

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

**Interim condensed consolidated financial information (Unaudited)
and review report**

For the three month period ended 31 March 2019

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

**Interim condensed consolidated financial information (Unaudited) and review report
For the three month period ended 31 March 2019**

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REPORT ON REVIEW 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 31 March 2019, and the related interim condensed consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company’s 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”. 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 International Accounting Standard 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 and its Executive Regulations, as amended, nor of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three month period ended 31 March 2019, that might have had a material effect on business of the Group or its interim condensed consolidated financial position.



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

Kuwait: 14 May 2019

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

Interim condensed consolidated statement of income (Unaudited)
For the three month period ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 KD	2018 KD
Revenue			
Revenue from sales and services		2,959,894	1,672,925
Unrealized (loss)/gain from change in fair value of financial assets at fair value through profit or loss		(84,508)	203,578
Realized gain from sale of financial assets at fair value through profit or loss		7,734	843,709
Dividend income		7,767	70,783
Group's share of results from associates	4	1,386,897	(147,955)
Interest income		7,059	38,534
Foreign exchange (loss)/gain		(18,377)	64,131
Other income		101	11,796
Total revenue		4,266,567	2,757,501
Expenses and other charges			
Cost of sales and services		(2,701,587)	(1,540,000)
General and administrative expenses		(689,903)	(712,087)
Portfolio management fees		(9,692)	(10,142)
Finance costs		(366,822)	(446,832)
Total expenses and other charges		(3,768,004)	(2,709,061)
Profit for the period before contribution to National Labour Support			
Tax (NLST) and Zakat		498,563	48,440
NLST		(10,776)	-
Zakat		(570)	-
Net profit for the period		487,217	48,440
Attributable to:			
Shareholders of the Parent Company		455,485	56,924
Non-controlling interests		31,732	(8,484)
Net profit for the period		487,217	48,440
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	3	0.75	0.09

The accompanying notes on pages 8 to 20 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 income and other comprehensive income (Unaudited)
For the three month period ended 31 March 2019**

	Note	Three months ended 31 March	
		2019 KD	2018 KD
Net profit for the period		487,217	48,440
Other comprehensive income/(loss) items:			
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income</i>			
Exchange differences on translating of foreign operations		14,592	(57,443)
Group's share of other comprehensive income / (loss) of associates	4	119,672	(395,891)
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of income:</i>			
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		69,047	(1,418,871)
Other comprehensive income / (loss) for the period		203,311	(1,872,205)
Total comprehensive income / (loss) for the period		690,528	(1,823,765)
Attributable to:			
Shareholders of the Parent Company		657,154	(1,605,478)
Non-controlling interests		33,374	(218,287)
Total comprehensive income / (loss) for the period		690,528	(1,823,765)

The accompanying notes on pages 8 to 20 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 31 March 2019

	Notes	31 March 2019 KD	31 December 2018 (Audited) KD	31 March 2018 KD
Assets				
Non-current assets				
Property, plant and equipment		12,029,251	12,084,831	11,574,413
Intangible assets		680,565	715,356	451,940
Investment properties		239,862	239,862	2,802,698
Investment in associates	4	55,229,711	53,734,978	47,463,392
Financial assets at fair value through other comprehensive income	5	12,628,377	12,635,835	12,047,898
Other financial assets at amortized cost		-	-	1,501,267
Accounts receivable and other debit balances	6	2,811,784	2,677,086	7,543,002
Total non-current assets		83,619,550	82,087,948	83,384,610
Current assets				
Inventories		1,580,981	1,449,307	1,432,554
Accounts receivable and other debit balances	6	15,872,121	14,773,828	13,974,349
Financial assets at fair value through profit or loss	7	28,233,907	28,328,786	35,321,251
Fixed deposits	8	-	34,386	35,820
Cash and cash equivalents	8	4,068,908	6,902,502	10,876,207
Total current assets		49,755,917	51,488,809	61,640,181
Total assets		133,375,467	133,576,757	145,024,791
Equity and liabilities				
Equity				
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	1,590,532
General reserve		3,200,595	3,200,595	5,619,970
Other reserves		(876,533)	(862,171)	(731,400)
Fair value reserve of financial assets at FVOCI		286,306	260,378	(923,132)
Foreign currency translation reserve		613,187	541,253	365,736
(Accumulated losses) / retained earnings		(2,726,522)	(3,285,814)	1,151,558
Equity attributable to shareholders of the Parent Company		87,849,109	87,206,317	92,834,808
Non-controlling interests		916,273	895,899	868,522
Total equity		88,765,382	88,102,216	93,703,330
Liabilities				
Non-current liabilities				
Employees' end of service benefits		1,068,827	960,621	1,087,393
Term loans	9	8,874,941	8,857,588	15,524,660
Accounts payable and other credit balances	10	5,078,316	5,063,321	6,005,635
Total non-current liabilities		15,022,084	14,881,530	22,617,688
Current liabilities				
Term loans	9	21,520,451	22,437,680	22,109,722
Accounts payable and other credit balances	10	8,064,832	8,152,170	6,585,692
Bank overdraft	8	2,718	3,161	8,359
Total current liabilities		29,588,001	30,593,011	28,703,773
Total liabilities		44,610,085	45,474,541	51,321,461
Total equity and liabilities		133,375,467	133,576,757	145,024,791

The accompanying notes on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.


Reyadh S. A. Edrees
 Chairman


Mohammed A. Al-Asfor
 Vice Chairman

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

Interim condensed consolidated statement of changes in equity (Unaudited)
For the three month period ended 31 March 2019

	Equity attributable to the shareholders of the Parent Company											
	Share Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Other reserves KD	Fair value reserve KD	Fair value of financial assets at FVOCI KD	Foreign currency translation reserve KD	(Accumulated losses) / retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
At 1 January 2019	61,000,000	24,761,544	1,590,532	3,200,595	(862,171)	-	260,378	541,253	(3,285,814)	87,206,317	895,899	88,102,216
Profit for the period	-	-	-	-	-	-	-	-	455,485	455,485	31,732	487,217
Other comprehensive income:												
Changes in fair value of Financial assets at FVOCI	-	-	-	-	-	-	67,434	-	-	67,434	1,613	69,047
Exchange differences on translating of foreign operations Group's share of other comprehensive income of associates (Note 4)	-	-	-	-	-	-	-	14,592	-	14,592	-	14,592
Other comprehensive income for the period	-	-	-	-	-	-	62,301	57,342	-	119,643	29	119,672
Total comprehensive income for the period	-	-	-	-	-	-	129,735	71,934	-	201,669	1,642	203,311
Transferred to retained earnings on sale of financial assets at FVOCI of associates	-	-	-	-	-	-	-	-	103,807	-	-	103,807
Cash dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)
Share of other reserves of associate (Note 4)	-	-	-	-	(14,362)	-	-	-	-	(14,362)	-	(14,362)
At 31 March 2019	61,000,000	24,761,544	1,590,532	3,200,595	(876,533)	-	286,306	613,187	(2,726,522)	87,849,109	916,273	88,765,382

Privatization Holding Company – K.P.S.C. and its subsidiaries
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Interim condensed consolidated statement of changes in equity (Unaudited)

For the three month period ended 31 March 2019

	Equity attributable to the shareholders of the Parent Company										Tot: Equi KD	
	Share capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Other reserves KD	Fair value reserve KD	Fair value of financial assets at FVOCI KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD		Non- controlling interests KD
At 31 December 2017 ("As previously reported")	61,000,000	24,761,544	1,590,532	5,619,970	(756,169)	3,998,906	-	495,519	630,625	97,340,927	1,849,963	99,190
Impact on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	(3,998,906)	(281,944)	-	1,355,440	(2,925,410)	(4,975)	(2,930,
At 1 January 2018 ("Restated")	61,000,000	24,761,544	1,590,532	5,619,970	(756,169)	-	(281,944)	495,519	1,986,065	94,415,517	1,844,988	96,260
Profit/(loss) for the period	-	-	-	-	-	-	-	-	56,924	56,924	(8,484)	48
Other comprehensive loss:												
Financial assets at fair value through other comprehensive income :												
- Changes in fair value	-	-	-	-	-	-	(1,655,053)	-	-	(1,655,053)	236,182	(1,418,
- Transferred to retained earnings on sale	-	-	-	-	-	-	1,337,416	-	(891,431)	445,985	(445,985)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(57,443)	-	(57,443)	-	(57,
Group's share of other comprehensive loss of associates (Note 4)	-	-	-	-	-	-	(323,551)	(72,340)	-	(395,891)	-	(395,
Other comprehensive loss for the period	-	-	-	-	-	-	(641,188)	(129,783)	(891,431)	(1,662,402)	(209,803)	(1,872,
Total comprehensive loss for the period	-	-	-	-	-	-	(641,188)	(129,783)	(834,507)	(1,605,478)	(218,287)	(1,823,
Share of other reserves of associate (Note 4)	-	-	-	-	24,769	-	-	-	-	24,769	-	24
Arising on derecognition of a subsidiary	-	-	-	-	(731,400)	-	(923,132)	365,736	1,151,558	92,834,808	(758,179)	(758,
At 31 March 2018	61,000,000	24,761,544	1,590,532	5,619,970	(731,400)	-	(923,132)	365,736	1,151,558	92,834,808	868,522	93,703

The accompanying notes on pages 8 to 20 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 cash flows (Unaudited)
For the three month period ended 31 March 2019**

	Three months ended 31 March	
	2019 KD	2018 KD
OPERATING ACTIVITIES		
Profit for the period	487,217	48,440
<i>Adjustments for:</i>		
Unrealized loss / (gain) from change in fair value on financial assets at fair value through profit or loss	84,508	(203,578)
Realized gain from sale financial assets at fair value through profit or loss	(7,734)	(843,709)
Dividend income	(7,767)	(70,783)
Group's share of results from associates	(1,386,897)	147,955
Interest income	(7,059)	(38,534)
Foreign exchange loss / (gain)	18,377	(64,131)
Depreciation	104,123	179,828
Amortisation of intangible assets	34,791	-
Finance costs	366,822	446,832
Provision for employees' end of service benefits	108,206	116,948
	<u>(205,413)</u>	<u>(280,732)</u>
Change in operating assets and liabilities:		
Inventories	(131,674)	(105,203)
Accounts receivable and other debit balances	(1,232,991)	(419,243)
Financial assets at fair value through profit or loss	18,106	5,121,846
Accounts payable and other credit balances	(37,586)	(507,854)
Cash flows (used in)/from operating activities	<u>(1,589,558)</u>	<u>3,808,814</u>
Employees' end of service benefits paid	-	-
Net cash flows (used in)/from operating activities	<u>(1,589,558)</u>	<u>3,808,814</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(48,543)	(118,326)
Proceeds from sale of financial assets at FVOCI	75,350	1,890,925
Interest income received	7,059	28,443
Dividend income received	7,767	-
Fixed deposits	34,386	(1,125)
Other financial assets at amortized cost	-	882
Net cash from derecognition of investment in a subsidiary	-	(6,003)
Net cash flows from investing activities	<u>76,019</u>	<u>1,794,796</u>
FINANCING ACTIVITIES		
Term loans obtained	1,804,638	2,093,628
Repayment of term loans	(2,727,474)	(3,287,622)
Finance costs paid	(401,577)	(408,339)
Dividend paid	(13,000)	-
Net cash flows used in financing activities	<u>(1,337,413)</u>	<u>(1,602,333)</u>
Net (decrease) /increase in cash and cash equivalents	<u>(2,850,952)</u>	<u>4,001,277</u>
Foreign currency translation adjustment	17,801	(56,899)
Cash and cash equivalents at the beginning of the period	6,899,341	6,923,470
Cash and cash equivalents at the end of the period (Note 8)	<u>4,066,190</u>	<u>10,867,848</u>
Non-cash transactions		
Investment in an associates	-	758,179
Investment in a subsidiary	-	(758,179)

The accompanying notes on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

1. GENERAL INFORMATION

Privatization Holding Company – K.P.S.C. (the “Parent Company”) is a Kuwaiti public shareholding Company registered on 10 October 1994 and is listed on Boursa Kuwait.

The Parent Company 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,
- Lend to such entities and act as their guarantor,
- Utilization of excess funds in investment in financial portfolios or real estate portfolios through specialised parties inside or outside Kuwait,
- Invest in real estate, hold patents and copy rights, and advance loans to associates,
- Represent foreign consulting firms in local market.

The Parent Company’s registered office is located in Sharq, Ahmad Al-Jaber Street, Dar Al-Awadi Tower, 23rd Floor, and P.O. Box 4323, Safat 13104, Kuwait.

The interim condensed consolidated financial information of the Group were authorised for issuance by the Board of Directors of the Parent Company on 14 May 2019.

2. BASIS OF PREPARATION

The interim condensed financial information has been prepared in accordance with the International Accounting Standard No. 34 “Interim Financial Reporting”. This interim condensed financial information does not include all the information and disclosures required for preparation of complete annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). In the opinion of Group’s management, all adjustments consisting of (normal recurring accruals) considered necessary for fair presentation have been included.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars (“KD”) which is the functional and presentation currency of the Group.

Operating results for the three-month period ended 31 March 2019 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For further information, refer to the annual audited financial statements of the Group for the year ended 31 December 2018.

The accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the financial statements for the year ended 31 December 2018, except for the change in accounting policies due to adoption of IFRS 16 as described below.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective. Other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

2. BASIS OF PREPARATION (CONTINUED)

Changes in significant accounting policies

IFRS 16 – Leases

The standard, effective for annual periods beginning on or after January 1, 2019, provides a comprehensive framework for the identification of lease arrangements and their treatment in the interim condensed consolidated financial information of both lessees and lessors. It replaces the following existing standards and interpretations upon its effective date:

- IAS 17 - Leases,
- IFRIC 4 - Determining whether an Arrangement contains a Lease,
- SIC 15 - Operating Leases-Incentives; and,
- SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability (unless the lessee applies the fair value model in IAS 40 Investment Property to right-of-use assets that meet the definition of investment property in IAS 40 or applies the revaluation model in IAS 16 Property, plant and equipment).

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, and continue to require a lessor to classify a lease either as an operating lease or a finance lease. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-leases. As at the effective date, the adoption of IFRS 16 has not had a significant effect on the Group's accounting policies related to a lessor for sub-leases.

Transition

On applying the requirements of IFRS 16, the Group has determined that no significant impact arises on its interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

3. BASIC AND DILUTED EARNINGS PER SHARE

There are no potential dilutive ordinary shares. Basic and diluted earnings per share are computed by dividing net profit for the period attributable for the shareholders of the Parent Company by the weighted average number of shares outstanding during the period.

	Three months ended	
	31 March	
	2019	2018
Net profit for the period attributable to shareholders of the Parent Company (KD)	455,485	56,924
Weighted average number of outstanding shares (shares)	610,000,000	610,000,000
Basic and diluted earnings per share attributable to shareholders of the Parent Company (fils)	0.75	0.09

4. INVESTMENT IN ASSOCIATES

	31 March	31 December	31 March
	2019	2018	2018
	KD	(Audited)	KD
		KD	
Balance at the beginning of the period / year	53,734,978	47,225,855	47,225,855
Additions	2,526	6,413,720	-
Reclassified from Investment in a subsidiary	-	758,181	758,179
Reclassified from financial assets at fair value through other comprehensive income	-	555,838	-
Impairment loss	-	(122,424)	-
Cash dividends received from associates	-	(1,684,527)	-
Group's share of results from associates	1,386,897	658,661	(147,955)
Group's share of other comprehensive income / (loss) from associates' cumulative changes in fair value	62,330	(299,117)	(323,551)
Group's share of other comprehensive income (loss) from associates' foreign currency translation adjustment	57,342	50,187	(72,340)
Effect of adoption of IFRS 9 as at 1 January 2018	-	284,637	(1,565)
Other reserves	(14,362)	(106,033)	24,769
Balance at end of the period / year	55,229,711	53,734,978	47,463,392

The Group recognized its shares of results based on management accounts.

Privatization Holding Company – K.P.S.C. and its subsidiaries
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Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2019	31 December 2018 (Audited)	31 March 2018
	KD	KD	KD
Quoted securities	260,708	241,651	504,963
Unquoted securities	8,935,407	8,930,596	8,299,975
Funds and portfolios	3,432,262	3,463,588	3,242,960
	<u>12,628,377</u>	<u>12,635,835</u>	<u>12,047,898</u>

Financial assets at fair value through other comprehensive income amounting to KD 4,944,238 (31 December 2018: KD 4,429,442, 31 March 2018: KD 4,418,120) are secured against certain term loans.

Valuation techniques of financial assets at fair value through other comprehensive income (“FVOCI”) are disclosed in (Note 15).

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	31 March 2019	31 December 2018 (Audited)	31 March 2018
	KD	KD	KD
Trade receivables	6,036,683	6,809,163	4,896,285
Due from related parties (Note 12)	4,302,626	3,339,828	8,184,148
Interest receivable	3,000,000	3,000,000	3,000,000
Prepaid expenses and accrued income	131,060	113,940	88,546
Due from sale of subsidiary	-	-	5,600,000
Advances to supplier	5,081,543	4,625,612	1,866,956
Other receivables	3,263,912	2,694,290	910,236
	<u>21,815,824</u>	<u>20,582,833</u>	<u>24,546,171</u>
Provision for expected credit losses (a)	<u>(3,131,919)</u>	<u>(3,131,919)</u>	<u>(3,028,820)</u>
	<u>18,683,905</u>	<u>17,450,914</u>	<u>21,517,351</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

a) The movement in provision for expected credit losses is as follows:

	<u>31 March 2019</u> KD	<u>31 December 2018 (Audited)</u> KD	<u>31 March 2018</u> KD
Balance at the beginning of the period / year	3,131,919	100,000	100,000
Impact on adoption of IFRS 9	-	2,928,820	2,928,820
Charge for the period / year	-	103,099	-
Balance at the end of the period / year	<u>3,131,919</u>	<u>3,131,919</u>	<u>3,028,820</u>

Accounts receivable and other debit balances are represented in the following:

	<u>31 March 2019</u> KD	<u>31 December 2018 (Audited)</u> KD	<u>31 March 2018</u> KD
Non-current portion	2,811,784	2,677,086	7,543,002
Current portion	<u>15,872,121</u>	<u>14,773,828</u>	<u>13,974,349</u>
	<u>18,683,905</u>	<u>17,450,914</u>	<u>21,517,351</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>31 March 2019</u> KD	<u>31 December 2018 (Audited)</u> KD	<u>31 March 2018</u> KD
Quoted equity securities	10,965,775	10,925,122	12,832,459
Unquoted equity security	14,766,425	14,854,554	15,477,633
Mutual funds	<u>2,501,707</u>	<u>2,549,110</u>	<u>7,011,159</u>
	<u>28,233,907</u>	<u>28,328,786</u>	<u>35,321,251</u>

Financial assets at fair value through profit or loss amounting to KD 21,993,987 (31 December 2018: KD 21,937,138, 31 March 2018: KD 28,246,893) are pledged against certain term loans.

Valuation techniques of financial assets at fair value through profit or loss are disclosed in (Note 15).

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

8. CASH AND CASH EQUIVALENTS

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

	31 March 2019 KD	31 December 2018 (Audited) KD	31 March 2018 KD
Cash and bank balances	3,250,349	5,423,250	2,246,950
Cash with portfolio managers	670,069	850,021	7,221,271
Short term bank deposits	102,959	563,618	522,358
Restricted cash*	45,531	65,613	885,628
	<u>4,068,908</u>	<u>6,902,502</u>	<u>10,876,207</u>
Less: bank overdraft	(2,718)	(3,161)	(8,359)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	<u>4,066,190</u>	<u>6,899,341</u>	<u>10,867,848</u>
Fixed deposits with original maturity exceeding three months	-	34,386	35,820

*This balance represents cash restricted against bank facilities.

9. TERM LOANS

	31 March 2019 KD	31 December 2018 (Audited) KD	31 March 2018 KD
Term loans obtained from local financial institutions and carrying interest rate range from 2% to 4% per annum over the Central Bank of Kuwait discount rate	26,851,011	27,153,074	31,673,577
Term loans obtained from a foreign financial institutions and carry interest rate range from 8.5% to 9.75% per annum	3,544,381	4,142,194	5,960,805
	<u>30,395,392</u>	<u>31,295,268</u>	<u>37,634,382</u>

Certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are secured against term loans (Note 5 and 7).

Term loans are represented in the following:

	31 March 2019 KD	31 December 2018 (Audited) KD	31 March 2018 KD
Non-current portion	8,874,941	8,857,588	15,524,660
Current portion	21,520,451	22,437,680	22,109,722
	<u>30,395,392</u>	<u>31,295,268</u>	<u>37,634,382</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

10. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	31 March 2019	31 December 2018 (Audited)	31 March 2018
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Accounts payable	1,150,191	853,182	684,958
Due to related parties (Note 12)	2,060,654	2,060,197	1,998,633
Fixed assets Payable	6,093,980	6,075,985	7,006,575
Accrued expenses and other liabilities	3,838,323	4,226,127	2,901,161
	<u>13,143,148</u>	<u>13,215,491</u>	<u>12,591,327</u>

Accounts payable and other credit balances are represented in the following:

	31 March 2019	31 December 2018 (Audited)	31 March 2018
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Non-current portion	5,078,316	5,063,321	6,005,635
Current portion	8,064,832	8,152,170	6,585,692
	<u>13,143,148</u>	<u>13,215,491</u>	<u>12,591,327</u>

11. ANNUAL GENERAL ASSEMBLY

The Ordinary General Assembly of the Parent Company's Shareholders has not been held until the date of preparation of the interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2018 were not approved. The interim condensed consolidated financial information for the period ended 31 March 2019 does not include any adjustments that could have been necessary if the consolidated financial statements for the year ended 31 December 2018 have been approved by the Ordinary General Assembly of the Parent Company's Shareholders.

The Shareholders' Annual General Assembly meeting on 28 May 2018 had approved the consolidated financial statements for the year ended 31 December 2017 and approved distribution of cash dividends of 5 fils per share for the year ended 31 December 2017.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

12. RELATED PARTY BALANCES AND 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 to be approved by the Group's management.

Balances and transactions with related parties included in the interim condensed consolidated financial information are as follows:

	<u>31 March</u> <u>2019</u> KD	<u>31 December</u> <u>2018</u> <u>(Audited)</u> KD	<u>31 March</u> <u>2018</u> KD
Balances included in interim condensed consolidated statement of financial position			
Cash at portfolios	8,331	2,017	2,133
Financial assets at FVOCI (Note 5)	4,903,268	4,903,268	4,335,948
Financial assets at fair value through profit or loss (Note 7)	3,375,958	3,349,916	4,288,691
Due from related parties (Note 6)	4,302,626	3,339,828	8,184,148
Due to related parties (Note 10)	(2,060,654)	(2,060,197)	(1,998,633)

The amount due from/to related parties are interest free and are receivable/payable on demand.

Compensation of key management personnel

	<u>Three months ended</u> <u>31 March</u>	
	<u>2019</u> KD	<u>2018</u> KD
Short term benefits	97,935	134,598
End of service benefits	72,673	73,483

13. COMMITMENTS AND CONTINGENCIES

	<u>31 March</u> <u>2019</u> KD	<u>31 December</u> <u>2018</u> <u>(Audited)</u> KD	<u>31 March</u> <u>2018</u> KD
Commitments			
Purchase of financial assets at fair value through profit or loss	2,497,732	2,537,882	3,244,456
Other commitments	322,635	826,961	4,218,651

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 4,359,972 (31 December 2018: KD 4,400,676, 31 March 2018: KD 5,257,866) from which it is anticipated that no material liabilities will arise.

The Parent Company and Al Khair National for Stocks and Real Estate Company (related party) have provided a guarantee to NBK against a loan of KD 36,442,427 (31 December 2018: KD 36,442,427, 31 March 2018: KD 36,880,529) assigned to a third party during 2012. This loan was rescheduled during 2013 and the principal (excluding interest) is repayable in eleven annual installments commencing 15 June 2016.

Notes to the interim condensed consolidated financial information (Unaudited)
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14. 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:

	<u>Investment</u> <u>KD</u>	<u>Other</u> <u>KD</u>	<u>Total</u> <u>KD</u>
Three months ended 31 March 2019			
Segment revenue	<u>1,319,803</u>	<u>2,946,764</u>	<u>4,266,567</u>
Segment profit (loss) before finance costs, foreign exchange gain or loss	<u>930,169</u>	<u>(46,407)</u>	<u>883,762</u>
Finance costs, net of foreign exchange (loss)/ gain	<u>(346,947)</u>	<u>(38,252)</u>	<u>(385,199)</u>
Profit before taxation	<u>583,222</u>	<u>(84,659)</u>	<u>498,563</u>
Segment assets	<u>98,936,357</u>	<u>34,439,110</u>	<u>133,375,467</u>
Segment liabilities (excluding term loans)	<u>(3,762,979)</u>	<u>(10,451,714)</u>	<u>(14,214,693)</u>
Segment net assets before term loans	<u>95,173,378</u>	<u>23,987,396</u>	<u>119,160,774</u>
Term loans	<u>(23,523,222)</u>	<u>(6,872,170)</u>	<u>(30,395,392)</u>
Net assets	<u>71,650,156</u>	<u>17,115,226</u>	<u>88,765,382</u>
	<u>Investment</u> <u>KD</u>	<u>Other</u> <u>KD</u>	<u>Total</u> <u>KD</u>
Three months ended 31 March 2018			
Segment revenue	<u>1,080,841</u>	<u>1,676,660</u>	<u>2,757,501</u>
Segment profit before finance costs, foreign exchange gain or loss	<u>647,529</u>	<u>(216,388)</u>	<u>431,141</u>
Finance costs, net of foreign exchange loss	<u>(310,843)</u>	<u>(71,858)</u>	<u>(382,701)</u>
Profit before taxation	<u>336,686</u>	<u>(288,246)</u>	<u>48,440</u>
Segment assets	<u>114,605,264</u>	<u>30,419,527</u>	<u>145,024,791</u>
Segment liabilities (excluding term loans)	<u>(4,295,874)</u>	<u>(9,391,205)</u>	<u>(13,687,079)</u>
Segment net assets before term loans	<u>110,309,390</u>	<u>21,028,322</u>	<u>131,337,712</u>
Term loans	<u>(29,280,255)</u>	<u>(8,354,127)</u>	<u>(37,634,382)</u>
Net assets	<u>81,029,135</u>	<u>12,674,195</u>	<u>93,703,330</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

15. FAIR VALUE MEASUREMENT

15.1 Fair value hierarchy

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

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position are as follows:

	31 March 2019 KD	31 December 2018 (Audited) KD	31 March 2018 KD
Financial assets:			
<i>Amortised cost:</i>			
Accounts receivable and other debit balances	13,471,302	12,711,362	19,561,849
Fixed deposits	-	34,386	35,820
Cash and cash equivalents	4,068,908	6,902,502	10,876,207
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	28,233,907	28,328,786	35,321,251
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	12,628,377	12,635,835	12,047,898
<i>Investment at amortised cost:</i>			
Other financial assets at amortized cost	-	-	1,501,267
	<u>58,402,494</u>	<u>60,612,871</u>	<u>79,344,292</u>
Financial liabilities:			
<i>Amortised cost:</i>			
Term loans	30,395,392	31,295,268	37,634,382
Accounts payable and other credit balances	13,101,571	12,823,318	12,500,714
Bank overdraft	2,718	3,161	8,359
	<u>43,499,681</u>	<u>44,121,747</u>	<u>50,143,455</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

15. FAIR VALUE MEASUREMENT (CONTINUED)

15.2 Fair value measurement of financial instruments (Continued)

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2019

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through other comprehensive income					
Quoted securities	(a)	260,708	-	-	260,708
Funds and portfolios	(b)	-	3,432,262	-	3,432,262
Unquoted securities	(c)	-	-	8,935,407	8,935,407
Financial assets at fair value through profit or loss					
Quoted securities	(a)	10,965,775	-	-	10,965,775
Mutual funds	(b)	-	2,501,707	-	2,501,707
Unquoted securities	(c)	-	2,757,535	12,008,890	14,766,425
		<u>11,226,483</u>	<u>8,691,504</u>	<u>20,944,297</u>	<u>40,862,284</u>

31 December 2018

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through other comprehensive income					
Quoted securities	(a)	241,651	-	-	241,651
Funds and portfolios	(b)	-	3,463,588	-	3,463,588
Unquoted securities	(c)	-	-	8,930,596	8,930,596
Financial assets at fair value through profit or loss					
Quoted securities	(a)	10,925,122	-	-	10,925,122
Mutual funds	(b)	-	2,549,110	-	2,549,110
Unquoted securities	(c)	-	2,846,606	12,007,948	14,854,554
		<u>11,166,773</u>	<u>8,859,304</u>	<u>20,938,544</u>	<u>40,964,621</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2019

15. FAIR VALUE MEASUREMENT (CONTINUED)

15.2 Fair value measurement of financial instruments (Continued)

31 March 2018

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through other comprehensive income					
Quoted securities	(a)	504,963	-	-	504,963
Funds and portfolios	(b)	-	3,242,960	-	3,242,960
Unquoted securities	(c)	-	-	8,299,975	8,299,975
Financial assets at fair value through profit or loss					
Quoted securities	(a)	12,832,459	-	-	12,832,459
Mutual funds	(b)	-	7,011,159	-	7,011,159
Unquoted securities	(c)	-	3,825,185	11,652,448	15,477,633
		<u>13,337,422</u>	<u>14,079,304</u>	<u>19,952,423</u>	<u>47,369,149</u>

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

(a) Quoted securities

Quoted shares represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (level 1) and if the market for an investment is not active, the Group has established fair value by using valuation techniques (Level 3).

(b) Managed funds

The underlying investments in these private equity funds mainly represent foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

(c) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates.

(d) Financial liabilities

The Group does not have any financial liabilities at fair value.

Notes to the interim condensed consolidated financial information (Unaudited)
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15. FAIR VALUE MEASUREMENT (CONTINUED)

15.2 Fair value measurement of financial instruments (Continued)

Level 3 fair value measurements

The Group's financial assets classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data.

The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 March	31 December	31 March
	2019	2018	2018
	KD	(Audited)	KD
	KD	KD	KD
Opening balances	20,938,544	22,821,128	22,821,128
Transfer to level 1	-	(2,418,868)	(2,418,870)
Transfer from cost	-	377,000	377,000
Additions	-	91,215	-
Disposals	-	(940,501)	(824,745)
Other comprehensive income	5,753	1,008,570	(2,090)
Closing balance	20,944,297	20,938,544	19,952,423

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the interim condensed consolidated statement of income, total assets, total liabilities or total equity.

The impact on interim condensed consolidated statement of income and interim condensed consolidated income and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

16. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the presentation in the current period. Such reclassification does not affect previously reported equity or net profit for the period.