

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

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

**31 MARCH 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 31 March 2020, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cashflows for the three months period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### *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 other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Company's Memorandum of Incorporation and Articles of Association have occurred during the three months period ended 31 March 2020 that might have had a material effect on the business of the Company or on its financial position.




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ABDULKARIM AL SAMDAN  
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 31 March 2020

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	1,774,807	2,130,975	1,689,872
Right-of-use assets	557,132	573,392	412,271
Investment property	2,408,069	2,881,083	3,600,301
Investment in associate	214,583	254,154	240,954
Financial assets at fair value through other comprehensive income	159,014	153,208	85,704
Financial assets at fair value through profit or loss	3,056,918	3,400,782	3,918,758
	<b>8,170,523</b>	<b>9,393,594</b>	<b>9,947,860</b>
<b>Current assets</b>			
Inventories	1,052,455	1,389,210	877,026
Account receivables and other debit balances	3,823,764	5,667,619	5,577,739
Cash and cash equivalents	16,018,560	15,625,265	21,757,160
	<b>20,894,779</b>	<b>22,682,094</b>	<b>28,211,925</b>
<b>TOTAL ASSETS</b>	<b>29,065,302</b>	<b>32,075,688</b>	<b>38,159,785</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	75,000,000	75,000,000	75,000,000
Share premium	193,550	193,550	193,550
Statutory reserve	472,723	472,723	472,723
Voluntary reserve	314,957	314,957	314,957
Other reserves	(700,997)	(700,997)	(700,997)
Foreign currency translation reserve	(8,563,764)	(7,721,343)	(7,889,486)
Fair value reserve	161,716	139,871	99,444
Accumulated losses	(44,908,476)	(43,405,601)	(40,935,649)
<b>Equity attributable to equity holders of the Company</b>	<b>21,969,709</b>	<b>24,293,160</b>	<b>26,554,542</b>
Non-controlling interests	2,507,359	2,873,315	2,780,017
<b>Total equity</b>	<b>24,477,068</b>	<b>27,166,475</b>	<b>29,334,559</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	114,883	120,464	161,261
Lease liabilities	225,063	264,682	387,348
	<b>339,946</b>	<b>385,146</b>	<b>548,609</b>
<b>Current liabilities</b>			
Account payables and other liabilities	4,106,841	4,359,058	3,022,035
Murabaha payables	2,092	28,116	5,229,204
Lease liabilities	139,355	136,893	25,378
	<b>4,248,288</b>	<b>4,524,067</b>	<b>8,276,617</b>
<b>Total liabilities</b>	<b>4,588,234</b>	<b>4,909,213</b>	<b>8,825,226</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29,065,302</b>	<b>32,075,688</b>	<b>38,159,785</b>

  
 Ahmed Eissa Al-Sumait  
 Chairman

  
 Hamad A. Al-Qahtani  
 Chief Executive Officer

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2020

	<i>Notes</i>	<i>Three months ended</i>	
		<i>2020</i>	<i>2019</i>
		<i>KD</i>	<i>KD</i>
<b>REVENUE</b>			
Contract revenue		342,611	575,678
Services revenue		661,113	789,855
		<u>1,003,724</u>	<u>1,365,533</u>
<b>COST OF REVENUE</b>			
Contract costs		(294,590)	(192,015)
Services costs		(620,606)	(688,937)
		<u>(915,196)</u>	<u>(880,952)</u>
<b>GROSS PROFIT</b>		<b>88,528</b>	484,581
Other income		207	7,262
Finance income		105,139	120
Unrealised loss on financial assets at fair value through profit or loss		(397,242)	(2,458,032)
Share of results from associate		2,368	84,767
Allowance for expected credit loss of receivables		(1,170,206)	-
Provision for slow moving inventory		(295,546)	-
Staff costs		(229,302)	(128,055)
General and administration expenses		(385,698)	(326,092)
Finance costs		(9,742)	(43,210)
Foreign exchange differences		504,781	447,973
<b>OPERATING LOSS</b>		<b>(1,786,713)</b>	(1,930,686)
Monetary gain (loss) from hyperinflation	7	133,864	(117,316)
<b>LOSS FOR THE PERIOD BEFORE PROVISION FOR TAX</b>		<b>(1,652,849)</b>	(2,048,002)
Taxation on foreign operations		47,409	(33,834)
<b>LOSS FOR THE PERIOD BEFORE PROVISION FOR CONTRIBUTION TO NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>		<b>(1,605,440)</b>	(2,081,836)
NLST		-	(96,027)
Zakat		-	(38,411)
<b>LOSS FOR THE PERIOD</b>		<b>(1,605,440)</b>	<b>(2,216,274)</b>
<b>Attributable to:</b>			
Equity holders of the Company		(1,649,822)	(2,409,872)
Non-controlling interests		44,382	193,598
		<u>(1,605,440)</u>	<u>(2,216,274)</u>
<b>BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	5	<b>(2.20) fils</b>	(3.21) 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  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME (UNAUDITED)  
 For the period ended 31 March 2020

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2020</b>	<b>2019</b>
	<b>KD</b>	<b>KD</b>
<b>Loss for the period</b>	<b>(1,605,440)</b>	<b>(2,216,274)</b>
<b>Other comprehensive (loss) income:</b>		
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income</i>		
Net exchange differences on translation of foreign operations	<b>(1,346,678)</b>	(19,954)
	<b>(1,346,678)</b>	(19,954)
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
Fair value gain on financial assets at fair value through other comprehensive income	<b>34,000</b>	5,404,136
<b>Total other comprehensive (loss) income for the period</b>	<b>(1,312,678)</b>	5,384,182
<b>Total comprehensive (loss) income for the period</b>	<b>(2,918,118)</b>	3,167,908
<b>Attributable to:</b>		
Equity holders of the Company	<b>(2,470,398)</b>	2,979,888
Non-controlling interests	<b>(447,720)</b>	188,020
	<b>(2,918,118)</b>	3,167,908

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2020

	<i>Attributable to the equity holders of the Company</i>										
	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Other reserves KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Accumulated losses KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2020 ( <i>Audited</i> )	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	-	-	-	-	-	-	-	(1,649,822)	(1,649,822)	44,382	(1,605,440)
Other comprehensive (loss) income for the period	-	-	-	-	-	(842,421)	21,845	-	(820,576)	(492,102)	(1,312,678)
Total comprehensive (loss) income for the period	-	-	-	-	-	(842,421)	21,845	(1,649,822)	(2,470,398)	(447,720)	(2,918,118)
Hyperinflation adjustment (Note 7)	-	-	-	-	-	-	-	146,947	146,947	81,764	228,711
<b>As at 31 March 2020</b>	<b>75,000,000</b>	<b>193,550</b>	<b>472,723</b>	<b>314,957</b>	<b>(700,997)</b>	<b>(8,563,764)</b>	<b>161,716</b>	<b>(44,908,476)</b>	<b>21,969,709</b>	<b>2,507,359</b>	<b>24,477,068</b>
As at 1 January 2019 ( <i>Audited</i> )	75,000,000	193,550	472,723	314,957	(700,997)	(7,882,376)	744,876	(44,631,230)	23,511,503	2,556,858	26,068,361
(Loss) profit for the period	-	-	-	-	-	-	-	(2,409,872)	(2,409,872)	193,598	(2,216,274)
Other comprehensive (loss) income for the period	-	-	-	-	-	(7,110)	5,396,870	-	5,389,760	(5,578)	5,384,182
Total comprehensive (loss) income for the period	-	-	-	-	-	(7,110)	5,396,870	(2,409,872)	2,979,888	188,020	3,167,908
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(6,042,302)	6,042,302	-	-	-
Hyperinflation adjustment (Note 7)	-	-	-	-	-	-	-	63,151	63,151	35,139	98,290
<b>As at 31 March 2019</b>	<b>75,000,000</b>	<b>193,550</b>	<b>472,723</b>	<b>314,957</b>	<b>(700,997)</b>	<b>(7,889,486)</b>	<b>99,444</b>	<b>(40,935,649)</b>	<b>26,554,542</b>	<b>2,780,017</b>	<b>29,334,559</b>

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2020

	Note	<i>Three months ended</i>	
		<i>31 March</i>	
		<b>2020</b>	<b>2019</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Loss for the period before contribution for tax		<b>(1,652,849)</b>	(2,048,002)
<i>Adjustments to reconcile loss for the period before provision for tax to net cash flows:</i>			
Loss from sale of property and equipment		<b>7,008</b>	614
Finance income		<b>(105,139)</b>	(120)
Unrealised loss on financial assets at fair value through profit or loss		<b>397,242</b>	2,458,032
Share of results from associate		<b>(2,368)</b>	(84,767)
Allowance for expected credit loss of receivables		<b>1,170,206</b>	-
Provision for slow moving inventory		<b>295,546</b>	-
Employees' end of service benefits provided		<b>8,869</b>	11,041
Depreciation		<b>262,903</b>	222,657
Depreciation of right-of-use assets		<b>25,771</b>	5,337
Finance costs		<b>9,742</b>	43,210
Foreign exchange differences		<b>(504,781)</b>	(447,973)
Monetary (gain) loss from hyperinflation		<b>(133,864)</b>	117,316
		<b>(221,714)</b>	277,345
Working capital adjustments:			
Inventories		<b>119,383</b>	231,674
Account receivables and other debit balances		<b>1,122,647</b>	(493,524)
Account payables and other liabilities		<b>(204,808)</b>	539,792
Cash flows from operations		<b>815,508</b>	555,287
Employees' end of service benefits paid		<b>(14,348)</b>	-
Net cash flows from operating activities		<b>801,160</b>	555,287
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(8,124)</b>	(418,007)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	20,042,302
Proceeds from sale of property and equipment		<b>24,022</b>	9,690
Finance income received		<b>160,922</b>	120
Net movement in restricted bank balances and deposits		<b>2,074</b>	(2,329)
Net cash flows from investing activities		<b>178,894</b>	19,631,776
<b>FINANCING ACTIVITIES</b>			
Finance costs paid		<b>(990)</b>	(4,515)
Net movement in murabaha payables		<b>(23,510)</b>	3,287
Payment of lease liabilities		<b>(51,620)</b>	(5,850)
Net cash flows from (used in) financing activities		<b>(76,120)</b>	(7,078)
Effect of foreign currency translation and hyperinflation adjustments		<b>(508,565)</b>	(414,536)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>395,369</b>	19,765,449
Cash and cash equivalents as at the beginning of the period		<b>15,597,810</b>	1,963,407
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</b>	<b>3</b>	<b>15,993,179</b>	21,728,856

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 31 March 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;
- ▶ Owing portables and real-estates to promote its activities in permissible limits according to the law; and
- ▶ Utilizing available financial surplus of the Company by investing them in portfolios managed by specialized companies.

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

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

The interim condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months period ended 31 March 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 three months period ended 31 March 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 31 March 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:

	<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
Bank balances and cash	<b>2,247,060</b>	1,867,515	21,757,160
Wakala deposit	<b>13,771,500</b>	13,757,750	-
Cash and cash equivalents as per the interim condensed consolidated statement of financial position	<b>16,018,560</b>	15,625,265	21,757,160
Restricted bank balances	<b>(25,381)</b>	(27,455)	(28,304)
Cash and cash equivalents as per the interim condensed consolidated statement of cash flows	<b>15,993,179</b>	15,597,810	21,728,856

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

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

As at 31 March 2020

### 3 CASH AND CASH EQUIVALENTS (continued)

Restricted bank balances of KD 25,381 (31 December 2019: KD 27,455 and 31 March 2019: KD 28,304) 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</i>	<i>Parent Company</i>	<i>Entities under common control</i>	<i>31 March 2020</i>	<i>(Audited) 31 December 2019</i>	<i>31 March 2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Account receivables and other debit balances	-	<b>60,054</b>	-	<b>60,054</b>	863,568	1,685,377
Cash and cash equivalents	<b>1,036,021</b>	-	-	<b>1,036,021</b>	1,121,811	20,254,813
Account payables and other liabilities	-	-	<b>9,794</b>	<b>9,794</b>	34,330	142,418
Murabaha payables	-	-	-	-	-	5,184,905

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

	<i>Ultimate Parent Company</i>	<i>Three months ended 31 March</i>	
	<i>KD</i>	<i>2020</i>	<i>2019</i>
		<i>KD</i>	<i>KD</i>
Finance income	<b>4,459</b>	<b>4,459</b>	120
Finance costs	-	-	37,727

#### *Compensation of key management personnel*

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

	<i>Three months ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>
Salaries and short-term benefits	<b>68,563</b>	64,991
Termination benefits	<b>2,350</b>	3,184
	<b>70,913</b>	68,175

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

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

As at 31 March 2020

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

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

	<i>Three months ended</i> <i>31 March</i>	
	<b>2020</b> <b>KD</b>	<b>2019</b> <b>KD</b>
Loss for the period attributable to equity holders of the Company	<u><b>(1,649,822)</b></u>	<u>(2,409,872)</u>
Weighted average number of outstanding shares	<u><i>Shares</i> <b>750,000,000</b></u>	<u><i>Shares</i> 750,000,000</u>
<b>Basic and diluted loss per share attributable to equity holders of the Company</b>	<u><b>(2.20) fils</b></u>	<u>(3.21) fils</u>

As there are no dilutive instruments outstanding, basic and diluted 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.

#### **Financial instruments**

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

	<i>Level 1</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b>31 March 2020</b>				
<b>Financial assets measured fair value</b>				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	<u>159,014</u>	<u>-</u>	<u>-</u>	<u>159,014</u>
<b>Financial assets at fair value through profit or loss</b>				
Quoted fund	-	263,193	-	263,193
Unquoted fund	-	-	2,793,725	2,793,725
	<u>-</u>	<u>263,193</u>	<u>2,793,725</u>	<u>3,056,918</u>
	<u><b>159,014</b></u>	<u><b>263,193</b></u>	<u><b>2,793,725</b></u>	<u><b>3,215,932</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 31 March 2020

6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<i>31 December 2019</i>				
<i>Financial assets measured fair value</i>				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	153,208	-	-	153,208
<i>Financial assets at fair value through profit or loss</i>				
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>31 March 2019</i>				
<i>Financial assets measured fair value</i>				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	85,704	-	-	85,704
<i>Financial assets at fair value through profit or loss</i>				
Unquoted fund	-	-	3,918,758	3,918,758
	85,704	-	3,918,758	4,004,462

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

	As at 1 January 2020 KD	Loss recorded in the consolidated statement of income KD	Gain recorded in consolidated statement of comprehensive income KD	Net purchases, sales, transfers and settlements KD	As at 31 March 2020 KD
<i>Financial assets at fair value through profit or loss</i>					
Unquoted fund	3,139,284	(398,937)	53,378	-	2,793,725
	As at 1 January 2019 KD	Loss recorded in the consolidated statement of income KD	Gain recorded in consolidated statement of comprehensive income KD	Net purchases, sales, transfers and settlements KD	As at 31 December 2019 KD
<i>Financial assets at fair value through other comprehensive income</i>					
Equity securities	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

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

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

As at 31 March 2020

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

	<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 March 2019 KD</i>
<i>Financial assets at fair value through other comprehensive income</i>					
Equity securities	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	(2,458,032)	12,405	-	3,918,758

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

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

### 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:

	<b>Index</b>	<b>Conversion Factor</b>
<b>31 March 2020</b>	<b>2,337.322</b>	<b>1.077</b>
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 Energy House Holding Company K.S.C.P. and its Subsidiaries

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

As at 31 March 2020

### 7 HYPERINFLATION ADJUSTMENTS (continued)

The above mentioned restatement has been accounted for as follows:

- i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at the statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;
- ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;
- iii. Comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the statement of financial position date. Investment property and financial assets 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;
- iv. All items in the income statement are restated by applying the relevant quarterly average or year-end conversion factors; and
- v. The effect on the net monetary position of the Group is included in the interim condensed consolidated statement of 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 228,711 (31 December 2019: KD 1,014,970 and 31 March 2019: KD 98,290) in the books of Higleig, up to 31 March 2020, has been adjusted directly in the interim condensed consolidated statement of changes in equity.

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

	<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
Property and equipment	76,484	604,012	101,508
Investment in associate	169	17,845	-
Inventories	113,333	70,963	236,916
Other impact on the interim condensed consolidated statements of income and changes in equity	172,589	294,324	(357,450)
	<u>362,575</u>	<u>987,144</u>	<u>(19,026)</u>

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

	<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
<b>Attributable to:</b>			
Equity holders of the Company	146,947	652,118	63,151
Non-controlling interests	81,764	362,852	35,139
	<u>228,711</u>	<u>1,014,970</u>	<u>98,290</u>

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

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

As at 31 March 2020

### 7 HYPERINFLATION ADJUSTMENTS (continued)

#### Interim condensed consolidated statement of income:

	<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
Equity holders of the Company	<b>86,008</b>	(17,878)	(75,376)
Non-controlling interests	<b>47,856</b>	(9,948)	(41,940)
	<u><b>133,864</b></u>	<u>(27,826)</u>	<u>(117,316)</u>
<b>Total impact of hyperinflation</b>	<u><b>362,575</b></u>	<u>987,144</u>	<u>(19,026)</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.

#### Capital commitments:

	<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
Commitment towards contribution of fund (held as financial assets through profit or loss)	<u><b>486,259</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 Energy House Holding Company K.S.C.P. and its Subsidiaries

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

As at 31 March 2020

### 9 SEGMENT INFORMATION (continued)

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

The following table present revenue and results information of the Group's operating segments for the three months period ended 31 March 2020 and 31 March 2019, respectively:

	<i>Energy KD</i>	<i>Contracting KD</i>	<i>Others KD</i>	<i>Total KD</i>
<b>31 March 2020</b>				
Total segment revenues	<u>661,113</u>	<u>342,611</u>	<u>-</u>	<u>1,003,724</u>
Share of results from associate	<u>-</u>	<u>2,368</u>	<u>-</u>	<u>2,368</u>
Unrealised loss on financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>(397,242)</u>	<u>(397,242)</u>
Loss for the period	<u>(1,667,770)</u>	<u>491,687</u>	<u>(429,357)</u>	<u>(1,605,440)</u>
<b>31 March 2019</b>				
Total segment revenues	<u>789,855</u>	<u>575,678</u>	<u>-</u>	<u>1,365,533</u>
Share of results from associate	<u>-</u>	<u>84,767</u>	<u>-</u>	<u>84,767</u>
Unrealised loss on financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>(2,458,032)</u>	<u>(2,458,032)</u>
Loss for the period	<u>(271,143)</u>	<u>552,145</u>	<u>(2,497,276)</u>	<u>(2,216,274)</u>

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

	<i>Energy KD</i>	<i>Contracting KD</i>	<i>Others KD</i>	<i>Total KD</i>
<b>As at 31 March 2020</b>				
Total segment assets	<u>17,259,676</u>	<u>8,976,331</u>	<u>2,829,295</u>	<u>29,065,302</u>
Total segment liabilities	<u>3,148,364</u>	<u>1,430,880</u>	<u>8,990</u>	<u>4,588,234</u>
<b>As at 31 December 2019 (Audited)</b>				
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>
<b>As at 31 March 2018</b>				
Total segment assets	<u>25,485,274</u>	<u>8,722,217</u>	<u>3,952,294</u>	<u>38,159,785</u>
Total segment liabilities	<u>7,631,749</u>	<u>1,185,963</u>	<u>7,514</u>	<u>8,825,226</u>



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

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

As at 31 March 2020

### 9 SEGMENT INFORMATION (continued)

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.

	31 March 2020				31 March 2019			
	<i>Kuwait</i> <i>KD</i>	<i>MENA</i> <i>KD</i>	<i>Outside</i> <i>MENA</i> <i>KD</i>	<i>Total</i> <i>KD</i>	<i>Kuwait</i> <i>KD</i>	<i>MENA</i> <i>KD</i>	<i>Outside</i> <i>MENA</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Segment revenue	-	1,003,724	-	1,003,724	-	1,365,533	-	1,365,533
Segment results	84,066	(1,260,149)	(429,357)	(1,605,440)	(220,607)	501,609	(2,497,276)	(2,216,274)

### 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 31 March 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 Group has experienced a decline in contract and services revenues by 40% and 16% 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 31 March 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 31 March 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.

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

**Risk management (continued)**

***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:

***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 31 March 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.

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

**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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