

**Senergy Holding Company K.S.C.P.
and its Subsidiaries**

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

31 MARCH 2021





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

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Senergy Holding Company K.S.C.P. (“the Parent Company”) and its subsidiaries (collectively the “Group”) as at 31 March 2021, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the three-months periods then ended, and the interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three-months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

Emphasis of Matter

We draw attention to Note 10 to the interim condensed consolidated financial information which describes that on 21 July 2016, the co-venturer of Emirates Western Petroleum Services L.L.C. (‘Emirates Western’), a joint venture indirectly held by the Group through Senergy Services Company K.S.C.C. (“Subsidiary”), filed a legal action against the Subsidiary in relation to alleged non-performance under a management agreement claiming an amount of AED 35,348,822 (equivalent to KD 2,928,990) in addition to the legal expenses and 12% delay interest. On 20 November 2016, the Subsidiary filed a counter claim before the court, requesting the appointment of a committee of experts to investigate the violations of the co-venturer and evaluate the damages and losses the Subsidiary incurred due to such breach. On 23 April 2019, the court issued an unfavourable judgement against the Subsidiary, for which an appeal was filed. On 9 February 2021, the Court of Appeal issued a verdict and annulled the previous ruling issued on 23 April 2019. On 8 April 2021, the co-venturer filed an appeal against the above ruling in the Court of Cassation. Further, the Subsidiary also filed a counter claim against the co-venturer, claiming an amount of AED 90,000,000 (equivalent to KD 7,378,716) in addition to the legal expenses and delay interest until the final settlement.



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

Report on Review of Interim Condensed Consolidated Financial Information (continued)

Emphasis of Matter (continued)

The ultimate outcome of the matter cannot presently be determined, and accordingly no provision for any liability that may result has been recognised in the interim condensed consolidated financial information as at 31 March 2021.

Our conclusion is not modified in respect of this matter.

Report on other Legal and Regulatory Requirement

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts 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 the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the three-months period ended 31 March 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 violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

11 May 2021
Kuwait

Senergy Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

	Notes	31 March 2021 KD	(Audited) 31 December 2020 KD	31 March 2020 KD
ASSETS				
Non-current assets				
Goodwill and intangible assets		2,587,470	2,587,470	2,587,470
Property, plant and equipment		3,294,497	3,303,563	3,077,938
Investment properties		1,042,993	1,046,823	1,683,891
Financial assets at fair value through other comprehensive income		1,059,235	1,420,544	80,568
Term deposits		1,148,200	1,148,200	1,148,200
		<u>9,132,395</u>	<u>9,506,600</u>	<u>8,578,067</u>
Current assets				
Inventories		561,930	593,840	559,131
Amount due from related parties	3	322,030	322,861	1,012,831
Trade and other receivables		3,349,168	3,436,210	3,540,466
Financial assets at fair value through profit or loss	3	58,018	58,126	2,140
Term deposits		300,002	283,412	220,071
Cash and short-term deposits	4	1,988,855	917,330	1,742,456
		<u>6,580,003</u>	<u>5,611,779</u>	<u>7,077,095</u>
TOTAL ASSETS		<u><u>15,712,398</u></u>	<u><u>15,118,379</u></u>	<u><u>15,655,162</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	5	20,000,000	20,000,000	20,000,000
Share premium		181,866	181,866	181,866
Treasury shares	5	(181,866)	(181,866)	(181,866)
Treasury shares reserve	5	27,456	27,456	27,456
Fair value reserve		(53,898)	(62,757)	(40,629)
Foreign currency translation reserve		(216,044)	(265,723)	(272,526)
Accumulated losses		(9,795,689)	(9,783,522)	(9,755,717)
Equity attributable to equity holders of the Parent Company		<u>9,961,825</u>	<u>9,915,454</u>	<u>9,958,584</u>
Non-controlling interests		2,405,241	2,368,001	2,298,163
Total equity		<u>12,367,066</u>	<u>12,283,455</u>	<u>12,256,747</u>
Non-current liabilities				
Employees' end of service benefits		703,192	647,552	611,755
Trade and other payables		24,543	24,542	20,843
Lease liabilities		-	-	101,238
		<u>727,735</u>	<u>672,094</u>	<u>733,836</u>
Current liabilities				
Trade and other payables		2,617,597	2,162,830	2,627,507
Lease liabilities		-	-	37,072
		<u>2,617,597</u>	<u>2,162,830</u>	<u>2,664,579</u>
Total liabilities		<u>3,345,332</u>	<u>2,834,924</u>	<u>3,398,415</u>
TOTAL EQUITY AND LIABILITIES		<u><u>15,712,398</u></u>	<u><u>15,118,379</u></u>	<u><u>15,655,162</u></u>

Ali Hussain Al Mousa
Chairman

Mohammad Hamad Al Salem
Vice Chairman & CEO

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

Senergy Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 31 March 2021

	Notes	Three months ended 31 March	
		2021 KD	2020 KD
Revenue from contracts with customers	6	738,904	1,187,744
Cost of sales of goods and services rendered		(576,276)	(789,233)
GROSS PROFIT		162,628	398,511
Rental income		84,671	70,958
Commission income		13,471	30,489
Income from Islamic deposits		10,019	13,837
Net foreign exchange differences		9,468	714
Net impairment losses and other provisions		-	(10,126)
Gain on sale of property, plant and equipment		6,480	-
Other income		11,124	6,831
TOTAL INCOME		297,861	511,214
General and administrative expenses		(409,299)	(403,386)
Finance costs on lease liabilities		-	(2,291)
TOTAL EXPENSES		(409,299)	(405,677)
(LOSS) PROFIT BEFORE TAX		(111,438)	105,537
Taxation from foreign subsidiaries		(15,203)	(25,986)
Provision for Kuwait Foundation for Advancement of Sciences ("KFAS")		(656)	(2,459)
Provision for Zakat		(1,880)	(2,571)
(LOSS) PROFIT FOR THE PERIOD		(129,177)	74,521
Attributable to:			
Equity holders of the Parent Company		(136,256)	38,399
Non-controlling interests		7,079	36,122
		(129,177)	74,521
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7	(0.68 fils)	0.19 fils

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

Senergy Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2021

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
(LOSS) PROFIT FOR THE PERIOD	(129,177)	74,521
Other comprehensive income (loss)		
<i>Other comprehensive income (loss) that may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	79,817	(56,173)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of equity instruments designated at fair value through other comprehensive income	132,971	-
Other comprehensive income (loss) for the period	212,788	(56,173)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	83,611	18,348
Attributable to:		
Equity holders of the Parent Company	46,371	1,723
Non-controlling interests	37,240	16,625
	83,611	18,348

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

Senergy Holding Company K.S.C.P. and its Subsidiaries

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

For the period ended 3 March 2021

	Attributable to the equity holders of the Parent Company									
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2021	20,000,000	181,866	(181,866)	27,456	(62,757)	(265,723)	(9,783,522)	9,915,454	2,368,001	12,283,455
Loss (income) for the period	-	-	-	-	-	-	(136,256)	(136,256)	7,079	(129,177)
Other comprehensive income for the period	-	-	-	-	132,948	49,679	-	182,627	30,161	212,788
Total comprehensive income (loss) for the period	-	-	-	-	132,948	49,679	(136,256)	46,371	37,240	83,611
Realized gain on disposal of equity securities at FVOCI	-	-	-	-	(124,089)	-	124,089	-	-	-
At 31 March 2021	20,000,000	181,866	(181,866)	27,456	(53,898)	(216,044)	(9,795,689)	9,961,825	2,405,241	12,367,066
	Attributable to the equity holders of the Parent Company									
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests KD	Total Equity KD
As at 1 January 2020	20,000,000	181,866	(181,866)	27,456	(40,629)	(235,850)	(9,794,116)	9,956,861	2,281,538	12,238,399
Profit for the period	-	-	-	-	-	-	38,399	38,399	36,122	74,521
Other comprehensive loss for the period	-	-	-	-	-	(36,676)	-	(36,676)	(19,497)	(56,173)
Total comprehensive (loss) income for the period	-	-	-	-	-	(36,676)	38,399	1,723	16,625	18,348
At 31 March 2020	20,000,000	181,866	(181,866)	27,456	(40,629)	(272,526)	(9,755,717)	9,958,584	2,298,163	12,256,747

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

Senergy Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2021

	Note	Three months ended	
		31 March	
		2021	2020
		KD	KD
OPERATING ACTIVITIES			
(Loss) profit before tax		(111,438)	105,537
<i>Adjustment to reconcile (loss) profit before tax to net cash flows:</i>			
Depreciation on property, plant and equipment		158,387	180,526
Depreciation on investment properties		3,830	17,077
Depreciation on right-of-use assets		-	8,928
Net reversal of other provisions		-	(13,414)
Profit on sale of property, plant and equipment		(6,480)	-
Net charge of ECL for trade receivables		-	23,540
Income from Islamic deposits		(10,019)	(13,837)
Provision for employees' end of service indemnity		71,195	55,811
Finance costs on lease liabilities		-	2,291
		<u>105,475</u>	<u>366,459</u>
<i>Working Capital adjustments:</i>			
Inventories		31,910	99,182
Trade receivables and other receivables		87,042	(550,277)
Amount due from related parties		831	(6,012)
Trade payables and other payables		482,688	12,326
		<u>707,946</u>	<u>(78,322)</u>
<i>Cash generated from (used in) operations</i>		<u>707,946</u>	<u>(78,322)</u>
Tax paid		(45,659)	(89,766)
Employees' end of service indemnity paid		(15,555)	(60,668)
		<u>646,732</u>	<u>(228,756)</u>
Net cash flows from (used in) operating activities		<u>646,732</u>	<u>(228,756)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(121,928)	(220,184)
Proceeds from disposal of property, plant and equipment		15,480	-
Proceed from disposal of financial assets at FVOCI		494,280	374
Proceed from disposal of financial assets at FVTPL		108	702
Net change in term deposits		(16,590)	462,092
Net movement in restricted cash balances		-	(50,683)
Islamic deposits income received		10,019	13,837
		<u>381,369</u>	<u>206,138</u>
Net cash flows from investing activities		<u>381,369</u>	<u>206,138</u>
FINANCING ACTIVITY			
Payment of lease liabilities		-	(10,562)
		<u>-</u>	<u>(10,562)</u>
Net cash flows used in financing activity		<u>-</u>	<u>(10,562)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		<u>1,028,101</u>	<u>(33,180)</u>
Cash and cash equivalents at 1 January		917,330	1,831,809
Net foreign exchange differences		43,424	(56,173)
		<u>1,988,855</u>	<u>1,742,456</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	<u>1,988,855</u>	<u>1,742,456</u>

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

Senergy Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

1. CORPORATE INFORMATION

The interim condensed consolidated financial information of Senergy Holding Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months period ended 31 March 2021 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 11 May 2021. The consolidated financial statements of the Group for the year ended 31 December 2020 are subject to approval in the annual general assembly of the shareholders of the Parent Company. The annual general assembly of the shareholders has the power to amend these consolidated financial statements after issuance and consequently, may have an impact on the current period interim condensed consolidated financial information.

The Parent Company was incorporated in the State of Kuwait on 22 March 1983 and its shares are publicly traded on Bourse Kuwait. The Parent Company’s registered office is located at Ahmadi Block 8, Building 42 – Gulf International General Trading & Contracting Co. Mezzanine, and its registered postal address is P.O. Box 47582, Fahaheel 64204, State of Kuwait.

The Parent Company carries out its activities in accordance with the Islamic Sharia’a. The principal activities as defined in the Parent Company’s Articles of Association are, as follows:

- ▶ Owning shares of Kuwaiti or foreign shareholding and limited liabilities companies as well as participating in forming, administering, financing, and providing third party guarantees for these companies.
- ▶ Financing companies owned or guaranteeing them against third parties provided that the contribution ratio of the holding company in the capital of these companies shall not be less than at least 20%.
- ▶ Owning industrial rights for patents, trade names, designs and leasing the same to other companies for their use inside or outside Kuwait.
- ▶ Owning movable and real estate properties that are necessary to practice its activities in accordance to the law.
- ▶ Use of surplus funds available with the Parent Company by investing it in portfolios managed by specialized companies.

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

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34: *Interim Financial Reporting*.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Parent Company.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The management considers 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 does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2020.

2.2 New standards 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 apply for the first time in 2021, but do not have a material impact on the interim condensed consolidated financial information of the Group.

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

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 interest rate (RFR).

Senergy Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

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

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

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

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 a 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 RELATED PARTY DISCLOSURES

These represent transactions with certain parties (major shareholders, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise control or significant influence) entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The following table provides the transactions that have been entered into with related parties during the three months 31 March 2021 and 2020, as well as balances with related parties as at 31 March 2021, 31 December 2020 and 31 March 2020.

	<i>31 March</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>31 March</i> <i>2020</i> <i>KD</i>
<i>Balances included in the interim condensed consolidated statement of financial position:</i>			
Financial assets at fair value through profit or loss	58,018	58,126	2,140
Right-of-use assets (included within property, plant and equipment)	-	-	133,933
Lease liabilities	-	-	138,310
Receivables from related parties	322,030	322,861	1,012,831

Transactions carried out with related parties during the period were as follows:

	<i>Three months ended</i> <i>31 March</i>	
	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
<i>Transactions included in the interim condensed consolidated statement of profit or loss:</i>		
General and administrative expenses	107	700

Senergy Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

3 RELATED PARTY DISCLOSURES (continued)

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by management. Outstanding balances at the reporting are unsecured, interest free and repayable on demand. There have been no guarantees provided or received for any related party receivables or payables.

Transactions with 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 related to key management personnel were as follows:

	<i>Transactions value for three-month ended 31 March</i>		<i>Balance outstanding as at 31 March</i>	
	<i>2021 KD</i>	<i>2020 KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
<i>Key management personnel benefits and salaries:</i>				
Salaries and other short-term benefits	69,688	41,235	12,530	7,785
End of service benefits	5,029	3,577	5,029	3,577
	74,717	44,812	17,559	11,362

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>31 March 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>31 March 2020 KD</i>
	Cash on hand	10,572	11,102
Bank balances	1,859,628	906,228	1,627,000
Short-term deposits	118,655	-	90,555
Total cash and bank balances	1,988,855	917,330	1,742,456

Short-term deposits are made for varying periods of between one week and one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Senergy Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

5 SHARE CAPITAL AND TREASURY SHARES

(i) Share capital

At 31 March 2021, the authorised, issued and fully paid-up capital of the Parent Company comprises of 200,000,000 (31 December 2020: 200,000,000 and 31 March 2020: 200,000,000) shares of 100 fils each. All shares are paid in cash.

(ii) Treasury shares

	<i>31 March</i> <i>2021</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i>	<i>31 March</i> <i>2020</i>
Number of shares	277,468	277,468	277,468
Percentage of issued shares (%)	0.14%	0.14%	0.14%
Market value (KD)	7,769	5,827	4,439
Cost (KD)	181,866	181,866	181,866

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>Three months ended</i> <i>31 March</i>	
	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
Types of goods or services:		
Sale of goods	16,809	34,114
Rendering of services	722,095	1,153,630
	738,904	1,187,744
Timing of revenue recognition		
Goods transferred at a point in time	16,809	34,114
Services transferred over time	722,095	1,153,630
	738,904	1,187,744
Geographical markets		
Kuwait	568,883	887,121
Pakistan	170,021	300,623
	738,904	1,187,744

Senergy Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

7 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the (loss) profit for the period attributable to 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 (loss) profit 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>31 March</i>	
	<i>2021</i>	<i>2020</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	(136,256)	38,399
Weighted average number of shares outstanding (shares)*	199,722,532	199,722,532
Basic and diluted EPS (fils)	(0.68 fils)	0.19 fils

* *The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period, if any.*

Senergy 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 31 March 2021

8 SEGMENT INFORMATION

The Group considers that the operating units which offer products and special services constitute segments that are disclosed and reported as follows:

- ▶ Investment management: The investment management segment is responsible for investing surplus funds in portfolios to maximise returns, incorporate or acquire subsidiaries and associates to expand the Group's operations, and to maintain an adequate capital base to sustain future development of the business.
- ▶ Drilling and maintenance: Support activities to drilling of oil wells and related maintenance.

The Group's segmental information is as follows:

	Three months ended 31 March 2021 (Unaudited)			Three months ended 31 March 2020 (Unaudited)		
	Investment management KD	Drilling and maintenance KD	Total KD	Investment management KD	Drilling and maintenance KD	Total KD
Revenue from contracts with customers	3,771	735,133	738,904	1,278	1,186,466	1,187,744
Rental income	82,340	2,331	84,671	69,958	1,000	70,958
Commission revenue	13,471	-	13,471	28,650	1,839	30,489
Income from Islamic deposits	-	10,019	10,019	13,837	-	13,837
Net foreign exchange differences	9,468	-	9,468	(2,273)	2,987	714
Gain on sale of property, plant and equipment	6,480	-	6,480	-	-	-
Other income, net	2,020	9,104	11,124	4	6,827	6,831
Total income	117,550	756,587	874,137	111,454	1,199,119	1,310,573
Cost of sales	(3,828)	(572,448)	(576,276)	(16,079)	(773,154)	(789,233)
General and administrative expenses	(264,234)	(145,065)	(409,299)	(204,274)	(199,112)	(403,386)
Net impairment losses and other provision	-	-	-	(10,126)	-	(10,126)
Finance costs	-	-	-	(1,929)	(362)	(2,291)
Taxation from foreign subsidiaries	(15,203)	-	(15,203)	(25,986)	-	(25,986)
Provision for KFAS	-	(656)	(656)	-	(2,459)	(2,459)
Provision for Zakat	-	(1,880)	(1,880)	-	(2,571)	(2,571)
Total expenses and other charges	(283,265)	(720,049)	(1,003,314)	(258,394)	(977,658)	(1,236,052)
Segment (loss) profit	(165,715)	36,538	(129,177)	(146,940)	221,461	74,521

Senergy Holding Company K.S.C.P. and its Subsidiaries

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8 SEGMENT INFORMATION (continued)

	31 March 2021 (Unaudited)		31 December 2020 (Audited)		31 March 2020 (Unaudited)	
	Investment management KD	Drilling and maintenance KD	Total KD	Investment management KD	Drilling and maintenance KD	Total KD
Total assets	5,091,784	10,620,614	15,712,398	4,916,593	10,201,786	15,118,379
Total liabilities	1,652,510	1,692,822	3,345,332	1,414,760	1,420,164	2,834,924
Goodwill and intangible assets	2,114,530	472,940	2,587,470	2,114,530	472,940	2,587,470
				4,078,588	11,576,574	15,655,162
				953,596	2,444,819	3,398,415
				2,114,531	472,939	2,587,470

Senergy Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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9 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of its assets and liabilities by valuation technique:

- ▶ Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ▶ Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- ▶ Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's financial instruments recognised at fair value on a recurring basis:

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets</i>	<i>Significant unobservable inputs</i>	<i>Total</i>
	<i>(Level 1)</i> <i>KD</i>	<i>(Level 3)</i> <i>KD</i>	
<i>As at 31 March 2021</i>			
Financial assets at FVTPL:			
Unquoted equity securities	-	58,018	58,018
	-	58,018	58,018
Financial assets at FVOCI:			
Quoted equity securities	992,166	-	992,166
Unquoted equity securities	-	67,069	67,069
	992,166	67,069	1,059,235
	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets</i>	<i>Significant unobservable inputs</i>	<i>Total</i>
	<i>(Level 1)</i> <i>KD</i>	<i>(Level 3)</i> <i>KD</i>	
<i>As at 31 December 2020</i>			
Financial assets at FVTPL:			
Unquoted equity securities	-	58,126	58,126
	-	58,126	58,126
Financial assets at FVOCI:			
Quoted equity securities	1,353,576	-	1,353,576
Unquoted equity securities	-	66,968	66,968
	1,353,576	66,968	1,420,544

Senergy Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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9 FAIR VALUE MEASUREMENT (continued)

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets</i>	<i>Significant unobservable inputs</i>	<i>Total</i>
	<i>(Level 1)</i>	<i>(Level 3)</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>As at 31 March 2020</i>			
Financial assets at FVTPL:			
Unquoted equity securities	-	2,140	2,140
	-	2,140	2,140
Financial assets at FVOCI:			
Unquoted equity securities	-	80,568	80,568
	-	80,568	80,568

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

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	
<i>31 March 2021</i>			
As at 1 January 2021	66,968	58,126	125,094
Remeasurement recognised in other comprehensive income	132,971	-	132,971
Purchases / sales (net)	(132,870)	(108)	(132,978)
As at 31 March 2021	67,069	58,018	125,087

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	
<i>31 December 2020</i>			
As at 1 January 2020	80,942	2,842	83,784
Remeasurement recognised in profit or loss	-	55,512	55,512
Remeasurement recognised in other comprehensive income	(12,887)	-	(12,887)
Purchases / sales (net)	(1,087)	(228)	(1,315)
As at 31 December 2020	66,968	58,126	125,094

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	
<i>31 March 2020</i>			
As at 1 January 2020	80,942	2,842	83,784
Purchases / sales (net)	(374)	(702)	(1,076)
As at 31 March 2020	80,568	2,140	82,708

Senergy 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 31 March 2021

9 FAIR VALUE MEASUREMENT (continued)

For assets classified as level 3, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of similar assets; or other valuation techniques. The Group has also performed a sensitivity analysis by varying these input factors by 5%. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

No transfers have been made between the levels of the fair value hierarchy during the current period.

Management assessed that the fair values of other financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments.

10 COMMITMENTS AND CONTINGENCIES

Legal claim contingency

The Group had an investment in a joint venture i.e. Emirates Western Petroleum Services W.L.L. ("Emirates Western"), a joint venture incorporated in United Arab Emirates and indirectly held by the Group through Senergy Services Company K.S.C.C. ("Subsidiary"). On 21 July 2016, the co-venturer filed a legal action against the Subsidiary in relation to alleged non-performance under a management agreement claiming an amount of AED 35,348,822 (equivalent to KD 2,928,990) in addition to the legal expenses and 12% delay interest.

On 20 November 2016, the Subsidiary filed a counter claim before the court, requesting the appointment of a committee of experts to investigate the violations of the co-venturer and evaluate the damages and losses the Subsidiary incurred due to such breach.

On 23 April 2019, an unfavourable judgement was handed down against the Subsidiary. However, the Subsidiary appealed against the decision. No payments have been made to the claimant pending outcome of the appeal.

On 29 October 2019, the Court of Appeal accepted the appeal filed by the Subsidiary and issued a preliminary verdict to postpone the decision on the subject matter and assign a panel of three experts to verify the elements of the appeal and submit their findings accordingly.

On 9 February 2021, the Court of Appeal issued a verdict and annulled the previous ruling issued on 23 April 2019.

On 8 April 2021, the co-venturer filed an appeal against the above ruling in the Court of Cassation. Further, the Subsidiary also filed a counter claim against the co-venturer, claiming an amount of AED 90,000,000 (equivalent to KD 7,378,716) in addition to the legal expenses and delay interest until the final settlement.

Notwithstanding the above, there is an uncertainty relating to the final outcome of this claim at the date of authorisation of this interim condensed consolidated financial information. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action against the Group will succeed. Accordingly, no provision for any liability has been recognised by the Group in relation to this claim as at 31 March 2021.

Other contingent liabilities

	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
Letters of guarantee	<u>1,770,470</u>	<u>1,389,345</u>

Term deposits amounting to KD 1,148,200 are mortgaged against letters of guarantees provided to the Group by its bank.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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11 IMPACT OF COVID-19

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Fiscal and monetary authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

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