

**Privatization Holding Company K.S.C. (Closed)
and its Subsidiaries**

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

30 JUNE 2013

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Privatization Holding Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2013 and the related interim condensed consolidated statement of income, and interim condensed consolidated comprehensive income for the three and six months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six 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 the basis of presentation set out in Note 2. 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 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 the basis of presentation set out in Note 2.

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 25 of 2012, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the six months period ended 30 June 2013 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2013.



WALEED A. AL OSAIMI
LICENCE NO. 68-A
ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS



ABDULLATIF M. AL-AIBAN (CPA)
LICENCE NO. 94-A
GRANT THORNTON
AL-QATAMI, AL-AIBAN & PARTNERS

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 30 June 2013

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013	2012	2013	2012
		KD	KD	KD	KD
INCOME					
Realised gain on financial assets at fair value through income statement		13,057	655	3,784	84,685
Unrealised loss on financial assets at fair value through income statement		(838,980)	(399,506)	(974,728)	(198,139)
Gain on sale of financial assets available-for-sale		52,154	97,749	531,749	118,877
Dividend income		1,938,565	1,381,020	2,083,522	1,983,047
Interest income		27,298	48,604	177,924	116,495
Murabaha income	10	186,758	-	371,643	-
Share of results of associates	4	325,902	232,777	649,766	332,022
Gain on sale of subsidiary		137,135	37,802	137,135	37,802
Gain on sale of investment property		17,838	-	17,838	-
Foreign exchange loss		(62,709)	(208,877)	(328,224)	(162,264)
Revenue from services		(365,653)	886,729	465,316	1,970,739
Other (expense) income		173,619	(40,820)	189,807	1,086,948
Total income		1,604,984	2,036,133	3,325,532	5,370,212
EXPENSES					
Cost of services rendered		103,082	(836,696)	(448,915)	(1,240,474)
Administrative expenses		47,935	(645,312)	(650,482)	(1,160,199)
Portfolio management fees		(23,972)	(15,129)	(64,639)	(28,243)
Finance costs		(765,258)	(463,971)	(1,405,247)	(938,860)
Revaluation loss on an investment property		-	-	-	(496,559)
Impairment loss on financial assets available-for-sale	5 (e)	-	-	-	(1,163,560)
Amortisation of intangibles		(69,916)	(69,916)	(139,832)	(139,832)
Total expenses		(708,129)	(2,031,024)	(2,709,115)	(5,167,727)
PROFIT FOR THE PERIOD		896,855	5,109	616,417	202,485
Attributable to:					
Equity holders of the Parent Company		882,106	157,973	589,693	270,959
Non-controlling interests		14,749	(152,864)	26,724	(68,474)
		896,855	5,109	616,417	202,485
BASIC AND DILUTED EARNINGS PER SHARE	3	1.2 fils	0.2 fils	0.8 fils	0.4 fils

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME (UNAUDITED)
 Period ended 30 June 2013

	<i>Three months ended</i> 30 June		<i>Six months ended</i> 30 June	
	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
Profit for the period	896,855	5,109	616,417	202,485
Other comprehensive income				
<i>Other comprehensive income to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Change in fair values of financial assets available-for-sale	(7,211,402)	(4,328,532)	(8,724,704)	(1,902,320)
Gain on sale of financial assets available-for-sale	(52,154)	(97,749)	(531,749)	(118,877)
Impairment loss on financial assets available-for-sale transferred to the interim condensed consolidated statement of income				1,163,560
Share of cumulative changes in fair values of associates (Note 4)	197,422	(175,661)	424,472	(34,257)
Share of foreign currency translation reserve of associates (Note 4)	15,380	79,217	60,589	70,913
Other comprehensive (loss) income for the period	(7,050,754)	(4,522,725)	(8,771,392)	(820,981)
Total comprehensive (loss) income for the period	(6,153,899)	(4,517,616)	(8,154,975)	(618,496)
Attributable to:				
Equity holders of the Parent Company	(6,162,778)	(4,361,237)	(8,178,416)	(576,141)
Non-controlling interests	8,879	(156,379)	23,441	(42,355)
	(6,153,899)	(4,517,616)	(8,154,975)	(618,496)

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

At 30 June 2013

		30 June 2013 KD	(Audited) 31 December 2012 KD	30 June 2012 KD
ASSETS				
Non-current assets				
Property, plant and equipment		10,147,548	10,105,550	9,356,600
Intangible assets		2,150,171	2,290,003	2,429,835
Investment in associates	4	26,791,316	12,772,146	15,161,054
Held-to-maturity investment		2,700,000	2,700,000	2,700,000
Murabaha receivable	10	15,083,216	15,097,602	-
Financial assets available-for-sale	5	63,418,464	74,367,146	69,948,515
Investment property		3,869,369	3,917,242	2,634,555
		<u>124,160,084</u>	<u>121,249,689</u>	<u>102,230,559</u>
Current assets				
Due from sale of investment in subsidiaries		39,841	200,000	74,322,640
Accounts receivable and prepayments		21,557,317	23,732,283	18,445,526
Financial assets at fair value through income statement	6	14,466,498	14,971,616	14,945,584
Bank balances and cash	7	15,156,694	11,672,815	16,816,352
		<u>51,220,350</u>	<u>50,576,714</u>	<u>124,530,102</u>
TOTAL ASSETS		<u>175,380,434</u>	<u>171,826,403</u>	<u>226,760,661</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		73,828,000	73,828,000	73,828,000
Share premium		24,761,544	24,761,544	24,761,544
Statutory reserve		1,061,335	1,061,335	633,735
General reserve		1,061,335	1,061,335	633,735
Other reserve		(20,790)	-	-
Treasury shares	8	-	(730,871)	(278,566)
Treasury shares reserve		1,801,684	1,591,786	1,537,770
Cumulative changes in fair value		(7,309,621)	1,519,077	(4,129,439)
Foreign currency translation reserve		63,946	3,357	(12,427)
Retained earnings		1,013,558	4,852,363	1,845,972
Equity attributable to equity holders of the Parent Company		<u>96,260,991</u>	<u>107,947,926</u>	<u>98,820,324</u>
Non-controlling interests		729,595	697,812	539,921
Total equity		<u>96,990,586</u>	<u>108,645,738</u>	<u>99,360,245</u>
Non-current liabilities				
Term loan	9	15,000,000	15,000,000	-
Employees' end of service benefits		477,536	443,232	454,344
		<u>15,477,536</u>	<u>15,443,232</u>	<u>454,344</u>
Current liabilities				
Accounts payable and accruals		3,034,949	2,154,112	3,243,901
Bank overdraft	7	5,355,244	5,317,590	10,975,043
Term loans	9	54,522,119	40,265,731	112,727,128
		<u>62,912,312</u>	<u>47,737,433</u>	<u>126,946,072</u>
Total liabilities		<u>78,389,848</u>	<u>63,180,665</u>	<u>127,400,416</u>
TOTAL EQUITY AND LIABILITIES		<u>175,380,434</u>	<u>171,826,403</u>	<u>226,760,661</u>

Riyadh S.A. Edrees
Chairman

Mohammad A. Al-Asfor
Vice Chairman

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
 Period ended 30 June 2013

	<i>Attributable to equity holders of the Parent Company</i>												
	Share capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Other reserve KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
At 1 January 2013	73,828,000	24,761,544	1,061,335	1,061,335	-	(730,871)	1,591,786	1,519,077	3,357	4,852,363	107,947,926	697,812	108,645,738
Profit for the period	-	-	-	-	-	-	-	-	-	589,693	589,693	26,724	616,417
Other comprehensive (loss) income for the period	-	-	-	-	-	-	-	(8,828,698)	60,589	-	(8,768,109)	(3,283)	(8,771,392)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(8,828,698)	60,589	589,693	(8,178,416)	23,441	(8,154,975)
Sale of treasury shares	-	-	-	-	-	730,871	209,898	-	-	-	940,769	-	940,769
Arising on disposal of an indirectly held subsidiary	-	-	-	-	(20,790)	-	-	-	-	-	(20,790)	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	20,790	20,790
Dividend paid (Note 14)	-	-	-	-	-	-	-	-	-	(4,428,498)	(4,428,498)	1,000	(4,441,946)
At 30 June 2013	73,828,000	24,761,544	1,061,335	1,061,335	(20,790)	-	1,801,684	(7,309,621)	63,946	1,013,558	96,260,991	729,595	96,990,586
As at 1 January 2012	73,828,000	24,761,544	633,735	633,735	-	(456,873)	1,316,339	(3,211,426)	(83,340)	5,266,413	102,688,127	902,793	103,590,920
Profit for the period	-	-	-	-	-	-	-	-	-	270,959	270,959	(68,474)	202,485
Other comprehensive income (loss) income for the period	-	-	-	-	-	-	-	(918,013)	70,913	-	(847,100)	26,119	(820,981)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(918,013)	70,913	270,959	(576,141)	(42,355)	(618,496)
Purchase of treasury shares	-	-	-	-	-	(571,046)	221,431	-	-	-	(571,046)	-	(571,046)
Sale of treasury shares	-	-	-	-	-	749,353	-	-	-	-	970,784	-	970,784
Arising on disposal of an indirectly held subsidiary	-	-	-	-	-	-	-	-	-	-	-	(320,517)	(320,517)
Dividend paid	-	-	-	-	-	-	-	-	-	(3,691,400)	(3,691,400)	-	(3,691,400)
At 30 June 2012	73,828,000	24,761,544	633,735	633,735	-	(278,566)	1,537,770	(4,129,439)	(12,427)	1,845,972	98,820,324	539,921	99,360,245

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

Period ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 KD	2012 KD
OPERATING ACTIVITIES			
Profit for the period		616,417	202,485
Adjustments for:			
Depreciation		151,986	428,332
Amortisation of intangibles		139,832	139,832
Provision for employees' end of service benefits		45,881	126,819
Impairment loss on financial assets available-for-sale	5 (c)	-	1,163,560
Gain on sale of financial assets available-for-sale		(531,749)	(118,877)
Revaluation loss on an investment property		-	496,559
Realised gain on financial assets at fair value through income statement		(3,784)	(84,685)
Unrealised loss on financial assets at fair value through income statement		974,728	198,139
Dividend income		(2,083,522)	(1,983,047)
Interest income		(177,924)	(116,495)
Murabaha income		(371,643)	-
Finance costs		1,405,247	938,860
Foreign exchange loss		328,224	162,264
Share of results of associates	4	(649,766)	(332,022)
Gain on sale of an investment property		(17,838)	-
Gain on sale of property, plant and equipment		-	(8,665)
Gain on sale of a subsidiary		(137,135)	(37,802)
		<u>(311,046)</u>	<u>1,175,257</u>
Working capital changes:			
Accounts receivable and prepayments		(1,680,055)	(6,590,245)
Due from sale of investment in subsidiary		160,159	-
Financial assets at fair value through income statement		(465,826)	1,123,123
Accounts payable and accruals		466,360	1,086,469
Cash flow used in operating activities		<u>(1,830,408)</u>	<u>(3,205,396)</u>
Taxation paid		(143,366)	(72,128)
Employees' end of service benefits paid		(11,577)	(13,255)
Net cash flows used in operating activities		<u>(1,985,351)</u>	<u>(3,290,779)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(193,984)	(337,016)
Proceeds from sale of property, plant and equipment		-	16,007
Proceeds from sale of investment property		65,711	-
Purchase of investment in associates	4	(9,295,691)	-
Dividend received from associates	4	548,484	660,680
Purchase of financial assets available-for-sale		(3,425,025)	(3,807,044)
Proceeds from sale of financial assets available-for-sale		5,649,003	2,452,773
Net movement in murabaha receivable		386,029	-
Interest income received		59,464	112,242
Dividend income received		2,083,522	1,983,047
Net disposal of investment in subsidiary, net of cash disposed		-	(216,400)
Net movement in due from sale of investment in subsidiaries		-	400,000
Net cash flows (used in) from investing activities		<u>(4,122,487)</u>	<u>1,264,289</u>
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(571,046)
Proceeds from sale of treasury shares		940,769	970,784
Finance costs paid		(1,145,110)	(898,744)
Dividends paid		(4,124,447)	(3,058,492)
Term loan obtained		14,000,000	216,197
Repayment of short term loan		(118,149)	-
Capital contribution from non-controlling interest		1,000	-
Net cash flows from (used in) financing activities		<u>9,554,063</u>	<u>(3,341,301)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>3,446,225</u>	<u>(5,367,791)</u>
Cash and cash equivalents at 1 January		6,355,225	11,209,100
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	<u>9,801,450</u>	<u>5,841,309</u>

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2013

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Privatization Holding Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") for the six months period ended 30 June 2013 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 6 August 2013.

The Parent Company is a Kuwaiti shareholding company registered in Kuwait on 10 October 1994 and is listed on Kuwait Stock Exchange. It is licensed to invest in Kuwaiti and foreign shareholding companies and limited liability companies and to participate in the establishment and management of such entities. The Parent Company is also licensed to lend to such entities and act as their guarantor. The Parent Company may also invest in real estate, hold patents and copy rights, and advance loans to associates. The Parent Company's registered office is located in Sharq, Ahmad Al-Jaber Street, Dar Al-Awadi Tower, 23rd Floor, P.O. Box 4323, Safat 13104, Kuwait.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to Article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Ministry of Industry and Commerce by 26 September 2013 will determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law as amended.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY

Basis of preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34").

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six months period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

- IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*
- IFRS 10 *Consolidated Financial Statements and IAS 27 Separate Financial Statements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 1 *Presentation of Items of Other Comprehensive Income - Amendments to IAS 1*
- IAS 1 *Clarification of the requirement for comparative information (Amendment)*
- IAS 34 *Interim financial reporting and segment information for total assets and liabilities (Amendment)*

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

At 30 June 2013

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY (continued)

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

The above amendments do not have an impact on the Group interim condensed consolidated financial information.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	882,106	157,973	589,693	270,959
Weighted average number of shares outstanding during the period	736,473,537	731,144,998	732,977,965	729,363,708
Basic and diluted earnings per share from continuing operation	1.2 fils	0.2 fils	0.8 fils	0.4 fils

The weighted average number of shares outstanding during the period is calculated after adjusting for treasury shares as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Weighted average number of paid up shares	738,280,000	738,280,000	738,280,000	738,280,000
Less: Weighted average number of treasury shares	(1,806,463)	(7,135,002)	(5,302,035)	(8,916,292)
Weighted average number of shares outstanding during the period	736,473,537	731,144,998	732,977,965	729,363,708

Privatization Holding Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

At 30 June 2013

4 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Opening balance	12,772,146	14,865,658	14,865,658
Transfer from investment in subsidiary	137,135	587,396	587,398
Additions	13,295,692	-	-
Disposals	-	(2,437,494)	-
Dividends received	(548,484)	(1,498,051)	(660,680)
Share of results	649,766	1,139,437	332,022
Cumulative changes in fair values	424,472	28,501	(34,257)
Foreign currency translation adjustment	60,589	86,699	70,913
Closing balance	<u>26,791,316</u>	<u>12,772,146</u>	<u>15,161,054</u>

During the current period the Group purchased additional equity interest in Strategia Investment Company K.S.C (Closed) resulting in an increase in ownership from 32% to 43% and Kingdom Electricity Company resulting in an increase in ownership from 18% to 30%.

5 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Quoted equity securities	47,764,893	56,518,816	50,169,758
Unquoted equity securities	14,479,775	16,687,289	16,849,547
Mutual funds	1,173,796	1,161,041	2,929,210
	<u>63,418,464</u>	<u>74,367,146</u>	<u>69,948,515</u>

- (a) Mutual funds are carried at net asset values provided by the fund managers and portfolio managers.
- (b) Unquoted equity securities are carried at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term.
- (c) Management has performed a review of financial assets available-for-sale to assess whether impairment has occurred and are of the view that there are no indications of impairment. No impairment loss was recorded in the current period's (30 June 2012: KD 1,163,560) interim condensed consolidated income statement.
- (d) Previously, the Group reclassified a trading investment with a fair value of KD 3,412,981 from the "financial assets at fair value through income statement" to "financial assets available-for-sale" category. At 30 June 2013, the carrying value of the reclassified trading investment amounted to KD 275,608 (31 December 2012: KD 275,608 and 30 June 2012: KD 275,608). The Group has recorded a total impairment loss of KD 3,137,373 in previous financial years.

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6 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Held for trading			
Quoted equity securities	3,095,212	3,610,017	3,304,688
Designated upon initial recognition			
Unquoted equity security	10,672,634	10,672,634	10,672,634
Mutual funds	698,652	688,965	968,262
	<u>14,466,498</u>	<u>14,971,616</u>	<u>14,945,584</u>

Mutual funds are carried at net asset values provided by the fund managers and portfolio managers.

7 CASH AND CASH EQUIVALENTS

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

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Bank balances and cash	11,459,034	7,085,023	15,198,838
Cash with a portfolio manager	3,697,660	4,587,792	1,617,514
	<u>15,156,694</u>	<u>11,672,815</u>	<u>16,816,352</u>
Bank overdraft	(5,355,244)	(5,317,590)	(10,975,043)
	<u>9,801,450</u>	<u>6,355,225</u>	<u>5,841,309</u>

8 TREASURY SHARES

	<i>30 June</i> <i>2013</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i>	<i>30 June</i> <i>2012</i>
Number of shares	-	9,884,984	3,803,714
Percentage of issued shares	-	1.34%	0.52%
Cost (KD)	-	730,871	278,566
Market value (KD)	-	879,764	251,045

The treasury shares reserve is not available for distribution.

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9 TERM LOANS

Term loans include Tawarruq finance amounting to KD 6,850,000 (31 December 2012: KD 6,850,000 and 30 June 2012: 6,850,000). Tawarruq carries profit at rate of 7.27% (31 December 2012: 7.27% and 30 June 2012: 7.27%) per annum. The amount was repayable in twelve monthly equal installments starting from January 2013. During the period, the Group has rescheduled the principal monthly installments due in 2013 to 2014.

On 30 January 2013 the Parent Company obtained a secured loan of KD 10,000,000 from a local financial institution which is repayable on 13 August 2013. It carries interest at the rate of 4.5% (31 December 2012: Nil and 30 June 2012: Nil) per annum. The term loan is secured against murabaha receivable.

On 12 May 2013 the Group obtained a secured loan of KD 4,000,000 from a local financial institution which is repayable on 12 November 2013. It carries interest at the rate of 4.75% (31 December 2012: Nil and 30 June 2012: Nil) per annum. The term loan is secured against one of the investment in associates.

10 RELATED PARTY TRANSACTIONS

Related parties represent 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 Group's management.

Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Six months ended</i>		
	<i>30 June</i>		
	<i>2013</i>	<i>2012</i>	
	<i>KD</i>	<i>KD</i>	
Interim condensed consolidated income statement			
Gain on sale of financial assets available-for-sale	-	27,092	
Interest income	119,962	9,816	
Dividend income	1,098,963	821,920	
Murabaha income	371,643	-	
Portfolio management fees	(2,662)	(3,243)	
Impairment loss on financial assets-available-for-sale	-	(31,982)	
		<i>(Audited)</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of financial position			
Murabaha receivable	15,083,216	15,097,602	-
Financial assets available-for-sale	21,538,747	26,246,938	23,196,840
Financial assets at fair value through income statement	174,597	35,000	27,000
Due from related parties	12,841,272	16,733,095	6,312,647
Due to related parties	(427,933)	(50,015)	(326,729)
Cash with portfolio manager	215,139	3,581	1,222

Amounts due from and due to related parties are interest free and receivable/payable on demand except for amount of KD 4,800,000 (31 December 2012: KD 4,800,000 and 30 June 2012: Nil) due from a major shareholder which carries interest at the rate of 5% (31 December 2012: 5% and 30 June 2012: Nil) per annum.

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10 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

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

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Short-term employee benefits	233,178	207,358
End of service benefits	31,848	45,212
	<u>265,026</u>	<u>252,570</u>

Other information

a) The following financial assets are managed by related parties:

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets available-for-sale			
Quoted equity securities	4,755,759	4,945,891	7,885,980
Mutual funds	188,465	202,412	201,622
Financial assets at fair value through income statement			
Quoted equity securities	46,192	58,628	62,680

b) The unquoted equity securities classified as financial assets available-for-sale with a carrying value of KD 5,912,908 (31 December 2012: KD 5,904,527 and 30 June 2012: KD 5,902,450) are registered in the name of a major shareholder of the Parent Company who has confirmed in writing that it holds these unquoted equity securities on behalf of the Parent Company.

c) The unquoted equity security classified as financial assets at fair value through income statement is registered in the name of a major shareholder of the Parent Company who has confirmed in writing that it holds this unquoted equity security on behalf of the Parent Company.

d) The real estate properties in Egypt classified as investment properties are registered in the name of a member of key management personnel who has confirmed in writing that he holds the investment property on behalf of the Parent Company.

11 COMMITMENTS AND CONTINGENCIES

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Commitments			
Purchase of financial assets available-for-sale	1,023,303	5,468,748	4,028,508
Purchase of property, plant and equipment	-	-	793,483

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 2,072,000 (31 December 2012: KD 2,072,000 and 30 June 2012: KD 2,250,556 from which it is anticipated that no material liabilities will arise.

The Parent Company and Al Khair National for Stocks and Real Estate Company have provided a guarantee to National Bank of Kuwait against loan of KD 72,672,640.

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12 SEGMENT INFORMATION

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. The Group does not have any inter-segment transactions.

The following table presents segment income and results information regarding the Group's business segments:

	<i>Investment KD</i>	<i>Other KD</i>	<i>Total KD</i>
Six months ended 30 June 2013			
Income	2,580,488	745,044	3,325,532
Results			
Segment profit	536,211	80,206	616,417
Six months ended 30 June 2012			
Income	2,351,137	3,019,075	5,370,212
Results			
Segment (loss) profit	(429,606)	632,091	202,485

The following table presents segment assets and liabilities of the Group's business segments:

	<i>Investment KD</i>	<i>Other KD</i>	<i>Total KD</i>
Assets			
At 30 June 2013	150,029,520	25,087,914	175,380,434
At 31 December 2012	148,817,293	23,009,110	171,826,403
At 30 June 2012	204,160,576	22,600,085	226,760,661
Liabilities			
At 30 June 2013	68,283,617	10,106,231	78,389,848
At 31 December 2012	54,122,437	9,058,228	63,180,665
At 30 June 2012	118,139,833	9,260,583	127,400,416

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13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset, liability or financial instrument could be exchanged or settled between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms. Financial instruments comprise financial assets and financial liabilities.

The estimated fair values of financial instruments, except for unquoted equity securities classified as financial assets available-for-sale (Note 5) approximated their carrying values at the reporting date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
30 June 2013				
Financial assets available-for-sale	47,764,893	1,173,802	-	48,938,695
Financial assets at fair value through income statement	3,095,212	11,371,286	-	14,466,498
31 December 2012				
Financial assets available-for-sale	56,518,816	1,161,041	-	57,679,857
Financial assets at fair value through income statement	3,610,017	11,361,599	-	14,971,616
30 June 2012				
Financial assets available-for-sale	50,169,758	2,929,210	-	53,098,968
Financial assets at fair value through income statement	3,304,688	11,640,896	-	14,945,584

During the six months period ended 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

14 DIVIDEND

The Annual General Assembly meeting held on 7 May 2013 approved and distributed the cash dividend of 6 fils per share (2012: 5 fils per share) for the year ended 31 December 2012 on outstanding shares excluding treasury shares.