations. The case is presently under arbitration with the London Court of International Arbitration (LCIA). The outcome of the arbitration cannot be ascertained with reasonable certainty. Our conclusion is not modified in respect of this matter.

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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Company's Memorandum of Incorporation and Articles of Association, during the six months period ended 30 June 2020 that might have had a material effect on the business of the Company or on its financial position.



ABDULKARIM ALSAMDAN  
LICENCE NO. 208 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

11 August 2020  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 30 June 2020

		<i>(Audited)</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>	<i>Note</i>		
<b>Non-current assets</b>			
Property and equipment		2,130,975	2,730,663
Right-of-use assets		573,392	394,388
Investment property		2,881,083	3,769,065
Investment in associate		254,154	287,343
Financial assets at fair value through other comprehensive income		159,014	89,722
Financial assets at fair value through profit or loss		3,400,782	3,458,008
		<u>7,311,485</u>	<u>10,729,189</u>
<b>Current assets</b>			
Inventories		1,389,210	1,795,335
Account receivables and other debit balances		5,667,619	6,308,186
Cash and cash equivalents	3	15,625,265	21,349,635
		<u>23,639,552</u>	<u>29,453,156</u>
<b>TOTAL ASSETS</b>		<u>30,951,037</u>	<u>40,182,345</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		(7,721,343)	(7,679,601)
Fair value reserve		139,871	99,648
Accumulated losses		(43,405,601)	(41,670,614)
<b>Equity attributable to equity holders of the Company</b>		<u>23,320,730</u>	<u>26,029,666</u>
Non-controlling interests		2,873,315	3,467,040
<b>Total equity</b>		<u>26,540,234</u>	<u>29,496,706</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		120,464	205,460
Lease liabilities		264,682	348,389
		<u>385,146</u>	<u>553,849</u>
<b>Current liabilities</b>			
Account payables and other liabilities		4,359,058	4,814,163
Murabaha payables		28,116	5,293,297
Lease liabilities		136,893	24,330
		<u>4,524,067</u>	<u>10,131,790</u>
<b>Total liabilities</b>		<u>4,909,213</u>	<u>10,685,639</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>30,951,037</u>	<u>40,182,345</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 30 June 2020

		<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>REVENUE</b>					
Contract revenue		<b>501,996</b>	821,193	<b>844,607</b>	1,396,871
Services revenue		<b>283,133</b>	1,258,112	<b>944,246</b>	2,047,967
		<b>785,129</b>	2,079,305	<b>1,788,853</b>	3,444,838
<b>COST OF REVENUE</b>					
Contract costs		<b>(300,182)</b>	(264,193)	<b>(594,772)</b>	(456,208)
Services costs		<b>(466,945)</b>	(1,827,474)	<b>(1,087,551)</b>	(2,516,411)
		<b>(767,127)</b>	(2,091,667)	<b>(1,682,323)</b>	(2,972,619)
<b>GROSS PROFIT</b>		<b>18,002</b>	(12,362)	<b>106,530</b>	472,219
Other income		<b>604,762</b>	4,868	<b>604,969</b>	12,130
Finance income		<b>83,008</b>	50,412	<b>188,147</b>	50,532
Unrealised loss on financial assets at fair value through profit or loss		<b>(688,536)</b>	(443,962)	<b>(1,085,778)</b>	(2,901,994)
Share of results of associate		<b>(71)</b>	35,371	<b>2,297</b>	120,138
Allowance for expected credit losses of receivables		<b>7,654</b>	(584,236)	<b>(1,162,552)</b>	(584,236)
Provision for slow moving inventory		<b>(628)</b>	-	<b>(296,174)</b>	-
Staff costs		<b>(171,307)</b>	(224,921)	<b>(400,609)</b>	(352,976)
General and administration expenses		<b>(247,256)</b>	(286,339)	<b>(632,954)</b>	(612,431)
Finance costs		<b>(7,700)</b>	(52,172)	<b>(17,442)</b>	(95,382)
Foreign exchange differences		<b>1,484,491</b>	(714)	<b>1,989,272</b>	447,259
<b>OPERATING INCOME (LOSS) BEFORE PROVISION FOR TAX</b>		<b>1,082,419</b>	(1,514,055)	<b>(704,294)</b>	(3,444,741)
Monetary gain from hyperinflation	7	<b>563,461</b>	413,131	<b>697,325</b>	295,815
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE PROVISION FOR TAX</b>		<b>1,645,880</b>	(1,100,924)	<b>(6,969)</b>	(3,148,926)
Taxation on foreign operations		<b>(105,476)</b>	(221,101)	<b>(58,067)</b>	(254,935)
<b>PROFIT (LOSS) FOR THE PERIOD OPERATIONS BEFORE PROVISION FOR CONTRIBUTION TO NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>		<b>1,540,404</b>	(1,322,025)	<b>(65,036)</b>	(3,403,861)
NLST		<b>(19,811)</b>	3,743	<b>(19,811)</b>	(92,284)
Zakat		<b>(7,924)</b>	1,497	<b>(7,924)</b>	(36,914)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>1,512,669</b>	(1,316,785)	<b>(92,771)</b>	(3,533,059)
<b>Attributable to:</b>					
Equity holders of the Company		<b>767,412</b>	(1,460,850)	<b>(882,410)</b>	(3,870,722)
Non-controlling interests		<b>745,257</b>	144,065	<b>789,639</b>	337,663
		<b>1,512,669</b>	(1,316,785)	<b>(92,771)</b>	(3,533,059)
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	5	<b>1.02 fils</b>	(1.95) fils	<b>(1.18) fils</b>	(5.16) fils

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

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 30 June 2020

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<b>2020</b> <b>KD</b>	<b>2019</b> <b>KD</b>	<b>2020</b> <b>KD</b>	<b>2019</b> <b>KD</b>
<b>Profit (loss) for the period</b>	<b>1,512,669</b>	<b>(1,316,785)</b>	<b>(92,771)</b>	<b>(3,533,059)</b>
<b>Other comprehensive income (loss):</b>				
<i>Items that are or may be reclassified</i> <i>subsequently to the interim condensed</i> <i>consolidated statement of income</i>				
Net exchange differences on translation of foreign operations	<b>916,584</b>	348,832	<b>(430,094)</b>	328,878
	<b>916,584</b>	348,832	<b>(430,094)</b>	328,878
<i>Items that will not be reclassified</i> <i>subsequently to the interim condensed</i> <i>consolidated statement of income:</i>				
Fair value (loss) gain on financial assets at fair value through other comprehensive income	<b>(1,013)</b>	318	<b>32,987</b>	5,404,454
<b>Total other comprehensive income (loss) for the period</b>	<b>915,571</b>	349,150	<b>(397,107)</b>	5,733,332
<b>Total comprehensive income (loss) for the period</b>	<b>2,428,240</b>	<b>(967,635)</b>	<b>(489,878)</b>	<b>2,200,273</b>
<b>Attributable to:</b>				
Equity holders of the Company	<b>1,353,881</b>	(1,250,761)	<b>(1,116,517)</b>	1,729,127
Non-controlling interests	<b>1,074,359</b>	283,126	<b>626,639</b>	471,146
	<b>2,428,240</b>	<b>(967,635)</b>	<b>(489,878)</b>	<b>2,200,273</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 CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2020

	Attributable to the equity holders of the Company									Non-controlling interests KD	Total equity KD
	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		
As at 1 January 2020 (Audited)	75,000,000	193,550	472,723	314,957	(700,997)	(7,721,343)	139,871	(43,405,601)	24,293,160	2,873,315	27,166,475
(Loss) profit for the period	-	-	-	-	-	-	-	(882,410)	(882,410)	789,639	(92,771)
Other comprehensive (loss) income for the period	-	-	-	-	-	(255,301)	21,194	-	(234,107)	(163,000)	(397,107)
Total comprehensive (loss) income for the period	-	-	-	-	-	(255,301)	21,194	(882,410)	(1,116,517)	626,639	(489,878)
Dividends distributed	-	-	-	-	-	-	-	-	-	(360,623)	(360,623)
Hyperinflation adjustment (Note 7)	-	-	-	-	-	-	-	144,087	144,087	80,173	224,260
<b>As at 30 June 2020</b>	<b>75,000,000</b>	<b>193,550</b>	<b>472,723</b>	<b>314,957</b>	<b>(700,997)</b>	<b>(7,976,644)</b>	<b>161,065</b>	<b>(44,143,924)</b>	<b>23,320,730</b>	<b>3,219,504</b>	<b>26,540,234</b>
As at 1 January 2019 (Audited)	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	-	-	-	-	-	-	-	(3,870,722)	(3,870,722)	337,663	(3,533,059)
Other comprehensive income (loss) for the period	-	-	-	-	-	202,775	5,397,074	-	5,599,849	133,483	5,733,332
Total comprehensive income (loss) for the period	-	-	-	-	-	202,775	5,397,074	(3,870,722)	1,729,127	471,146	2,200,273
Realised gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(6,042,302)	6,042,302	-	-	-
Hyperinflation adjustment (Note 7)	-	-	-	-	-	-	-	789,036	789,036	439,036	1,228,072
<b>As at 30 June 2019</b>	<b>75,000,000</b>	<b>193,550</b>	<b>472,723</b>	<b>314,957</b>	<b>(700,997)</b>	<b>(7,679,601)</b>	<b>99,648</b>	<b>(41,670,614)</b>	<b>26,029,666</b>	<b>3,467,040</b>	<b>29,496,706</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 30 June 2020

		Six months ended 30 June	
	Note	2020 KD	2019 KD
<b>OPERATING ACTIVITIES</b>			
Loss for the period before contribution for tax		(6,969)	(3,148,926)
<i>Adjustments to reconcile loss for the period before provision for tax to net cash flows:</i>			
(Gain) loss from sale of property and equipment		(584,016)	17,628
Finance income		(188,147)	(50,532)
Unrealised loss on financial assets at fair value through profit or loss		1,085,778	2,901,994
Share of results of associates		(2,297)	(120,138)
Allowance for expected credit losses of receivables		1,162,552	584,236
Provision for slow moving inventory		296,174	-
Employees' end of service benefits provided		16,294	17,320
Depreciation		169,384	455,102
Depreciation of right-of-use assets		48,757	21,943
Finance costs		17,442	95,382
Foreign exchange differences		(1,989,272)	(447,259)
Monetary (gain) loss from hyperinflation		(697,325)	(295,815)
		(671,645)	30,935
Working capital adjustments:			
Inventories		78,850	(532,431)
Account receivables and other debit balances		2,707,695	(1,839,033)
Account payables and other liabilities		(828,810)	2,106,606
Cash flows from (used in) operations		1,286,090	(233,923)
Employees' end of service benefits paid		(44,179)	-
Net cash flows from (used in) operating activities		1,241,911	(233,923)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(12,511)	(848,652)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	20,042,302
Proceeds from sale of property and equipment		265,196	48,919
Finance income received		323,846	50,532
Net movement in restricted bank balances and deposits		21,058	(2,455)
Net cash flows from investing activities		597,589	19,290,646
<b>FINANCING ACTIVITIES</b>			
Finance costs paid		(1,264)	(11,892)
Net movement in murabaha payables		13,928	26,497
Payment of lease liabilities		(119,040)	(11,700)
Net cash flows (used in) from financing activities		(106,376)	2,905
Effect of foreign currency translation and hyperinflation adjustments		825,942	298,170
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,559,066</b>	<b>19,357,798</b>
Cash and cash equivalents as at the beginning of the period		15,597,810	1,963,407
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</b>	3	<b>18,156,876</b>	<b>21,321,205</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

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

As at 30 June 2020

### 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 Bursa 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 Bursa Kuwait.

The interim condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the six months period ended 30 June 2020 were authorised for issuance in accordance with a resolution of the Board of Directors of the Company on 11 August 2020.

The Annual General Assembly meeting (AGM) of the Company for the year ended 31 December 2019 held on 18 June 2020, approved the consolidated financial statements of the Group for the year then ended; and no dividends were declared for the year ended 31 December 2019.

### 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 subsidiaries of the Company are consolidated based on management accounts of these subsidiaries.

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 2019. 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 six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the year ending 31 December 2020. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2019.



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

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

As at 30 June 2020

### 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 adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

#### Amendments to IFRS 3: *Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group but may impact future periods should the Group enter into any business combinations.

#### Amendments to IAS 1 and IAS 8: *Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

#### Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial information of the Group.

### 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:

	30 June 2020 KD	(Audited) 31 December 2019 KD	30 June 2019 KD
Bank balances and cash	4,393,773	1,867,515	21,349,635
Wakala deposit	13,769,500	13,757,750	-
Cash and cash equivalents as per the interim condensed consolidated statement of financial position	18,163,273	15,625,265	21,349,635
Restricted bank balances	(6,397)	(27,455)	(28,430)
Cash and cash equivalents as per the interim condensed consolidated statement of cash flows	18,156,876	15,597,810	21,321,205

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

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

As at 30 June 2020

### 3 CASH AND CASH EQUIVALENTS (continued)

Restricted bank balances of KD 6,397 (31 December 2019: KD 27,455 and 30 June 2019: KD 28,430) represent margin deposits secured against bank facilities.

### 4 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 Parent Company KD</i>	<i>Parent Company KD</i>	<i>Entities under common control KD</i>	<b>30 June 2020 KD</b>	<i>(Audited) 31 December 2019 KD</i>	<i>30 June 2019 KD</i>
Account receivables and other debit balances	-	<b>29,329</b>	-	<b>29,329</b>	863,568	1,255,464
Cash and cash equivalents	<b>987,219</b>	-	-	<b>987,219</b>	1,121,811	20,091,971
Account payables and other liabilities	-	-	<b>1,844</b>	<b>1,844</b>	34,330	42,626
Murabaha payables	-	-	-	-	-	5,223,050

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

	<i>Ultimate Parent Company KD</i>	<i>Six months ended 30 June</i>	
		<b>2020 KD</b>	<i>2019 KD</i>
Finance income	<b>8,521</b>	<b>8,521</b>	50,532
Finance costs	-	-	75,873

#### **Compensation of key management personnel**

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

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<b>2020 KD</b>	<i>2019 KD</i>	<b>2020 KD</b>	<i>2019 KD</i>
Salaries and short-term benefits	<b>68,298</b>	63,842	<b>136,861</b>	128,833
Termination benefits	<b>2,647</b>	3,141	<b>4,997</b>	6,325
	<b>70,945</b>	66,983	<b>141,858</b>	135,158

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

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

As at 30 June 2020

### 5 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Basic and diluted earnings (loss) per share attributable to equity holders of the Company is computed by dividing the earnings (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>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Profit (loss) for the period attributable to equity holders of the Company	<b>767,412</b>	(1,460,850)	<b>(882,410)</b>	(3,870,722)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	<b>750,000,000</b>	750,000,000	<b>750,000,000</b>	750,000,000
<b>Basic and diluted earnings (loss) per share attributable to equity holders of the Company</b>	<b>1.02 fils</b>	(1.95) fils	<b>(1.18) fils</b>	(5.16) fils

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

### 6 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, lease 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.

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

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

As at 30 June 2020

### 6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### Financial instruments

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

	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<b>30 June 2020</b>				
<b>Financial assets measured fair value</b>				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	159,014	-	-	159,014
<b>Financial assets at fair value through profit or loss</b>				
Quoted fund	-	264,178	-	264,178
Unquoted fund	-	-	2,094,888	2,094,888
	-	264,178	2,094,888	2,359,066
	<b>159,014</b>	<b>264,178</b>	<b>2,094,888</b>	<b>2,518,080</b>
	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<b>31 December 2019</b>				
<b>Financial assets measured fair value</b>				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	153,208	-	-	153,208
<b>Financial assets at fair value through profit or loss</b>				
Quoted fund	-	261,498	-	261,498
Unquoted fund	-	-	3,139,284	3,139,284
	-	261,498	3,139,284	3,400,782
	153,208	261,498	3,139,284	3,553,990
	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<b>30 June 2019</b>				
<b>Financial assets measured fair value</b>				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	89,722	-	-	89,722
<b>Financial assets at fair value through profit or loss</b>				
Unquoted fund	-	-	3,458,008	3,458,008
	89,722	-	3,458,008	3,547,730

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

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

As at 30 June 2020

### 6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 assets which are recorded at fair value:

	<i>As at 1 January 2020 KD</i>	<i>Loss recorded in the consolidated statement of income KD</i>	<i>Gain recorded in consolidated statement of comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>As at 30 June 2020 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
Unquoted fund	3,139,284	(1,088,458)	44,062	-	2,094,888
	<i>As at 1 January 2019 KD</i>	<i>Loss recorded in the consolidated statement of income KD</i>	<i>Gain recorded in consolidated statement of comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>As at 31 December 2019 KD</i>
<i>Financial assets at fair value through other comprehensive income</i>					
Equity security	14,658,490	-	5,383,812	(20,042,302)	-
<i>Financial assets at fair value through profit or loss</i>					
Unquoted fund	6,364,385	(3,220,175)	(4,926)	-	3,139,284
	<i>As at 1 January 2019 KD</i>	<i>Loss recorded in the consolidated statement of income KD</i>	<i>Gain recorded in consolidated statement of comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>As at 30 June 2019 KD</i>
<i>Financial assets at fair value through other comprehensive income</i>					
Equity security	14,658,490	-	5,383,812	(20,042,302)	-
<i>Financial assets at fair value through profit or loss</i>					
Unquoted fund	6,364,385	(2,901,994)	(4,383)	-	3,458,008

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 30 June 2020.

#### *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 impact on the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of income would be immaterial if the relevant risk variables used to fair value unquoted investments were altered by 5%.

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

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

As at 30 June 2020

### 7 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 Higlieig, a subsidiary, and the restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) provided by the Central Bank of Sudan (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>30 June 2020</b>	<b>2,339.214</b>	<b>1.076</b>
31 March 2020	2,337.322	1.077
31 December 2019	2,159.900	1.103
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:

- 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;
- 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;
- 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 financial assets held through other comprehensive income are indexed based on recent fair valuations. The resulting adjustments are taken directly to the interim condensed consolidated statement of changes in equity;
- All items in the income statement are restated by applying the relevant quarterly average or year-end conversion factors; and
- The effect on the net monetary position of the Group is included in the interim condensed consolidated statement of income as a monetary gain or loss from hyperinflation.

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

The hyperinflation adjustment of KD 224,260 (31 December 2019: KD 1,014,970 and 30 June 2019: KD 1,228,072) in the books of Higlieig, up to 30 June 2020, has been adjusted directly in the interim condensed consolidated statement of changes in equity.

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

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

As at 30 June 2020

### 7 HYPERINFLATION ADJUSTMENTS (continued)

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

	<i>30 June</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>30 June</i> <i>2019</i> <i>KD</i>
Property and equipment	5,031	604,012	880,804
Investment in associate	164	17,845	20,623
Inventories	811,148	70,963	391,120
Other impact on the interim condensed consolidated statements of income and changes in equity	105,242	294,324	231,340
	<u>921,585</u>	<u>987,144</u>	<u>1,523,887</u>

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

	<i>30 June</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>30 June</i> <i>2019</i> <i>KD</i>
<b>Attributable to:</b>			
Equity holders of the Company	144,087	652,118	789,036
Non-controlling interests	80,173	362,852	439,036
	<u>224,260</u>	<u>1,014,970</u>	<u>1,228,072</u>

### Interim condensed consolidated statement of income:

	<i>30 June</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>30 June</i> <i>2019</i> <i>KD</i>
Equity holders of the Company	448,031	(17,878)	190,061
Non-controlling interests	249,294	(9,948)	105,754
	<u>697,325</u>	<u>(27,826)</u>	<u>295,815</u>
<b>Total impact of hyperinflation</b>	<u>921,585</u>	<u>987,144</u>	<u>1,523,887</u>

### 8 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

A subsidiary of the Company is currently in an ongoing dispute with their joint operations partner for breach of the terms and conditions of the profit sharing agreement. Further, the joint operations partner has also filed a notice of breach against the subsidiary relating to the ownership of the equipment involved in the joint operations.

These cases are presently under arbitration with the London Court of International Arbitration (LCIA). The external legal counsel of the Group believes that this dispute is at a preliminary stage and therefore, the outcome of the case cannot be predicted with reasonable certainty. However, management believes that the final result of the arbitration proceedings is not likely to have a material impact on the interim condensed consolidated financial information of the Group.

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

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

As at 30 June 2020

### 8 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

#### Capital commitments:

	<i>30 June 2020 KD</i>	<i>(Audited) 31 December 2019 KD</i>	<i>30 June 2019 KD</i>
Commitment towards contribution of fund (held as financial assets through profit or loss)	<u><b>440,330</b></u>	<u>477,592</u>	<u>533,680</u>

### 9 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 results information of the Group's operating segments for the six months period ended 30 June 2020 and 30 June 2019, respectively:

	<i>Energy KD</i>	<i>Contracting KD</i>	<i>Others KD</i>	<i>Total KD</i>
<b>30 June 2020</b>				
Total segment revenues	<u><b>944,246</b></u>	<u><b>844,607</b></u>	<u>-</u>	<u><b>1,788,853</b></u>
Share of results from associate	<u>-</u>	<u><b>2,297</b></u>	<u>-</u>	<u><b>2,297</b></u>
Unrealised loss on financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u><b>(1,085,778)</b></u>	<u><b>(1,085,778)</b></u>
(Loss) income for the period	<u><b>(1,477,387)</b></u>	<u><b>2,529,434</b></u>	<u><b>(1,144,818)</b></u>	<u><b>(92,771)</b></u>
<b>30 June 2019</b>				
Total segment revenues	<u>2,047,967</u>	<u>1,396,871</u>	<u>-</u>	<u>3,444,838</u>
Share of results from associate	<u>-</u>	<u>120,138</u>	<u>-</u>	<u>120,138</u>
Unrealised loss on financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u><b>(2,901,994)</b></u>	<u><b>(2,901,994)</b></u>
(Loss) income for the period	<u><b>(1,810,316)</b></u>	<u><b>1,244,873</b></u>	<u><b>(2,967,616)</b></u>	<u><b>(3,533,059)</b></u>



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

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

As at 30 June 2020

### 9 SEGMENT INFORMATION (continued)

#### i) Primary segment information: (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2020, 31 December 2019 and 30 June 2019, respectively:

	<i>Energy KD</i>	<i>Contracting KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>As at 30 June 2020</i>				
Total segment assets	<u>17,769,602</u>	<u>11,059,553</u>	<u>2,121,882</u>	<u>30,951,037</u>
Total segment liabilities	<u>2,814,088</u>	<u>1,570,249</u>	<u>26,466</u>	<u>4,410,803</u>
<i>As at 31 December 2019 (Audited)</i>				
Total segment assets	<u>18,907,675</u>	<u>9,951,699</u>	<u>3,216,314</u>	<u>32,075,688</u>
Total segment liabilities	<u>3,137,815</u>	<u>1,750,585</u>	<u>20,813</u>	<u>4,909,213</u>
<i>As at 30 June 2019</i>				
Total segment assets	<u>25,475,901</u>	<u>11,220,171</u>	<u>3,486,273</u>	<u>40,182,345</u>
Total segment liabilities	<u>9,199,518</u>	<u>1,463,292</u>	<u>22,829</u>	<u>10,685,639</u>

#### 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>30 June 2020</i>				<i>30 June 2019</i>			
	<i>Kuwait KD</i>	<i>MENA KD</i>	<i>Outside MENA KD</i>	<i>Total KD</i>	<i>Kuwait KD</i>	<i>MENA KD</i>	<i>Outside MENA KD</i>	<i>Total KD</i>
Segment revenue	<u>-</u>	<u>1,788,853</u>	<u>-</u>	<u>1,788,853</u>	<u>-</u>	<u>3,444,838</u>	<u>-</u>	<u>3,444,838</u>
Segment results	<u>50,922</u>	<u>1,001,125</u>	<u>(1,144,818)</u>	<u>(92,771)</u>	<u>(378,645)</u>	<u>(186,798)</u>	<u>(2,967,616)</u>	<u>(3,533,059)</u>

### 10 IMPACT OF COVID-19 OUTBREAK

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. The outbreak of COVID-19, globally caused disruptions to businesses and economic activity globally and necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the interim condensed consolidated financial information for the period ended 30 June 2020. Oil prices have also witnessed significant volatility during the current period, owing not just to demand issues arising from COVID-19 as the world economies go into lockdown, but also supply issues driven by volume which had predated the pandemic. Further, measures taken by various governments to contain the virus have affected economic activity and the Group's business in various significant ways.

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

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

As at 30 June 2020

### 10 IMPACT OF COVID-19 OUTBREAK (continued)

The Group has experienced a decline in contract and services revenues by 40% and 54% respectively on a year-on-year basis in the current period, as a result of various factors including decreased demand due to the COVID-19 outbreak. Further, the Group has also experienced a decline in the fair values of some of its financial assets. The Group has evaluated the current situation by assessing the impact on expected impact on key credit, liquidity, operational, solvency and performance indicators in addition to other risk management practices to manage the potential business disruption due to COVID-19 outbreak that may have on its operations and financial performance. The steps taken by management also include commencing review of investment exposure concentrations and credit exposure concentrations.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Group may experience further negative results, liquidity restraints and incur additional impairments on its assets in 2020. Given the ongoing economic uncertainty, the exact impact on the Group's activities in the remainder of 2020 and thereafter cannot be predicted at this stage.

This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 30 June 2020.

#### **Risk management**

The management is monitoring and reassessing the risk management objectives and policies based on the current updates on COVID-19. For the period ended 30 June 2020, there were no significant changes to the risk management objectives and policies as compared to the audited consolidated financial statements as at 31 December 2019.

#### ***Credit risk***

The Group has concluded that it is not significantly exposed to credit risk as a result of the outbreak as its financial assets primarily constitute cash and cash equivalents and account receivables. The Group's exposure to credit risk with regard to cash and cash equivalents is limited as these balances are mostly held with counterparties with appropriate credit-ratings assigned by international credit-rating agencies. The Group's exposure to credit risk on its accounts receivables is also limited as the customers primarily include government entities and reputed business groups. Further, the receivable balances are monitored by the Group on an ongoing basis to minimize the Group's exposure to defaults.

#### ***Liquidity risk***

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The Group's exposure to liquidity risk is limited since the Group generally maintains the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. However, on a prudential basis, management has taken several steps in protecting cash flows through compensating cost saving measures and reductions to discretionary capital expenditure.

#### **Use of estimates and assumptions**

In application of the Group's accounting policies, management has assessed potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets. These judgements, estimates and assumptions are based on management's best assessment given the available market information when the interim condensed consolidated financial information is prepared.

Information about key assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets in the next reporting period is described below:

**10 IMPACT OF COVID-19 OUTBREAK (continued)**

**Use of estimates and assumptions (continued)**

***Investment properties, property and equipment and investment in associate (non-financial assets)***

As at the reporting date, the Group has not identified any significant impact on the carrying values of its non-financial assets as at 30 June 2020, due to the uncertainty involved in determining effect on projected cash flows generated from these non-financial assets or the market participants expectations of the price, depending on the approach used in determining the value of these assets for impairment assessment purposes.

The Group acknowledges that certain geographies and sectors in which these assets are located are negatively impacted, and as the situation continues to unfold, the Group will continue to assess further the impact on cash flows as well as valuation inputs in the upcoming quarters as there is new information to consider.

***Fair value measurement of financial instruments***

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial assets, and this represents management's best assessment based on observable available information as at the reporting date. With respect to the Group's account receivables, the Group uses the simplified model in calculation the ECL for trade receivables that do not contain a significant financing component by establishing a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The assumptions and estimates considered in the determination of the ECL amounts may need to be revised to reflect the different ways in which the COVID-19 outbreak affects different types of customers such as extension of payment terms for trade receivables. The Group will continue to individually assess significant exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods. The Group is also closely monitoring whether the fair values of the investment securities classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss represent the price that would be achieved for transactions between market participants in the current scenario.

**Subsequent events**

The implications of COVID-19 are ongoing and the ultimate outcome of this event is unknown and therefore the full impact on the Group for events and circumstances that arose after the reporting date cannot be reasonably quantified at the authorisation date of this interim condensed consolidated financial information. The effect of COVID-19 on the Group as and when known will be incorporated into the determination of the Group's estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

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