

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

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

30 JUNE 2021





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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Energy House Holding Company K.S.C.P. (“the Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2021, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cashflows for the six-month period then ended. Management 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.

Emphasis of Matters

We draw attention to Note 8 to the interim condensed consolidated financial information, which describes that a subsidiary of the Parent 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.

Conclusion

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

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

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 Parent 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 Parent Company's Memorandum of Incorporation and Articles of Association, during the six-month period ended 30 June 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2021 that might have had a material effect on the business of the Parent Company or on its financial position.




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


12 August 2021
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 2021

	<i>Note</i>	<i>30 June 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 June 2020 KD</i>
ASSETS				
Non-current assets				
Property and equipment		326,897	1,518,503	1,692,796
Right-of-use assets		400,215	437,236	477,957
Investment property		2,358,720	2,365,399	2,408,069
Investment in associate		25,497	200,333	214,583
Financial assets at fair value through other comprehensive income		29,065	156,175	159,014
Financial assets at fair value through profit or loss		2,946,341	2,655,117	2,359,066
		<u>6,086,735</u>	<u>7,332,763</u>	<u>7,311,485</u>
Current assets				
Inventories		20,672	121,395	1,825,334
Trade and other receivables		4,256,241	3,451,543	3,650,945
Cash and short-term deposits	3	15,916,632	17,136,317	18,163,273
		<u>20,193,545</u>	<u>20,709,255</u>	<u>23,639,552</u>
TOTAL ASSETS		<u>26,280,280</u>	<u>28,042,018</u>	<u>30,951,037</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		75,000,000	75,000,000	75,000,000
Share premium		193,550	193,550	193,550
Statutory reserve		472,723	472,723	472,723
Voluntary reserve		314,957	314,957	314,957
Other reserves		(700,997)	(700,997)	(700,997)
Foreign currency translation reserve		(12,168,580)	(8,385,121)	(7,976,644)
Fair value reserve		178,303	160,473	161,065
Accumulated losses		(42,933,633)	(45,926,178)	(44,143,924)
Equity attributable to equity holders of the Parent Company		<u>20,356,323</u>	<u>21,129,407</u>	<u>23,320,730</u>
Non-controlling interests		1,399,884	1,905,646	3,219,504
Total equity		<u>21,756,207</u>	<u>23,035,053</u>	<u>26,540,234</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		74,645	104,959	93,638
Lease liabilities		248,122	240,974	256,755
		<u>322,767</u>	<u>345,933</u>	<u>350,393</u>
Current liabilities				
Trade and other payables		4,179,390	4,623,535	3,976,673
Murabaha payables		9,361	13,629	36,571
Lease liabilities		12,555	23,868	47,166
		<u>4,201,306</u>	<u>4,661,032</u>	<u>4,060,410</u>
Total liabilities		<u>4,524,073</u>	<u>5,006,965</u>	<u>4,410,803</u>
TOTAL EQUITY AND LIABILITIES		<u>26,280,280</u>	<u>28,042,018</u>	<u>30,951,037</u>


Abdulrazzaq Ahmad Alroomi
Chairman


Hamad A. Al-Qahtani
Chief Executive Officer

The attached notes from 1 to 11 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 PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 June 2021

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
		KD	KD	KD	KD
REVENUE					
Contract revenue		4,326,241	501,996	4,622,337	844,607
Services revenue		276,565	283,133	568,943	944,246
		4,602,806	785,129	5,191,280	1,788,853
COST OF REVENUE					
Contract costs		(703,569)	(300,182)	(1,035,177)	(594,772)
Services costs		(110,703)	(466,945)	(319,478)	(1,087,551)
		(814,272)	(767,127)	(1,354,655)	(1,682,323)
GROSS PROFIT		3,788,534	18,002	3,836,625	106,530
Other income		608	604,762	7,246	604,969
Finance income		69,915	83,008	134,122	188,147
Unrealised (loss) gain on financial assets at fair value through profit or loss		(87,455)	(688,536)	309,369	(1,085,778)
Share of results of associate		-	(71)	-	2,297
Allowance for expected credit losses of trade receivables		-	7,654	-	(1,162,552)
Provision for slow moving inventory		-	(628)	-	(296,174)
Staff costs		(165,653)	(171,307)	(361,322)	(400,609)
General and administrative expenses		(168,397)	(247,256)	(397,551)	(632,954)
Finance costs		(12,784)	(7,700)	(25,504)	(17,442)
Net foreign exchange differences		3,330,175	1,484,491	3,773,490	1,989,272
OPERATING PROFIT (LOSS)		6,754,943	1,082,419	7,276,475	(704,294)
Monetary (loss) gain from hyperinflation	7	(430,615)	563,461	(523,854)	697,325
PROFIT (LOSS) BEFORE TAX		6,324,328	1,645,880	6,752,621	(6,969)
Taxation on foreign operations		(2,429,211)	(105,476)	(2,428,661)	(58,067)
National Labour Support Tax (NLST)		(67,485)	(19,811)	(78,777)	(19,811)
Zakat		(26,994)	(7,924)	(31,511)	(7,924)
PROFIT (LOSS) FOR THE PERIOD		3,800,638	1,512,669	4,213,672	(92,771)
Attributable to:					
Equity holders of the Parent Company		2,376,786	767,412	2,752,042	(882,410)
Non-controlling interests		1,423,852	745,257	1,461,630	789,639
		3,800,638	1,512,669	4,213,672	(92,771)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	5	3.17 Fils	1.02 Fils	3.67 Fils	(1.18) Fils

The attached notes from 1 to 11 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 30 June 2021

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2021	2020	2021	2020
	KD	KD	KD	KD
PROFIT (LOSS) FOR THE PERIOD	3,800,638	1,512,669	4,213,672	(92,771)
Other comprehensive (loss) income				
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Net exchange differences on translation of foreign operations	(2,825,232)	916,584	(5,894,593)	(430,094)
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods	(2,825,232)	916,584	(5,894,593)	(430,094)
<i>Other comprehensive (loss) income that will not be reclassified to profit or loss in the subsequent periods (net of tax):</i>				
Net (loss) gain on equity instruments designated at fair value through other comprehensive income	(7,570)	(1,013)	27,751	32,987
Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods	(7,570)	(1,013)	27,751	32,987
Total other comprehensive (loss) income for the period	(2,832,802)	915,571	(5,866,842)	(397,107)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	967,836	2,428,240	(1,653,170)	(489,878)
Attributable to:				
Equity holders of the Parent Company	547,411	1,353,881	(1,013,587)	(1,116,517)
Non-controlling interests	420,425	1,074,359	(639,583)	626,639
	967,836	2,428,240	(1,653,170)	(489,878)

The attached notes from 1 to 11 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 2021

	<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 2021 (Audited)	75,000,000	193,550	472,723	314,957	(700,997)	(8,385,121)	160,473	(45,926,178)	21,129,407	1,905,646	23,035,053
Profit for the period	-	-	-	-	-	-	-	2,752,042	2,752,042	1,461,630	4,213,672
Other comprehensive (loss) income for the period	-	-	-	-	-	(3,783,459)	17,830	-	(3,765,629)	(2,101,213)	(5,866,842)
Total comprehensive (loss) income for the period	-	-	-	-	-	(3,783,459)	17,830	2,752,042	(1,013,587)	(639,583)	(1,653,170)
Hyperinflation adjustment (Note 7)	-	-	-	-	-	-	-	240,503	240,503	133,821	374,324
As at 30 June 2021	75,000,000	193,550	472,723	314,957	(700,997)	(12,168,580)	178,303	(42,933,633)	20,356,323	1,399,884	21,756,207
As at 1 January 2020	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
As at 30 June 2020	75,000,000	193,550	472,723	314,957	(700,997)	(7,976,644)	161,065	(44,143,924)	23,320,730	3,219,504	26,540,234

The attached notes from 1 to 11 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 2021

	Note	Six months ended 30 June	
		2021 KD	2020 KD
OPERATING ACTIVITIES			
Profit (loss) before tax		6,752,621	(6,969)
<i>Adjustments to reconcile profit (loss) before tax to net cash flows:</i>			
Gain on sale of property and equipment (included in other income)		-	(584,016)
Finance income		(134,122)	(188,147)
Unrealised (gain) loss on financial assets at fair value through profit or loss		(309,369)	1,085,778
Share of results of associates		-	(2,297)
Allowance for expected credit losses of trade receivables		-	1,162,552
Provision for slow moving inventory		-	296,174
Employees' end of service benefits provided		7,760	16,294
Depreciation of property and equipment		8,932	169,384
Depreciation of right-of-use assets		22,395	48,757
Finance costs		25,504	17,442
Net foreign exchange differences		(3,773,490)	(1,989,272)
Monetary loss (gain) from hyperinflation		523,854	(697,325)
		3,124,085	(671,645)
<i>Working capital changes:</i>			
Inventories		100,723	78,850
Trade and other receivables		2,992,579	2,707,695
Trade and other payables		(2,983,094)	(828,810)
Cash flows from operations		3,234,293	1,286,090
Employees' end of service benefits paid		(37,827)	(44,179)
Net cash flows from operating activities		3,196,466	1,241,911
INVESTING ACTIVITIES			
Purchase of property and equipment		(19,176)	(12,511)
Proceeds from sale of property and equipment		-	265,196
Finance income received		110,335	323,846
Net movement in restricted bank balances and deposits		742	21,058
Net cash flows from investing activities		91,901	597,589
FINANCING ACTIVITIES			
Finance costs paid		(13,672)	(1,264)
Proceeds from murabaha payables		43,780	38,968
Repayment of murabaha payables		(20,746)	(25,040)
Payment of lease liabilities		(14,199)	(119,040)
Net cash flows used in financing activities		(4,837)	(106,376)
Effect of foreign currency translation and hyperinflation adjustments		(4,502,473)	825,942
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,218,943)	2,559,066
Cash and cash equivalents as at 1 January		17,131,475	15,597,810
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	3	15,912,532	18,156,876

The attached notes from 1 to 11 form an integral part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2021

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of The Energy House Holding Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 12 August 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved in the annual general assembly meeting (AGM) of the shareholders of the Parent Company held on 4 May 2021. No dividends were declared for the year ended 31 December 2020.

The Energy House Holding Company K.S.C.P. (the “Parent 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 were listed on Boursa Kuwait on 23 May 2005.

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

The Parent 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
- ▶ Utilising available financial surplus of the Company by investing them in portfolios managed by specialized companies.

The Group carries out its activities in accordance with Islamic Shari’a principles as approved by the Group’s Fatwa and Shari’a Supervisory Board.

The Parent Company is a subsidiary of Development Enterprise Holding Company K.S.C. (Closed) (“DEH”) (the “Intermediary Parent Company”), a subsidiary of Kuwait Finance House K.S.C.P. (the “Ultimate Parent Company”).

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

2.1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

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 2020, except for the adoption of new standards effective as of 1 January 2021. 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 2021, but do not have an 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 and for the period ended 30 June 2021

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

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of risk component.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3 CASH AND CASH EQUIVALENTS

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

	<i>30 June</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 June</i> <i>2020</i> <i>KD</i>
Bank balances and cash	663,882	1,878,067	4,393,773
Wakala deposits	15,252,750	15,258,250	13,769,500
Total cash and short-term deposits	15,916,632	17,136,317	18,163,273
Restricted bank balances	(4,100)	(4,842)	(6,397)
Total cash and cash equivalents	15,912,532	17,131,475	18,156,876

Restricted bank balances of KD 4,100 (31 December 2020: KD 4,842 and 30 June 2020: KD 6,397) represent margin deposits secured against bank facilities and are not available for day-to-day use by the Group.

4 RELATED PARTY DISCLOSURES

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 Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2021 and 2020, as well as balances with related parties as at 30 June 2021, 31 December 2020 and 30 June 2020:

	<i>Ultimate</i> <i>Parent</i> <i>Company</i> <i>KD</i>	<i>Intermediary</i> <i>Parent</i> <i>Company</i> <i>KD</i>	<i>Other</i> <i>related</i> <i>parties</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 June</i> <i>2020</i> <i>KD</i>
<i>Statement of financial position</i>						
Trade and other receivables	-	310,115	-	310,115	171,847	29,329
Cash and cash equivalents	811,194	-	-	811,194	829,357	987,219
Trade and other payables	-	-	1,289	1,289	2,267	1,844

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2021

4 RELATED PARTY DISCLOSURES (continued)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>				
Finance income ("Ultimate Parent Company")	1,222	4,062	2,451	8,521

Key management personnel:

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	<i>Transaction values for the</i>				<i>Balance outstanding as at</i>		
	<i>Three months ended</i>		<i>Six months ended</i>		<i>30 June</i>	<i>(Audited)</i>	
	<i>30 June</i>		<i>30 June</i>			<i>31 December</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	38,833	68,298	77,370	136,861	-	-	-
End of service benefits	1,910	2,647	3,406	4,997	25,553	57,488	54,593
	40,743	70,945	80,776	141,858	25,553	57,488	54,593

The Board of Directors at the meeting held on 24 March 2021 did not propose any directors' remuneration (except for a remuneration of KD 5,000 to the independent board member) for the year ended 31 December 2020. This proposal was approved by the shareholders at the AGM held on 4 May 2021

5 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit (loss) for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit (loss) for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Profit (loss) for the period attributable to equity holders of the Company (KD)	2,376,786	767,412	2,752,042	(882,410)
Weighted average number of outstanding shares	750,000,000	750,000,000	750,000,000	750,000,000
Basic and diluted EPS (Fils)	3.17	1.02	3.67	(1.18)

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

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

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6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Set out below is the fair values of financial assets measured at fair value on a recurring basis as at 30 June 2021, 31 December 2020 and 30 June 2020:

	<i>Fair value measurement using</i>			<i>Total KD</i>
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	
30 June 2021				
<i>Financial assets at FVOCI</i>				
- Equity securities	29,065	-	-	29,065
<i>Financial assets at FVPL</i>				
- Open-ended fund	-	267,568	-	267,568
- Private equity fund	-	-	2,678,773	2,678,773
	-	267,568	2,678,773	2,946,341
Investment securities (at fair value)	29,065	267,568	2,678,773	2,975,406
31 December 2020 (Audited)				
<i>Financial assets at FVOCI</i>				
- Equity securities	156,175	-	-	156,175
<i>Financial assets at FVPL</i>				
- Open-ended fund	-	265,998	-	265,998
- Private equity fund	-	-	2,389,119	2,389,119
	-	265,998	2,389,119	2,655,117
Investment securities (at fair value)	156,175	265,998	2,389,119	2,811,292
30 June 2020				
<i>Financial assets at FVOCI</i>				
- Equity securities	159,014	-	-	159,014
<i>Financial assets at FVPL</i>				
- Open-ended fund	-	264,178	-	264,178
- Private equity fund	-	-	2,094,888	2,094,888
	-	264,178	2,094,888	2,359,066
Investment securities (at fair value)	159,014	264,178	2,094,888	2,518,080

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6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	<i>Unquoted private equity fund</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 1 January	2,389,119	3,139,284	3,139,284
Remeasurement recognised in profit or loss	307,799	(756,482)	(1,088,458)
Purchases/(sales), net	-	(2,055)	-
Foreign currency translation adjustment	(18,145)	8,372	44,062
At the end of the period/ year	2,678,773	2,389,119	2,094,888

The valuation techniques and inputs used in this 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 2020.

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates.

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 Higleig, 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
30 June 2021	18,973.514	1.958
31 March 2021	8,638.700	1.562
31 December 2020	6,745.800	1.706
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

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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 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;
- 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 374,324 (31 December 2020: KD (979,689) and 30 June 2020: KD 224,260) in the books of Hagleig, up to 30 June 2021, 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>30 June</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 June</i> <i>2020</i> <i>KD</i>
Property and equipment	314,600	(134,409)	5,031
Investment in associate	-	(6,679)	164
Inventories	-	-	811,148
Other impact on profit or loss and OCI	(464,130)	(309,325)	105,242
	<u>(149,530)</u>	<u>(450,413)</u>	<u>921,585</u>

Statement of changes in equity:

	<i>30 June</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 June</i> <i>2020</i> <i>KD</i>
Attributable to:			
Equity holders of the Company	240,503	(629,450)	144,087
Non-controlling interests	133,821	(350,239)	80,173
	<u>374,324</u>	<u>(979,689)</u>	<u>224,260</u>

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

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7 HYPERINFLATION ADJUSTMENTS (continued)

Statement of profit or loss:

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Equity holders of the Company	(336,576)	340,060	448,031
Non-controlling interests	(187,278)	189,216	249,294
	(523,854)	529,276	697,325
Total impact of hyperinflation	(149,530)	(450,413)	921,585

8 COMMITMENTS AND CONTINGENCIES

8.1 Capital commitments

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Uncalled capital commitment – (private equity fund)	430,745	433,892	440,330

8.2 Legal contingency

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.

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 and for the period ended 30 June 2021

9 SEGMENT INFORMATION (continued)

i) Primary segment information:

The following table present revenue and results information of the Group's operating segments for the six months period ended 30 June 2021 and 30 June 2020, respectively:

	<i>Energy KD</i>	<i>Contracting KD</i>	<i>Others KD</i>	<i>Total KD</i>
30 June 2021				
Segment income	568,943	4,622,337	-	5,191,280
Segment results	<u>(107,658)</u>	<u>4,067,291</u>	<u>254,039</u>	<u>4,213,672</u>
Other disclosures:				
Finance costs	(11,411)	(13,672)	(421)	(25,504)
Unrealised gain on financial assets at FVPL	-	-	309,369	309,369
30 June 2020				
Segment income	944,246	844,607	-	1,788,853
Segment results	<u>(1,477,387)</u>	<u>2,529,434</u>	<u>(1,144,818)</u>	<u>(92,771)</u>
Other disclosures:				
Finance costs	(15,016)	(1,264)	(1,162)	(17,442)
Share of results from associate	-	2,297	-	2,297
Unrealised loss on financial assets at FVPL	-	-	(1,085,778)	(1,085,778)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2021, 31 December 2020 and 30 June 2020, respectively:

	<i>Energy KD</i>	<i>Contracting KD</i>	<i>Others KD</i>	<i>Total KD</i>
As at 30 June 2021				
Segment assets	17,566,883	6,025,735	2,687,662	26,280,280
Segment liabilities	<u>(2,763,245)</u>	<u>(1,655,342)</u>	<u>(105,486)</u>	<u>(4,524,073)</u>
As at 31 December 2020 (Audited)				
Segment assets	17,482,212	8,154,695	2,405,111	28,042,018
Segment liabilities	<u>2,619,147</u>	<u>2,328,532</u>	<u>59,286</u>	<u>5,006,965</u>
As at 30 June 2020				
Segment assets	17,769,602	11,059,553	2,121,882	30,951,037
Segment liabilities	<u>2,814,088</u>	<u>1,570,249</u>	<u>26,466</u>	<u>4,410,803</u>

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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.

	30 June 2021				30 June 2020			
	<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 income	-	5,191,280	-	5,191,280	-	1,788,853	-	1,788,853
Segment results	(208,838)	4,168,471	254,039	4,213,672	50,922	1,001,125	(1,144,818)	(92,771)

10 SUBSEQUENT EVENT

Subsequent to the reporting date, a potential buyer has been identified to acquire the Group's entire equity interest in Hagleig Petroleum Services & Investment Company Ltd, a subsidiary for which the Group owns 64.25%. The Board of Directors in their meeting held on 25 July 2021 approved the plan to exit the investment and utilise the cash proceeds to the best interest of the shareholders.

No other significant non-adjusting events have occurred between the reporting date and the date of authorisation of this interim condensed consolidated financial information.

11 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. This outbreak has also affected the GCC region including the State of Kuwait. Governments across the globe have taken steps to contain the spread of the virus, which included closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews.

The COVID-19 outbreak and resulting government measures have led to macroeconomic uncertainty causing disruption to economic activity, and it is unknown what the longer-term impact on the Group's business may be. In preparing the interim condensed consolidated financial information, the Group has based its assumptions and estimates on parameters available when these interim condensed consolidated financial information is prepared.

Accordingly, the Group continued to develop assumptions, development scenarios, impacts and developments as part of the operational results and cash flows for future reporting periods that may have a substantial impact and material adjustments on the consolidated financial information. The main assumptions are as follows:

Impairment of non-financial assets

The Group has considered any impairment indicators or any significant uncertainties impacting its inventories, property and equipment and right-of-use assets especially arising from any change in lease terms and taken necessary adjustments in the reported figures of these assets in the interim condensed consolidated financial information.

Expected Credit Losses ("ECL") and impairment of financial assets

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 June 2021. The Group has updated the relevant forward-looking information such as the forecasted gross domestic product growth rates of the country in which the Group has operations and accordingly records an allowance for ECL.

As at and for the period ended 30 June 2021

11 IMPACT OF COVID-19 OUTBREAK (continued)

Going concern assessment

Looking at the current scenario of evolution of new variants of corona virus and increased infections all over the world, there is still significant uncertainty over how the outbreak will impact the Group's business in future periods. Management has therefore modelled a number of different scenarios considering a period of 12 months from the date of last audited consolidated financial statements in the light of current economic conditions and all available information about future risks and uncertainties. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations and expected levels of consumer demand, along with management's proposed responses over the course of the period. The impact of COVID-19 may continue to evolve, but based on the Group's liquidity position and financial resources as at the date of authorisation of these interim condensed consolidated financial information, the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this interim condensed consolidated financial information have been prepared on a going concern basis.