

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

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

30 SEPTEMBER 2022



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

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 September 2022, 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 nine-month periods then ended, and the related interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cashflows for the nine-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.

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 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 nine-month period ended 30 September 2022 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 nine-month period ended 30 September 2022 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

14 November 2022
Kuwait

The Energy House Holding Company K.S.C.P. and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)**
As at 30 September 2022

		(Audited)	
	30 September 2022	31 December 2021	30 September 2021
	KD	KD	KD
ASSETS			
Non-current assets			
Property and equipment	2,036	7,495	9,414
Right-of-use assets	260,116	288,743	289,950
Financial assets at fair value through profit or loss	2,843,729	2,795,800	2,937,557
	<u>3,105,881</u>	<u>3,092,038</u>	<u>3,236,921</u>
Current assets			
Trade and other receivables	3,578,781	1,956,909	1,434,677
Cash and cash equivalents	16,878,296	15,289,850	15,430,689
	<u>20,457,077</u>	<u>17,246,759</u>	<u>16,865,366</u>
Assets held for sale	-	6,470,178	6,879,050
	<u>20,457,077</u>	<u>23,716,937</u>	<u>23,744,416</u>
TOTAL ASSETS	<u><u>23,562,958</u></u>	<u><u>26,808,975</u></u>	<u><u>26,981,337</u></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	927,185	712,484	657,633
Accumulated losses	(55,584,372)	(44,228,238)	(43,098,480)
Reserves of a disposal group held for sale	-	(11,759,446)	(12,361,152)
Equity attributable to equity holders of the Parent Company	<u>20,623,046</u>	<u>20,005,033</u>	<u>20,478,234</u>
Non-controlling interests	(189,996)	1,398,283	1,530,512
Total equity	<u>20,433,050</u>	<u>21,403,316</u>	<u>22,008,746</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits	78,954	71,743	68,700
Lease liabilities	275,148	253,989	230,166
	<u>354,102</u>	<u>325,732</u>	<u>298,866</u>
Current liabilities			
Trade and other payables	2,748,166	2,949,687	2,569,405
Murabaha payables	-	-	-
Lease liabilities	27,640	43,612	7,093
	<u>2,775,806</u>	<u>2,993,299</u>	<u>2,576,498</u>
Liabilities directly associated with the assets held for sale	-	2,086,628	2,097,227
	<u>2,775,806</u>	<u>5,079,927</u>	<u>4,673,725</u>
Total liabilities	<u>3,129,908</u>	<u>5,405,659</u>	<u>4,972,591</u>
TOTAL EQUITY AND LIABILITIES	<u><u>23,562,958</u></u>	<u><u>26,808,975</u></u>	<u><u>26,981,337</u></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 September 2022

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		KD	KD	KD	KD
CONTINUING OPERATIONS					
Services revenue		11,122	279,839	326,852	848,782
Services costs		(152,440)	(373,785)	(544,851)	(693,263)
GROSS (LOSS) PROFIT		(141,318)	(93,946)	(217,999)	155,519
Other income		2,100	2,100	6,300	6,300
Finance income		88,079	60,199	228,485	194,321
Unrealised (loss) gain on financial assets at fair value through profit or loss		(36,884)	(14,393)	(20,978)	294,976
Staff costs		(46,506)	(46,441)	(158,359)	(171,077)
General and administrative expenses		(79,704)	(133,505)	(256,759)	(409,304)
Finance costs		(5,255)	(4,474)	(15,911)	(16,306)
Net foreign exchange differences		68,562	6,518	138,936	(18,665)
(LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS BEFORE TAX		(150,926)	(223,942)	(296,285)	35,764
Taxation on foreign operations		-	2	-	(3,035)
National Labour Support Tax (NLST)		-	6,191	-	(72,586)
Zakat		-	2,476	-	(29,035)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(150,926)	(215,273)	(296,285)	(68,892)
DISCONTINUED OPERATIONS					
PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	3	-	133,157	(10,983,367)	4,200,448
(LOSS) PROFIT FOR THE PERIOD		(150,926)	(82,116)	(11,279,652)	4,131,556
Attributable to:					
Equity holders of the Parent Company		(136,435)	(116,584)	(11,356,134)	2,635,458
Non-controlling interests		(14,491)	34,468	76,482	1,496,098
		(150,926)	(82,116)	(11,279,652)	4,131,556
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	6	(0.18) fils	(0.16) fils	(15.14) fils	3.51 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 September 2022

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(LOSS) PROFIT FOR THE PERIOD	(150,926)	(82,116)	(11,279,652)	4,131,556
Other comprehensive income (loss)				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Net exchange differences on translation of foreign operations	46,737	469,097	11,975,664	(5,425,496)
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	46,737	469,097	11,975,664	(5,425,496)
<i>Other comprehensive (loss) income that will not be reclassified to profit or loss in the subsequent periods:</i>				
Fair value (loss) gain on financial assets at fair value through other comprehensive income	-	(5,471)	8,921	22,280
Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods	-	(5,471)	8,921	22,280
Total other comprehensive income (loss) for the period	46,737	463,626	11,984,585	(5,403,216)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(104,189)	381,510	704,933	(1,271,660)
Attributable to:				
Equity holders of the Parent Company	(94,602)	170,174	618,013	(843,413)
Non-controlling interests	(9,587)	211,336	86,920	(428,247)
	(104,189)	381,510	704,933	(1,271,660)

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 September 2022

Attributable to the equity holders of the Parent Company

	<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>Reserves of a disposal group held for sale 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 2022	75,000,000	193,550	472,723	314,957	(700,997)	712,484	-	(11,759,446)	(44,228,238)	20,005,033	1,398,283	21,403,316
<i>(Audited)</i>												
(Loss) profit for the period	-	-	-	-	-	-	-	-	(11,356,134)	(11,356,134)	76,482	(11,279,652)
Other comprehensive income for the period	-	-	-	-	-	214,701	-	11,759,446	-	11,974,147	10,438	11,984,585
Total comprehensive income (loss) for the period	-	-	-	-	-	214,701	-	11,759,446	(11,356,134)	618,013	86,920	704,933
Net movement in non-controlling interests on disposal of a subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	(1,675,199)	(1,675,199)
As at 30 September 2022	75,000,000	193,550	472,723	314,957	(700,997)	927,185	-	-	(55,584,372)	20,623,046	(189,996)	20,433,050
As at 1 January 2021	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	-	-	-	-	-	-	-	-	2,635,458	2,635,458	1,496,098	4,131,556
Other comprehensive (loss) income for the period	-	-	-	-	-	(3,493,186)	14,315	-	-	(3,478,871)	(1,924,345)	(5,403,216)
Total comprehensive (loss) income for the period	-	-	-	-	-	(3,493,186)	14,315	-	2,635,458	(843,413)	(428,247)	(1,271,660)
Dividends distributed	-	-	-	-	-	-	-	-	-	-	(53,853)	(53,853)
Hyperinflation adjustment (Note 6)	-	-	-	-	-	-	-	-	192,240	192,240	106,966	299,206
Transfer to reserves of a disposal group held for sale	-	-	-	-	-	12,535,940	(174,788)	(12,361,152)	-	-	-	-
As at 30 September 2021	75,000,000	193,550	472,723	314,957	(700,997)	657,633	-	(12,361,152)	(43,098,480)	20,478,234	1,530,512	22,008,746

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 September 2022

	Notes	<i>Nine months ended</i>	
		<i>30 September</i>	
		2022	2021
		KD	KD
OPERATING ACTIVITIES			
(Loss) profit before tax from continuing operations		(296,285)	35,764
(Loss) profit before tax from discontinuing operations		(10,845,146)	6,599,817
<i>Adjustments to reconcile (loss) profit before tax to net cash flows:</i>			
Loss on disposal of a subsidiary	3	11,270,406	-
Finance income		(228,485)	(194,321)
Unrealised loss (gain) on financial assets at fair value through profit or loss		20,978	(294,976)
Employees' end of service benefits provided		69,122	9,287
Depreciation of property and equipment		6,673	13,711
Depreciation of right-of-use assets		34,669	145,532
Finance costs		15,911	30,664
Net foreign exchange differences		(862,068)	(3,832,252)
Monetary loss from hyperinflation	3	33,226	475,406
		(780,999)	2,988,632
<i>Working capital changes:</i>			
Inventories		(61,678)	97,751
Trade and other receivables		(1,322,949)	2,217,699
Trade and other payables		(48,227)	(2,466,660)
Cash flows (used in) from operations		(2,213,853)	2,837,422
Employees' end of service benefits paid		-	(45,436)
NLST paid		(16,151)	-
Zakat paid		(6,408)	-
Net cash flows (used in) from operating activities		(2,236,412)	2,791,986
INVESTING ACTIVITIES			
Proceeds from sale of a subsidiary	3	3,489,896	-
Purchase of property and equipment		-	(24,456)
Finance income received		126,762	249,400
Net movement in restricted bank balances and deposits		(113)	(2,275)
Net cash flows from investing activities		3,616,545	222,669
FINANCING ACTIVITIES			
Finance costs paid		-	(14,358)
Proceeds from murabaha payables		-	34,994
Repayment of murabaha payables		-	(16,583)
Payment of lease liabilities		(17,550)	(35,719)
Dividend paid to NCI		-	(53,853)
Net cash flows used in financing activities		(17,550)	(85,519)
Effect of foreign currency translation and hyperinflation adjustments		124,955	(4,098,882)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,487,538	(1,169,746)
Cash and cash equivalents as at 1 January		16,401,537	17,131,475
Cash and cash equivalents related to disposal of a subsidiary	3	(1,015,011)	-
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	4	16,874,064	15,961,729

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 September 2022

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 nine months ended 30 September 2022 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 14 November 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved in the annual general assembly meeting (AGM) of the shareholders of the Parent Company held on 19 May 2022. No dividends were declared for the year ended 31 December 2021.

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 nine months ended 30 September 2022 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 is presented in Kuwaiti Dinars (“KD”) which is the functional currency of the Group.

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 2021.

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, 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 September 2022

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)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial information as the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it is not a first-time adopter.

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 September 2022

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)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

3 DISPOSAL OF A SUBSIDIARY AND DISCONTINUED OPERATIONS

On 30 September 2021, the Group publicly announced that the Parent Company had signed a sale and purchase agreement (SPA) to sell its entire equity interest of 64.25% in its subsidiary, Higeig Petroleum Services and Investment Company Ltd, for a consideration of USD 11.5 million (KD 3,489,896). Further to the SPA, the Parent Company signed a contract with the buyer on 20 April 2022, assigning the subsidiary's shares to the buyer, including all the related rights and benefits associated with these shares, and also removed their representatives from the Board of Directors of Higeig, thereby evidencing loss of control of the subsidiary by the Parent Company. Subsequently, on 21 July 2022, the legal ownership of the shares was transferred to the buyer, after obtaining regulatory approvals. During the period, the Group has received the entire sales consideration from the buyer and has recorded a net loss of KD 11,270,406 in the interim condensed consolidated statement of profit or loss, on disposal of the subsidiary.

The following table summarises the consideration received, and the amounts of identified assets and liabilities disposed as well as the carrying value of the non- controlling interest at the date of disposal.

	<i>KD</i>
Assets	
Property and equipment	315,194
Investment property	2,358,720
Investment in associates	25,497
Financial assets at fair value through other comprehensive income	48,479
Inventories	93,286
Trade and other receivables	3,246,756
Cash and cash equivalents	1,015,011
	<u>7,102,943</u>
Liabilities	
Provision for end of service indemnity	61,484
Trade and other payables	2,355,583
	<u>2,417,067</u>
Net assets	4,685,876
Non-controlling interests	(1,675,199)
Net assets disposed	<u>3,010,677</u>

Loss on disposal of subsidiary included in the interim condensed consolidated statement of profit or loss is as follows:

	<i>KD</i>
Cash consideration received	3,489,896
Less: Carrying amount of net assets disposed	(3,010,677)
Less: Recycling of reserves of a disposal group held for sale	(11,749,625)
Loss on disposal of a subsidiary	<u>(11,270,406)</u>

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 September 2022

3 DISPOSAL OF A SUBSIDIARY AND DISCONTINUED OPERATIONS (continued)

The results of the subsidiary till the date of disposal included in the interim condensed consolidated statement of profit or loss are presented as below:

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2022	2021
	KD	KD
Contract revenue	1,608,653	5,057,365
Contract costs	(1,167,831)	(1,324,804)
	440,822	3,732,561
Other income	2,624	2,435
General and administration expenses	(138,628)	(180,519)
Staff costs	(568,997)	(315,813)
Finance costs	(467)	(14,358)
Net foreign exchange differences	723,132	3,850,917
Monetary loss from hyperinflation**	(33,226)	(475,406)
PROFIT FOR THE PERIOD BEFORE TAX FROM DISCONTINUED OPERATIONS	425,260	6,599,817
Taxation on foreign operations	(138,221)	(2,399,369)
PROFIT FOR THE PERIOD AFTER TAX FROM DISCONTINUED OPERATIONS	287,039	4,200,448
Loss on disposal of the subsidiary	(11,270,406)	-
(LOSS) PROFIT FROM DISCONTINUED OPERATIONS	(10,983,367)	4,200,448
Attributable to:		
Equity holders of the Parent Company	(11,085,983)	2,698,788
Non-controlling interests	102,616	1,501,660
	(10,983,367)	4,200,448
BASIC AND DILUTED EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	(14.78) fils	3.60 fils

The net cashflows incurred by the subsidiary till the date of disposal are as follows:

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2022	2021
	KD	KD
Operating	(6,421,061)	(873,079)
Investing	24,532	(1,866)
Financing	13,130	(10,865)
Net cash outflows	(6,383,399)	(885,810)

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

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As at and for the period ended 30 September 2022

3 DISPOSAL OF A SUBSIDIARY AND DISCONTINUED OPERATIONS (continued)

**The subsidiary disposed off during the period operated in the hyperinflationary economy of Sudan. 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, upto the date of disposal 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 2022	36,131.063	1.553
31 March 2022	18,973.514	1.000
31 December 2021	18,973.514	1.158
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

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 interim condensed consolidated statement of income 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 Energy House Holding Company K.S.C.P. and its Subsidiaries

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As at and for the period ended 30 September 2022

3 DISPOSAL OF A SUBSIDIARY AND DISCONTINUED OPERATIONS (continued)

The movement in disposed subsidiary's assets and liabilities due to hyperinflation is, as follows:

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Property and equipment	-	161,887	313,290
Investment in associates	-	-	-
Other impact on profit or loss and OCI	(33,226)	(388,184)	(489,490)
	(33,226)	(226,297)	(176,200)

Statement of changes in equity:

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Attributable to:			
Equity holders of the Parent Company	-	166,252	192,240
Non-controlling interests	-	92,506	106,966
	-	258,758	299,206

Statement of profit or loss:

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Equity holders of the Parent Company	(21,348)	(311,648)	(305,448)
Non-controlling interests	(11,878)	(173,407)	(169,958)
	(33,226)	(485,055)	(475,406)
Total impact of hyperinflation	(33,226)	(226,297)	(176,200)

4 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 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances and cash	2,378,296	789,850	930,689
Wakala deposits	14,500,000	14,500,000	14,500,000
Cash and cash equivalents in the interim condensed consolidated statement of financial position	16,878,296	15,289,850	15,430,689
Bank balances and cash attributable to discontinued operations	-	1,115,806	535,148
Restricted bank balances	(4,232)	(4,119)	(4,108)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	16,874,064	16,401,537	15,961,729

Restricted bank balances of KD 4,232 (31 December 2021: KD 4,119 and 30 September 2021: KD 4,108) represent margin deposits secured against bank facilities and are not available for day-to-day use by 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 September 2022

5 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 nine months ended 30 September 2022 and 2021, as well as balances with related parties as at 30 September 2022, 31 December 2021 and 30 September 2021:

	<i>Ultimate Parent Company KD</i>	<i>Intermediary Parent Company KD</i>	<i>Other related parties KD</i>	<i>(Audited)</i>			
				<i>30 September 2022 KD</i>	<i>31 December 2021 KD</i>	<i>30 September 2021 KD</i>	
<i>Interim condensed consolidated statement of financial position</i>							
Trade and other receivables	-	2,089,948	-	2,089,948	903,797	503,956	
Cash and cash equivalents	2,206,649	-	-	2,206,649	658,167	795,792	
				<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
				<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>							
Finance income ("Ultimate Parent Company")			2,189	76	5,057	2,527	

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>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
Salaries and short-term benefits	28,260	31,090	111,605	108,460
Termination benefits	1,673	1,703	4,652	5,109
	<u>29,933</u>	<u>32,793</u>	<u>116,257</u>	<u>113,569</u>
			<i>Balance outstanding as at</i>	
			<i>(Audited)</i>	
	<i>30 September 2022 KD</i>	<i>31 December 2021 KD</i>	<i>30 September 2021 KD</i>	
End of service benefits	22,927	28,957	16,573	
	<u>22,927</u>	<u>28,957</u>	<u>16,573</u>	

The Board of Directors at the meeting held on 12 May 2022 did not propose any directors' remuneration (except for a remuneration of KD 9,000 to the independent board member) for the year ended 31 December 2021. The same was approved by the shareholders at the Annual general meeting (AGM) held on 19 May 2022 and was paid subsequently.

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 September 2022

6 (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is calculated by dividing the (loss) profit 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 (loss) earnings per share is calculated by dividing the (loss) profit 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 (loss) earnings per share are identical.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
(Loss) profit for the period attributable to				
Continuing operations	(136,435)	(202,137)	(270,151)	(63,330)
Discontinuing operations	-	85,553	(11,085,983)	2,698,788
(Loss) profit for the period attributable to equity holders of the Parent Company (Fils)	(136,435)	(116,584)	(11,356,134)	2,635,458
Weighted average number of outstanding shares	750,000,000	750,000,000	750,000,000	750,000,000
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company (fils)	(0.18)	(0.16)	(15.14)	3.51
Basic and diluted (loss) earnings per share from continuing operations attributable to equity holders of the Parent Company (fils)	(0.18)	(0.27)	(0.36)	(0.08)

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 the (loss) earnings per share.

7 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.

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 September 2022

7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Set out below is the fair values of financial assets measured at fair value on a recurring basis as at 30 September 2022, 31 December 2021 and 30 September 2021:

	<i>Fair value measurement using</i>			<i>Total</i> <i>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 September 2022				
<i>Financial assets at fair value through profit or loss</i>				
- Open-ended fund	-	272,666	-	272,666
- Private equity fund	-	-	2,571,063	2,571,063
Investment securities (at fair value)	-	272,666	2,571,063	2,843,729
	<i>(Level 1) KD</i>	<i>(Level 2) KD</i>	<i>(Level 3) KD</i>	<i>Total KD</i>
31 December 2021 (Audited)				
<i>Financial assets at fair value through profit or loss</i>				
- Open-ended fund	-	269,364	-	269,364
- Private equity fund	-	-	2,526,436	2,526,436
	-	269,364	2,526,436	2,795,800
Investment securities (at fair value)	41,465	269,364	2,526,436	2,837,265
	<i>(Level 1) KD</i>	<i>(Level 2) KD</i>	<i>(Level 3) KD</i>	<i>Total KD</i>
30 September 2021				
<i>Financial assets at fair value through profit or loss</i>				
- Open-ended fund	-	268,509	-	268,509
- Private equity fund	-	-	2,669,048	2,669,048
Investment securities (at fair value)	-	268,509	2,669,048	2,937,557

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

	<i>Unquoted private equity fund (Audited)</i>		
	<i>30 September 2022 KD</i>	<i>31 December 2021 KD</i>	<i>30 September 2021 KD</i>
As at 1 January	2,526,436	2,389,119	2,389,119
Remeasurement recognised in profit or loss	(24,280)	143,280	292,465
Foreign currency translation adjustment	68,907	(5,963)	(12,536)
At the end of the period/ year	2,571,063	2,526,436	2,669,048

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 2021.

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

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7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

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.

8 CAPITAL COMMITMENTS

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Uncalled capital commitment – (private equity fund)	<u>444,621</u>	<u>432,748</u>	<u>431,603</u>

9 LEGAL DISPUTE

A subsidiary of the Group was on 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 had also filed a notice of breach against the subsidiary relating to the ownership of the equipment involved in the joint operations. These cases were under arbitration with the London Court of International Arbitration (LCIA).

During the previous year, the LCIA issued a final verdict whereby it ordered the joint operations partner to pay the subsidiary an amount of USD 1,004,418 along with simple interest at the rate of 2.24% p.a. from the date of the verdict. Further, it ordered the subsidiary to pay USD 188,336 along with simple interest at the rate of 2.24% p.a. to the joint operations partner and also confirmed that the ownership of the equipment involved in the joint operations resides with the joint operations partner. The Group in consultation with its legal counsel is currently considering various options of final settlement with the joint operations partner, based on the above verdict issued by the LCIA.

10 SEGMENT INFORMATION

i) Primary segment information:

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

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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10 SEGMENT INFORMATION (continued)

i) Primary segment information (continued):

The following table present revenue and results information of the Group's operating segments for the nine months period ended 30 September 2022 and 30 September 2021, respectively:

	<i>Energy KD</i>	<i>Others KD</i>	<i>Total KD</i>
30 September 2022			
Segment income	<u>326,852</u>	-	<u>326,852</u>
Segment results	<u>(494,074)</u>	<u>197,789</u>	<u>(296,285)</u>
Other disclosures:			
Finance costs	(13,427)	(2,484)	(15,911)
Unrealised loss on financial assets at fair value through profit or loss	-	(20,978)	(20,978)
	<i>Energy KD</i>	<i>Others KD</i>	<i>Total KD</i>
30 September 2021			
Segment income	<u>848,782</u>	-	<u>848,782</u>
Segment results	<u>(480,759)</u>	<u>411,867</u>	<u>(68,892)</u>
Other disclosures:			
Finance costs	(15,819)	(487)	(16,306)
Unrealised gain on financial assets at fair value through profit or loss	-	294,976	294,976

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2022, 31 December 2021 and 30 September 2021 respectively:

	<i>Energy KD</i>	<i>Others KD</i>	<i>Total KD</i>
As at 30 September 2022			
Segment assets	<u>6,091,909</u>	<u>17,471,049</u>	<u>23,562,958</u>
Segment liabilities	<u>2,611,969</u>	<u>517,939</u>	<u>3,129,908</u>
As at 31 December 2021 (Audited)			
Segment assets	<u>5,609,564</u>	<u>14,729,233</u>	<u>20,338,797</u>
Segment liabilities	<u>2,377,015</u>	<u>942,016</u>	<u>3,319,031</u>
As at 30 September 2021			
Segment assets	<u>5,914,611</u>	<u>14,187,676</u>	<u>20,102,287</u>
Segment liabilities	<u>2,746,697</u>	<u>128,667</u>	<u>2,875,364</u>

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10 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 September 2022				30 September 2021			
	<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 income	-	326,852	-	326,852	-	848,782	-	848,782
Segment results	82,880	(347,651)	(31,514)	(296,285)	(210,676)	(73,738)	215,522	(68,892)

11 PROPOSAL FOR REDUCTION IN SHARE CAPITAL AND OTHER RESERVES

The Board of Director's of the Parent Company in their meeting held on 31 August 2022 proposed the following:

First: Extinguish accumulated losses of KD 55,447,937 as at 30 June 2022 against share capital to the extent of KD 56,429,167, share premium of KD 193,550, statutory reserve of KD 472,723 and voluntary reserve of KD 314,957.

Second: Reduction of authorised, issued and paid-up share capital of the Parent Company from KD 75,000,000 to KD 4,533,293 through the extinguishment of accumulated losses as stated above and distributing the remainder of the reduction amount of KD 16,000,000, in cash to the shareholders pro-rated to their shareholding in the Parent Company.

The above proposal is subject to the approval of the shareholders at the extra-ordinary general assembly ("EGM") after obtaining the necessary regulatory approvals.