

Quarterly Financial Statement Results Form (Q2)  
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية المرحلية (الربع الثاني)  
الشركات الكويتية (د.ك.)

|                            |            |                             |
|----------------------------|------------|-----------------------------|
| Financial Quarter Ended on | 30-06-2018 | الفترة المرحلية المنتهية في |
|----------------------------|------------|-----------------------------|

|                                    |                              |
|------------------------------------|------------------------------|
| Company Name                       | اسم الشركة                   |
| Privatization Holding Company KSCP | شركة التخصيص القابضة ش.م.ك.ع |
| Board of Directors Meeting Date    | تاريخ اجتماع مجلس الإدارة    |
| 12 August 2018                     |                              |

| التغيير (%) | فترة الستة أشهر المقارنة   | فترة الستة أشهر الحالية | البيان   |
|-------------|----------------------------|-------------------------|--|
| Change (%)  | 6-Month Comparative Period | Current 6-Month Period  | Statement  |
|             | 30/06/2017                 | 30/06/2018              |  |
| (198)%      | 2,674,028                  | (2,612,711)             | صافي الربح/الخسارة الخاص بمساهمي الشركة الأم<br>Net Profit (Loss) represents the amount attributable to the owners of the parent Company |
| (198)%      | 4.38                       | (4.28)                  | ربحية/خسارة السهم الأساسية والمخفضة (فلس)<br>Basic & Diluted Earnings per Share (fils)   |
| 28%         | 45,089,187                 | 57,806,066              | الموجودات المتداولة<br>Current Assets  |
| (10)%       | 154,740,595                | 138,518,972             | إجمالي الموجودات<br>Total Assets   |
| 8%          | 28,047,391                 | 30,228,321              | المطلوبات المتداولة<br>Current Liabilities   |
| (10)%       | 55,934,143                 | 50,365,500              | إجمالي المطلوبات<br>Total Liabilities  |
| (10)%       | 97,092,467                 | 87,305,560              | إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم<br>Total Equity attributable to the owners of the Parent Company                          |
| (61)%       | 8,252,436                  | 3,226,412               | إجمالي الإيرادات التشغيلية<br>Total Operating Revenue  |
| (202)%      | 2,563,801                  | (2,603,732)             | صافي الربح (الخسارة) التشغيلية<br>Net Operating Profit (Loss)  |
| (732)%      | 0.56%                      | (3.54)%                 | أرباح (خسائر) مرحلة رأس المال المدفوع<br>Retained Profit (Loss) / Paid-Up Share Capital  |

| التغيير (%)<br>Change (%) | الربع الثاني المقارن             | الربع الثاني الحالي          | البيان<br>Statement  |
|---------------------------|----------------------------------|------------------------------|--|
|                           | Second Quarter                   | Second Quarter               |  |
|                           | Comparative Period<br>30/06/2017 | Current Period<br>30/06/2018 |  |
| (216)%                    | 2,298,140                        | (2,669,935)                  | صافي الربح/الخسارة الخاص بمساهمي الشركة الأم<br>Net Profit (Loss) represents the amount attributable to the owners of the parent Company |
| (216)%                    | 3.77                             | (4.38)                       | ربحية/خسارة السهم الأساسية والمخفضة (فلس)<br>Basic & Diluted Earnings per Share (fils)   |
| (92)%                     | 5,340,405                        | 442,956                      | إجمالي الإيرادات التشغيلية<br>Total Operating Revenue  |
| (216)%                    | 2,238,530                        | (2,588,041)                  | صافي الربح (الخسارة) التشغيلية<br>Net Operating Profit (Loss)  |

| Increase/Decrease in Net Profit/(Loss) is due to   | سبب ارتفاع/انخفاض صافي الربح/الخسارة  |
|--|---|
| Loss on sale of investment properties<br>Change in fair value of financial assets at fair value through profit or loss | خسارة من بيع عقارات استثمارية<br>التغير في القيمة العادلة لاستثمارات بالقيمة العادلة من خلال الربح أو الخسارة |
| Total Revenue realized from dealing with related parties (value, KWD)  | بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)  |
| NIL  | لا يوجد   |
| Total Expenditures incurred from dealing with related parties (value, KWD)   | بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)  |
| NIL  | لا يوجد   |

| ختم الشركة<br>Company Seal  | التوقيع<br>Signature  | المسمى الوظيفي<br>Title | الاسم<br>Name       |
|---|---|-------------------------|---------------------|
|  |  | نائب الرئيس التنفيذي    | جمال عبدالله السليم |

- Auditor Report Attached

- مرفق تقرير مراقب الحسابات

## **AUDITOR'S REVIEW REPORT OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**To the Board of Directors of Privatization Holding Company – K.P.S.C.  
State of Kuwait**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Privatization Holding Company – K.P.S.C. (“the Parent Company”) and its subsidiaries (together referred to as “the Group”) as at 30 June 2018, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company’s management is responsible for the preparation and fair 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 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: Interim Financial Reporting.

### **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 nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, as amended, its Executive Regulations, nor of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six months period ended 30 June 2018, that might have had a material effect on business of the Group or its consolidated financial position of the Group.

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**Qais M. Al Nisf**  
**License No. 38 "A"**  
**BDO Al Nisf & Partners**

**Kuwait: ----- 2018**

**Privatization Holding Company – K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of income (Unaudited)**  
For the six months period ended 30 June 2018

|  | Notes | For the three months ended |                    | For the six months ended |                    |
|--|-------|----------------------------|--------------------|--------------------------|--------------------|
|  |       | 30 June                    |                    | 30 June                  |                    |
|  |       | 2018                       | 2017               | 2018                     | 2017               |
|  |       | KD                         | KD                 | KD                       | KD                 |
| <b>Continuing operations</b>   |       |                            |                    |                          |                    |
| <b>Revenue</b>   |       |                            |                    |                          |                    |
| Revenue from sales and services  |       | 1,938,740                  | 1,867,783          | 3,611,665                | 3,550,773          |
| Change in fair value of financial assets at fair value through profit or loss                        |       | (1,656,070)                | (318,734)          | (1,452,492)              | 230,531            |
| Gain on sale of financial assets at fair value through profit or loss                                |       | 305,987                    | -                  | 1,149,696                | -                  |
| Gain on sale of available for sale financial assets  |       | -                          | 3,093              | -                        | 40,995             |
| (Loss)/gain on sale of investment properties   | 5     | (1,546,656)                | 3,960              | (1,546,656)              | 3,960              |
| Share of results of associates   | 6     | 317,730                    | 146,800            | 169,775                  | 320,007            |
| Loss on partial sale of investment in associates   |       | -                          | (70,678)           | -                        | (70,678)           |
| Dividend income  |       | 956,191                    | 682,159            | 1,026,974                | 837,287            |
| Interest income  |       | 123,002                    | 223,545            | 251,622                  | 241,434            |
| Foreign exchange (loss)/gain   |       | (95,146)                   | 36,067             | (31,015)                 | 114,112            |
| Other income   |       | 4,032                      | 19,053             | 15,828                   | 58,133             |
| <b>Total revenue</b>   |       | <b>347,810</b>             | <b>2,593,048</b>   | <b>3,195,397</b>         | <b>5,326,554</b>   |
| <b>Expenses and other charges</b>  |       |                            |                    |                          |                    |
| Cost of sales and services   |       | (1,779,475)                | (1,588,268)        | (3,319,475)              | (3,061,255)        |
| General and administrative expenses  |       | (661,372)                  | (692,242)          | (1,373,459)              | (1,305,225)        |
| Portfolio management fees  |       | (9,329)                    | (32,662)           | (19,471)                 | (51,087)           |
| Finance costs  |       | (580,821)                  | (731,086)          | (1,117,739)              | (1,206,155)        |
| <b>Total expenses</b>  |       | <b>(3,030,997)</b>         | <b>(3,044,258)</b> | <b>(5,830,144)</b>       | <b>(5,623,722)</b> |
| <b>Loss for the period from continuing operations before taxation</b>                                |       | <b>(2,683,187)</b>         | <b>(451,210)</b>   | <b>(2,634,747)</b>       | <b>(297,168)</b>   |
| National Labour Tax (NLST)   |       | -                          | (57,617)           | -                        | (64,913)           |
| <b>Loss for the period from continuing operations</b>  |       | <b>(2,683,187)</b>         | <b>(508,827)</b>   | <b>(2,634,747)</b>       | <b>(362,081)</b>   |
| Profit from discontinued operations  |       | -                          | 2,783,424          | -                        | 3,039,994          |
| <b>Net (loss)/ profit for the period</b>   |       | <b>(2,683,187)</b>         | <b>2,274,597</b>   | <b>(2,634,747)</b>       | <b>2,677,913</b>   |
| <b>Attributable to:</b>  |       |                            |                    |                          |                    |
| Shareholders of the Parent Company   |       | (2,669,935)                | 2,298,140          | (2,612,711)              | 2,674,028          |
| Non-controlling interests  |       | (13,252)                   | (23,543)           | (22,036)                 | 3,885              |
| <b>Net (loss)/profit for the period</b>  |       | <b>(2,683,187)</b>         | <b>2,274,597</b>   | <b>(2,634,747)</b>       | <b>2,677,913</b>   |
| <b>Basic and diluted (loss)/earnings per share (fils) from continued and discontinued operations</b> |       |                            |                    |                          |                    |
|  | 4     | (4.38)                     | 3.77               | (4.28)                   | 4.38               |
| <b>From continuing operations (fils)</b>   | 4     | <b>(4.38)</b>              | <b>(0.79)</b>      | <b>(4.28)</b>            | <b>(0.60)</b>      |
| <b>From discontinued operations (fils)</b>   | 4     | <b>-</b>                   | <b>4.56</b>        | <b>-</b>                 | <b>4.98</b>        |

The accompanying notes on pages 8 to 28 form an integral part of this interim condensed consolidated financial information.

**Privatization Holding Company – K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of financial position (Unaudited)**  
As at six months period ended 30 June 2018

|   |       | <b>30 June</b>     | <b>31 December</b> | <b>30 June</b>     |
|---|-------|--------------------|--------------------|--------------------|
|   | Notes | <b>2018</b>        | <b>2017</b>        | <b>2017</b>        |
|   |       | KD                 | (Audited)<br>KD    | KD                 |
| <b>Assets</b>   |       |                    |                    |                    |
| <b>Non-current assets</b>   |       |                    |                    |                    |
| Property, plant and equipment                                     |       | 12,035,598         | 11,921,687         | 11,963,607         |
| Intangible assets   |       | 451,940            | 451,940            | -                  |
| Investment properties   | 5     | 296,147            | 2,802,698          | 2,696,378          |
| Investment in associates  | 6     | 46,532,094         | 47,225,855         | 46,469,866         |
| Available for sale financial assets                               | 7     | -                  | 40,146,931         | 40,659,760         |
| Financial assets at fair value through other comprehensive income | 8     | 12,050,286         | -                  | -                  |
| Held-to-maturity investment                                       | 9     | -                  | 1,502,156          | 1,503,932          |
| Other financial assets at amortized cost                          | 10    | 1,501,319          | -                  | -                  |
| Accounts receivable and other debit balances                      | 11    | 7,845,522          | 7,469,238          | 6,357,865          |
|   |       | <u>80,712,906</u>  | <u>111,520,505</u> | <u>109,651,408</u> |
| <b>Current assets</b>   |       |                    |                    |                    |
| Inventories   |       | 1,279,762          | 1,355,834          | 1,321,693          |
| Accounts receivable and other debit balances                      | 11    | 16,003,913         | 17,730,011         | 19,044,626         |
| Financial assets at fair value through profit or loss             | 12    | 29,021,847         | 14,606,582         | 14,133,561         |
| Fixed deposits  | 13    | 31,878             | 34,695             | 128,532            |
| Cash and cash equivalents   | 13    | 11,468,666         | 6,983,487          | 10,460,775         |
|   |       | <u>57,806,066</u>  | <u>40,710,609</u>  | <u>45,089,187</u>  |
| <b>Total assets</b>   |       | <u>138,518,972</u> | <u>152,231,114</u> | <u>154,740,595</u> |
| <b>Equity and liabilities</b>                                     |       |                    |                    |                    |
| <b>Equity</b>   |       |                    |                    |                    |
| Share capital   |       | 61,000,000         | 61,000,000         | 61,000,000         |
| Share premium   |       | 24,761,544         | 24,761,544         | 24,761,544         |
| Statutory reserve   |       | 1,590,532          | 1,590,532          | 1,497,548          |
| General reserve   |       | 3,200,595          | 5,619,970          | 5,526,986          |
| Other reserves  |       | (1,054,245)        | (756,169)          | (478,439)          |
| Other equity items  | 14    | (585,976)          | 3,998,906          | 3,822,643          |
| Foreign currency translation reserve                              |       | 550,158            | 495,519            | 622,070            |
| (Accumulated losses)/retained earnings                            |       | (2,157,048)        | 630,625            | 340,115            |
| <b>Equity attributable to shareholders of the Parent Company</b>  |       | <u>87,305,560</u>  | <u>97,340,927</u>  | <u>97,092,467</u>  |
| <b>Non-controlling interests</b>                                  |       | <u>847,912</u>     | <u>1,849,963</u>   | <u>1,713,985</u>   |
| <b>Total equity</b>   |       | <u>88,153,472</u>  | <u>99,190,890</u>  | <u>98,806,452</u>  |
| <b>Liabilities</b>  |       |                    |                    |                    |
| <b>Non-current liabilities</b>                                    |       |                    |                    |                    |
| Employees' end of service benefits                                |       | 1,112,872          | 976,099            | 889,543            |
| Term loans  | 15    | 12,958,240         | 15,889,015         | 19,915,834         |
| Accounts payable and other credit balances                        | 16    | 6,066,067          | 6,045,592          | 7,081,375          |
|   |       | <u>20,137,179</u>  | <u>22,910,706</u>  | <u>27,886,752</u>  |
| <b>Current liabilities</b>  |       |                    |                    |                    |
| Term loans  | 15    | 21,447,329         | 23,002,842         | 19,863,865         |
| Accounts payable and other credit balances                        | 16    | 8,760,500          | 7,066,659          | 8,107,773          |
| Bank overdraft  | 13    | 20,492             | 60,017             | 75,753             |
|   |       | <u>30,228,321</u>  | <u>30,129,518</u>  | <u>28,047,391</u>  |
| <b>Total liabilities</b>  |       | <u>50,365,500</u>  | <u>53,040,224</u>  | <u>55,934,143</u>  |
| <b>Total equity and liabilities</b>                               |       | <u>138,518,972</u> | <u>152,231,114</u> | <u>154,740,595</u> |

**Mohammad A. Al-Asfor**  
Vice Chairman

**Jamal A. Al-Saleem**  
Executive Vice President

The accompanying notes on pages 8 to 28 form an integral part of this interim condensed consolidated financial information.