

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

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

**For the six month period ended 30 June 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 six month period ended 30 June 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 30 June 2019, and the related interim condensed consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the six 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 six month period ended 30 June 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: 7 August 2019**

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

**Interim condensed consolidated statement of income (Unaudited)**  
For the six month period ended 30 June 2019

	<u>Note</u>	<b>Three months ended</b>		<b>Six months ended</b>	
		<b>30 June</b>		<b>30 June</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Revenue</b>					
Revenue from sales and services		2,414,015	1,938,740	5,373,909	3,611,665
Unrealized loss from change in fair value of financial assets at fair value through profit or loss		(205,025)	(1,656,070)	(289,533)	(1,452,492)
Realized gain from sale of financial assets at fair value through profit or loss		-	305,987	7,734	1,149,696
Dividend income		1,583,303	956,191	1,591,070	1,026,974
Loss on sale of investment properties		-	(1,546,656)	-	(1,546,656)
Group's share of results from associates	4	(48,183)	317,730	1,338,714	169,775
Interest income		1,070	40,586	8,129	79,120
Foreign exchange gain/ (loss)		36,748	(95,146)	18,371	(31,015)
Other income		32,520	4,032	32,621	15,828
<b>Total revenue</b>		<b>3,814,448</b>	<b>265,394</b>	<b>8,081,015</b>	<b>3,022,895</b>
<b>Expenses and other charges</b>					
Cost of sales and services		(2,209,821)	(1,779,475)	(4,911,408)	(3,319,475)
General and administrative expenses		(657,701)	(661,372)	(1,347,604)	(1,373,459)
Portfolio management fees		(10,657)	(9,329)	(20,349)	(19,471)
Finance costs		(358,604)	(498,405)	(725,426)	(945,237)
<b>Total expenses and other charges</b>		<b>(3,236,783)</b>	<b>(2,948,581)</b>	<b>(7,004,787)</b>	<b>(5,657,642)</b>
<b>Profit/ (loss) for the period before contribution to National Labour Support Tax (NLST) and Zakat</b>					
NLST		577,665	(2,683,187)	1,076,228	(2,634,747)
Zakat		(6,301)	-	(17,077)	-
<b>Net profit/ (loss) for the period</b>		<b>571,934</b>	<b>(2,683,187)</b>	<b>1,059,151</b>	<b>(2,634,747)</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		556,139	(2,669,935)	1,011,624	(2,612,711)
Non-controlling interests		15,795	(13,252)	47,527	(22,036)
<b>Net profit/ (loss) for the period</b>		<b>571,934</b>	<b>(2,683,187)</b>	<b>1,059,151</b>	<b>(2,634,747)</b>
<b>Basic and diluted earnings/ (loss) per share attributable to the shareholders of the Parent Company (Fils)</b>	3	<b>0.91</b>	<b>(4.38)</b>	<b>1.66</b>	<b>(4.28)</b>

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 six month period ended 30 June 2019

	<u>Note</u>	Three months ended 30 June		Six months ended 30 June	
		2019	2018	2019	2018
		KD	KD	KD	KD
<b>Net profit/ (loss) for the period</b>		<b>571,934</b>	<b>(2,683,187)</b>	<b>1,059,151</b>	<b>(2,634,747)</b>
<b>Other comprehensive (loss)/ income items:</b>					
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>					
Exchange differences on translating of foreign operations		(22,294)	84,785	(7,702)	27,342
Group's share of other comprehensive (loss)/ income of associates	4	(355,730)	437,715	(236,058)	41,824
<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")		(709,148)	(17,074)	(640,101)	(1,435,945)
<b>Other comprehensive (loss)/ income for the period</b>		<b>(1,087,172)</b>	<b>505,426</b>	<b>(883,861)</b>	<b>(1,366,779)</b>
<b>Total comprehensive (loss)/ income for the period</b>		<b>(515,238)</b>	<b>(2,177,761)</b>	<b>175,290</b>	<b>(4,001,526)</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		(537,032)	(2,152,290)	120,122	(3,762,743)
Non-controlling interests		21,794	(25,471)	55,168	(238,783)
<b>Total comprehensive (loss)/ income for the period</b>		<b>(515,238)</b>	<b>(2,177,761)</b>	<b>175,290</b>	<b>(4,001,526)</b>

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

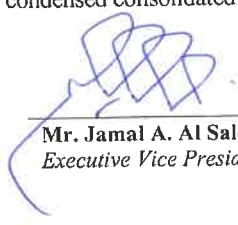
**Privatization Holding Company – K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of financial position (Unaudited)**  
**As at 30 June 2019**

		30 June 2019 KD	31 December 2018 (Audited) KD	30 June 2018 KD
	Note			
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		11,922,841	12,084,831	12,035,598
Intangible assets		1,053,349	715,356	451,940
Investment properties		239,862	239,862	296,147
Investment in associates	4	53,496,847	53,734,978	46,532,094
Financial assets at fair value through other comprehensive income	5	11,269,506	12,635,835	12,050,286
Other financial assets at amortized cost		-	-	1,501,319
Accounts receivable and other debit balances	6	2,899,398	2,677,086	7,845,522
<b>Total non-current assets</b>		<b>80,881,803</b>	<b>82,087,948</b>	<b>80,712,906</b>
<b>Current assets</b>				
Inventories		1,694,612	1,449,307	1,279,762
Accounts receivable and other debit balances	6	17,219,063	14,773,828	16,003,913
Financial assets at fair value through profit or loss	7	28,028,883	28,328,786	29,021,847
Fixed deposits	8	-	34,386	31,878
Cash and cash equivalents	8	3,169,588	6,902,502	11,468,666
<b>Total current assets</b>		<b>50,112,146</b>	<b>51,488,809</b>	<b>57,806,066</b>
<b>Total assets</b>		<b>130,993,949</b>	<b>133,576,757</b>	<b>138,518,972</b>
<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	1,590,532
General reserve		3,200,595	3,200,595	3,200,595
Other reserves		(867,893)	(862,171)	(1,054,245)
Fair value reserve of financial assets at FVOCI		(722,056)	260,378	(585,976)
Foreign currency translation reserve		528,378	541,253	550,158
Accumulated losses		(2,170,383)	(3,285,814)	(2,157,048)
<b>Equity attributable to shareholders of the Parent Company</b>		<b>87,320,717</b>	<b>87,206,317</b>	<b>87,305,560</b>
Non-controlling interests		938,075	895,899	847,912
<b>Total equity</b>		<b>88,258,792</b>	<b>88,102,216</b>	<b>88,153,472</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		1,101,343	960,621	1,112,872
Term loans	9	5,888,066	8,857,588	12,958,240
Accounts payable and other credit balances	10	5,060,782	5,063,321	6,066,067
<b>Total non-current liabilities</b>		<b>12,050,191</b>	<b>14,881,530</b>	<b>20,137,179</b>
<b>Current liabilities</b>				
Term loans	9	21,721,876	22,437,680	21,447,329
Accounts payable and other credit balances	10	8,956,111	8,152,170	8,760,500
Bank overdraft	8	6,979	3,161	20,492
<b>Total current liabilities</b>		<b>30,684,966</b>	<b>30,593,011</b>	<b>30,228,321</b>
<b>Total liabilities</b>		<b>42,735,157</b>	<b>45,474,541</b>	<b>50,365,500</b>
<b>Total equity and liabilities</b>		<b>130,993,949</b>	<b>133,576,757</b>	<b>138,518,972</b>

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

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

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

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

**Interim condensed consolidated statement of changes in equity (Unaudited)**

For the six month period ended 30 June 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 reserve 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	-	-	-	-	-	-	-	-	1,011,624	1,011,624	47,527	1,059,151
Other comprehensive (loss)/ income:												
Changes in fair value of Financial assets at FVOCI	-	-	-	-	-	-	(647,713)	-	-	(647,713)	7,612	(640,101)
Exchange differences on translating of foreign operations	-	-	-	-	-	-	-	(7,702)	-	(7,702)	-	(7,702)
Group's share of other comprehensive income of associates (Note 4)	-	-	-	-	-	-	(230,914)	(5,173)	-	(236,087)	29	(236,058)
Other comprehensive (loss)/ income for the period	-	-	-	-	-	-	(878,627)	(12,875)	-	(891,502)	7,641	(883,861)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(878,627)	(12,875)	1,011,624	120,122	55,168	175,290
Transferred to retained earnings on sale of financial assets at FVOCI of associates	-	-	-	-	-	-	(103,807)	-	103,807	-	-	-
Cash dividend to non- controlling interest	-	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)
Share of other reserves of associate (Note 4)	-	-	-	-	(5,722)	-	-	-	-	(5,722)	8	(5,714)
At 30 June 2019	61,000,000	24,761,544	1,590,532	3,200,595	(867,893)	-	(722,056)	528,378	(2,170,383)	87,320,717	938,075	88,258,792

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

**Interim condensed consolidated statement of changes in equity (Unaudited)**  
For the six month period ended 30 June 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 at FVOCI KD	Fair value reserve of financial asset translation reserve KD	Foreign currency reserve KD	(Accumulated losses)/ retained earnings KD	Sub-total KD	Non-controlling interests KD	Total Equity 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	99,190,890
Impact on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	(3,998,906)	(281,944)	-	1,356,302	(2,924,548)	(4,975)	(2,929,523)
At 1 January 2018 ("Restated")	61,000,000	24,761,544	1,590,532	5,619,970	(756,169)	-	(281,944)	495,519	1,986,927	94,416,379	1,844,988	96,261,367
Loss for the period	-	-	-	-	-	-	-	-	(2,612,711)	(2,612,711)	(22,036)	(2,634,747)
Other comprehensive (loss)/ income:												
Financial assets at fair value through other comprehensive income :												
- Changes in fair value	-	-	-	-	-	-	(1,670,827)	-	-	(1,670,827)	234,882	(1,435,945)
- Transferred to retained earnings on sale	-	-	-	-	-	-	1,352,268	-	(900,639)	451,629	(451,629)	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	27,342	-	27,342	-	27,342
Group's share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	-	-	-	-
(Note 4)	-	-	-	-	-	-	14,527	27,297	-	41,824	-	41,824
Other comprehensive (loss)/ income for the period	-	-	-	-	-	-	(304,032)	54,639	(900,639)	(1,150,032)	(216,747)	(1,366,779)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(304,032)	54,639	(3,513,350)	(3,762,743)	(238,783)	(4,001,526)
Share of other reserves of associate (Note 4)	-	-	-	-	(298,076)	-	-	-	-	(298,076)	(114)	(298,190)
Cash dividend	-	-	-	(2,419,375)	-	-	-	-	(630,625)	(3,050,000)	-	(3,050,000)
Arising on derecognition of a subsidiary	-	-	-	-	-	-	-	-	-	-	(758,179)	(758,179)
At 30 June 2018	61,000,000	24,761,544	1,590,532	3,200,595	(1,054,245)	-	(585,976)	550,158	(2,157,048)	87,305,560	847,912	88,153,472

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 six month period ended 30 June 2019

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>		
Profit/ (loss) for the period	1,059,151	(2,634,747)
<i>Adjustments for:</i>		
Unrealized loss from change in fair value on financial assets at fair value through profit or loss	289,533	1,452,492
Realized gain from sale financial assets at fair value through profit or loss	(7,734)	(1,149,696)
Dividend income	(1,591,070)	(1,026,974)
Loss on sale of investment properties	-	1,546,656
Group's share of results from associates	(1,338,714)	(169,775)
Interest income	(8,129)	(79,120)
Foreign exchange (gain)/ loss	(18,371)	31,015
Depreciation	201,831	298,520
Amortisation	34,791	-
Finance costs	725,426	945,237
Provision for employees' end of service benefits	144,488	151,222
	(508,798)	(635,170)
<b>Change in operating assets and liabilities:</b>		
Inventories	(245,305)	47,587
Accounts receivable and other debit balances	(2,667,547)	(2,821,764)
Financial assets at fair value through profit or loss	18,105	10,071,167
Accounts payable and other credit balances	805,384	(300,718)
Cash flows (used in)/ from operating activities	(2,598,161)	6,361,102
Kuwait Foundation for the Advancement of Sciences paid	-	(22,972)
National Labour Support Tax paid	-	(73,496)
Zakat paid	-	(20,152)
Employees' end of service benefits paid	(3,767)	(8,795)
<b>Net cash flows (used in)/ from operating activities</b>	<b>(2,601,928)</b>	<b>6,235,687</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(39,841)	(698,203)
Purchase of intangible assets	(372,784)	-
Proceeds from sale of financial assets at FVOCI	723,481	1,871,702
Proceeds from sale of investment properties	-	959,895
Dividends received from associates	1,337,603	1,364,646
Fixed deposits	34,386	2,817
Other financial assets at amortized cost	-	1,765
Dividend income received	1,591,070	1,026,974
Interest income received	8,129	68,096
Net cash from derecognition of investment in subsidiary	-	(6,003)
<b>Net cash flows generated from investing activities</b>	<b>3,282,044</b>	<b>4,591,689</b>
<b>FINANCING ACTIVITIES</b>		
Term loans obtained	4,363,355	6,988,541
Repayment of term loans	(8,049,442)	(11,504,777)
Capital reduction	-	(23,434)
Finance costs paid	(729,408)	(950,877)
Dividend paid	(13,000)	(837,708)
<b>Net cash flows used in financing activities</b>	<b>(4,428,495)</b>	<b>(6,328,255)</b>
Net (decrease)/ increase in cash and cash equivalents	(3,748,379)	4,499,121
Foreign currency translation adjustment	11,647	25,583
Cash and cash equivalents at the beginning of the period	6,899,341	6,923,470
<b>Cash and cash equivalents at the end of the period (Note 8)</b>	<b>3,162,609</b>	<b>11,448,174</b>

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 six month period ended 30 June 2019

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**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 7 August 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 six-month period ended 30 June 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 six month period ended 30 June 2019

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**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 six month period ended 30 June 2019

**3. Basic and diluted earnings/ (loss) per share**

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Net profit/ (loss) for the period attributable to shareholders of the Parent Company (KD)</b>	<b>556,139</b>	<b>(2,669,935)</b>	<b>1,011,624</b>	<b>(2,612,711)</b>
<b>Weighted average number of outstanding shares (shares)</b>	<b>610,000,000</b>	<b>610,000,000</b>	<b>610,000,000</b>	<b>610,000,000</b>
<b>Basic and diluted earnings/ (loss) per share attributable to shareholders of the Parent Company (fils)</b>	<b>0.91</b>	<b>(4.38)</b>	<b>1.66</b>	<b>(4.28)</b>

**4. Investment in associates**

	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>KD</b>	<b>(Audited)</b>	<b>KD</b>
Balance at the beginning of the period/ year	53,734,978	47,225,855	47,225,855
Additions	2,530	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	(1,337,603)	(1,684,527)	(1,364,646)
Group's share of results from associates	1,338,714	658,661	169,775
Group's share of other comprehensive (loss)/ income from associates' cumulative changes in fair value	(230,885)	(299,117)	14,527
Group's share of other comprehensive (loss)/ income from associates' foreign currency translation adjustment	(5,173)	50,187	27,297
Effect of adoption of IFRS 9 as at 1 January 2018	-	284,637	(703)
Other reserves	(5,714)	(106,033)	(298,190)
Balance at end of the period/ year	<b>53,496,847</b>	<b>53,734,978</b>	<b>46,532,094</b>

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

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2019

**5. Financial assets at fair value through other comprehensive income**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Quoted securities	274,374	241,651	474,407
Unquoted securities	7,650,761	8,930,596	8,299,975
Funds and portfolios	3,344,371	3,463,588	3,275,904
	<b>11,269,506</b>	<b>12,635,835</b>	<b>12,050,286</b>

Financial assets at fair value through other comprehensive income amounting to KD 4,942,090 (31 December 2018: KD 4,929,442, 30 June 2018: KD 4,360,372) 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**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade receivables	6,110,130	6,809,163	5,082,122
Due from related parties (Note 12)	4,696,992	3,339,828	9,320,734
Interest receivable	3,000,000	3,000,000	3,000,000
Prepaid expenses and accrued income	121,399	113,940	61,680
Due from sale of subsidiary	-	-	5,150,000
Advances to supplier	5,876,969	4,625,612	2,776,815
Other receivables	3,444,890	2,694,290	1,486,904
	<b>23,250,380</b>	<b>20,582,833</b>	<b>26,878,255</b>
Provision for expected credit losses (a)	<b>(3,131,919)</b>	<b>(3,131,919)</b>	<b>(3,028,820)</b>
	<b>20,118,461</b>	<b>17,450,914</b>	<b>23,849,435</b>

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

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Balance at the begging 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	<b>3,131,919</b>	<b>3,131,919</b>	<b>3,028,820</b>

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2019

**6. Accounts receivable and other debit balances (continued)**

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

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Non-current portion	<b>2,899,398</b>	2,677,086	7,845,522
Current portion	<b>17,219,063</b>	14,773,828	16,003,913
	<b>20,118,461</b>	<b>17,450,914</b>	<b>23,849,435</b>

**7. Financial assets at fair value through profit or loss**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Quoted securities	<b>11,343,501</b>	10,925,122	10,743,320
Unquoted security	<b>14,209,253</b>	14,854,554	14,994,974
Mutual funds	<b>2,476,129</b>	2,549,110	3,283,553
	<b>28,028,883</b>	<b>28,328,786</b>	<b>29,021,847</b>

Financial assets at fair value through profit or loss amounting to KD 22,054,783 (31 December 2018: KD 21,937,138, 30 June 2018: KD 23,953,042) are pledged against certain term loans.

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

**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:

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Cash on hand and at banks	<b>1,570,592</b>	5,423,250	6,484,186
Cash at portfolios	<b>1,513,041</b>	850,021	3,550,630
Short term bank deposits	<b>71,515</b>	563,618	532,388
Restricted cash*	<b>14,440</b>	65,613	901,462
	<b>3,169,588</b>	6,902,502	11,468,666
Less: bank overdraft	<b>(6,979)</b>	(3,161)	(20,492)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	<b>3,162,609</b>	<b>6,899,341</b>	<b>11,448,174</b>
Fixed deposits with original maturity exceeding three months	<b>-</b>	34,386	31,878

\*This balance represents cash restricted against bank facilities.

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2019

**9. Term loans**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
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	<b>24,630,668</b>	27,153,074	28,717,257
Term loans obtained from a foreign financial institutions and carry interest rate range from 8.5% to 9.75% per annum	<b>2,979,274</b>	4,142,194	5,688,312
	<b>27,609,942</b>	<b>31,295,268</b>	<b>34,405,569</b>

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

Term loans are represented in the following:

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Non-current portion	<b>5,888,066</b>	8,857,588	12,958,240
Current portion	<b>21,721,876</b>	22,437,680	21,447,329
	<b>27,609,942</b>	<b>31,295,268</b>	<b>34,405,569</b>

**10. Accounts payable and other credit balances**

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Accounts payable	<b>1,174,828</b>	853,182	981,439
Due to related parties (Note 12)	<b>2,528,356</b>	2,060,197	1,826,880
Fixed assets Payable	<b>5,806,789</b>	6,075,985	7,077,077
Accrued expenses and other liabilities	<b>4,506,920</b>	4,226,127	4,941,171
	<b>14,016,893</b>	<b>13,215,491</b>	<b>14,826,567</b>

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

	<b>30 June 2019</b>	<b>31 December 2018 (Audited)</b>	<b>30 June 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Non-current portion	<b>5,060,782</b>	5,063,321	6,066,067
Current portion	<b>8,956,111</b>	8,152,170	8,760,500
	<b>14,016,893</b>	<b>13,215,491</b>	<b>14,826,567</b>

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2019

**11. Annual General Assembly**

The Shareholders' Annual General Assembly meeting of the Parent Company held on 15 May 2019 has approved the consolidated financial statements for the year ended 31 December 2018, and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2018.

The Shareholders' Annual General Assembly meeting of the Parent Company held on 28 May 2018 has 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.

**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:

	<b>30 June 2019 KD</b>	<b>31 December 2018 (Audited) KD</b>	<b>30 June 2018 KD</b>
<b>Balances included in interim condensed consolidated statement of financial position</b>			
Cash at portfolios	10,470	2,017	4,587
Financial assets at FVOCI	3,618,643	4,903,268	4,335,948
Financial assets at fair value through profit or loss	2,947,934	3,349,916	3,839,153
Due from related parties (Note 6)	4,696,992	3,339,828	9,320,734
Due to related parties (Note 10)	(2,528,356)	(2,060,197)	(1,826,880)

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

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2019 KD</b>	<b>2018 KD</b>	<b>2019 KD</b>	<b>2018 KD</b>
<b>Transactions included in interim condensed consolidated statement of income:</b>				
Dividend income	1,050,907	31,455	1,050,907	31,455
Portfolio management fees	-	-	(54)	(53)

**Compensation of key management personnel**

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2019 KD</b>	<b>2018 KD</b>	<b>2019 KD</b>	<b>2018 KD</b>
Short term benefits	319,544	139,074	417,479	273,672
End of service benefits	12,486	14,074	85,159	87,907



**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2019

**13. Commitments and contingencies**

	<b>30 June 2019 KD</b>	<b>31 December 2018 (Audited) KD</b>	<b>30 June 2018 KD</b>
<b>Commitments</b>			
Purchase of financial assets at fair value through profit or loss	2,521,019	2,537,882	3,074,663
Other commitments	523,671	826,961	3,206,818

**Contingencies**

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,166,400 (31 December 2018: KD 4,400,676, 30 June 2018: KD 4,321,056) 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, 30 June 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.

**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:

	<b>Investment KD</b>	<b>Other KD</b>	<b>Total KD</b>
<b>Six months ended 30 June 2019</b>			
Segment revenue	2,725,538	5,355,477	8,081,015
Segment profit/ (loss) before finance costs, foreign exchange gain	1,911,390	(128,107)	1,783,283
Finance costs, net of foreign exchange gain	(637,562)	(69,493)	(707,055)
Profit before taxation	1,273,828	(197,600)	1,076,228
Segment assets	94,893,495	36,100,454	130,993,949
Segment liabilities (excluding term loans)	(3,691,189)	(11,434,026)	(15,125,215)
Segment net assets before term loans	91,202,306	24,666,428	115,868,734
Term loans	(21,279,806)	(6,330,136)	(27,609,942)
Net assets	69,922,500	18,336,292	88,258,792

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2019

**14. Segment information (continued)**

	<b>Investment</b>	<b>Other</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Six months ended 30 June 2018</b>			
Segment (loss)/ revenue	(609,369)	3,632,264	3,022,895
Segment loss before finance costs, foreign exchange loss	(1,318,795)	(339,700)	(1,658,495)
Finance costs, net of foreign exchange loss	(802,331)	(173,921)	(976,252)
Loss before taxation	(2,121,126)	(513,621)	(2,634,747)
Segment assets	106,540,434	31,978,538	138,518,972
Segment liabilities (excluding term loans)	(6,182,225)	(9,777,706)	(15,959,931)
Segment net assets before term loans	100,358,209	22,200,832	122,559,041
Term loans	(25,912,126)	(8,493,443)	(34,405,569)
Net assets	74,446,083	13,707,389	88,153,472

**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).

Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2019

15. Fair value measurement (continued)

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:

	30 June 2019 KD	31 December 2018 (Audited) KD	30 June 2018 KD
<b>Financial assets:</b>			
<i>Amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	14,120,093	12,711,362	21,010,940
Fixed deposits	-	34,386	31,878
Cash and cash equivalents	3,169,588	6,902,502	11,468,666
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	28,028,883	28,328,786	29,021,847
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	11,269,506	12,635,835	12,050,286
<i>Investment at amortised cost:</i>			
Other financial assets at amortized cost	-	-	1,501,319
	<u>56,588,070</u>	<u>60,612,871</u>	<u>75,084,936</u>
<b>Financial liabilities:</b>			
<i>Amortised cost:</i>			
Term loans	27,609,942	31,295,268	34,405,569
Accounts payable and other credit balances (excluding advances)	14,002,553	12,823,318	14,720,592
Bank overdraft	6,979	3,161	20,492
	<u>41,619,474</u>	<u>44,121,747</u>	<u>49,146,653</u>

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:

Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2019

15. Fair value measurement (continued)

15.2 Fair value measurement of financial instruments (continued)

30 June 2019

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Financial assets at fair value through other comprehensive income</b>					
Quoted securities	(a)	274,374	-	-	274,374
Funds and portfolios	(b)	-	3,344,371	-	3,344,371
Unquoted securities	(c)	-	-	7,650,761	7,650,761
<b>Financial assets at fair value through profit or loss</b>					
Quoted securities	(a)	11,343,501	-	-	11,343,501
Mutual funds	(b)	-	2,476,129	-	2,476,129
Unquoted securities	(c)	-	2,201,463	12,007,790	14,209,253
		<u>11,617,875</u>	<u>8,021,963</u>	<u>19,658,551</u>	<u>39,298,389</u>

31 December 2018 (Audited)

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Financial assets at fair value through other comprehensive income</b>					
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
<b>Financial assets at fair value through profit or loss</b>					
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 six month period ended 30 June 2019

**15. Fair value measurement (continued)**

**15.2 Fair value measurement of financial instruments (continued)**

**30 June 2018**

	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Financial assets at fair value through other comprehensive income</b>					
Quoted securities	(a)	474,407	-	-	474,407
Funds and portfolios	(b)	-	3,275,904	-	3,275,904
Unquoted securities	(c)	-	-	8,299,975	8,299,975
<b>Financial assets at fair value through profit or loss</b>					
Quoted securities	(a)	10,743,320	-	-	10,743,320
Mutual funds	(b)	11,211	3,272,342	-	3,283,553
Unquoted securities	(c)	-	3,339,333	11,655,641	14,994,974
		<u>11,228,938</u>	<u>9,887,579</u>	<u>19,955,616</u>	<u>41,072,133</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.

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2019

**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:

	<b>30 June 2019 KD</b>	<b>31 December 2018 (Audited) KD</b>	<b>30 June 2018 KD</b>
Opening balances	<b>20,938,544</b>	22,821,128	22,821,128
Transfer to level 1	-	(2,418,868)	(2,418,866)
Transfer from cost	-	377,000	377,000
Additions	-	91,215	-
Disposals	<b>(572,824)</b>	(940,501)	(824,745)
Other comprehensive income	<b>(707,169)</b>	1,008,570	1,099
Closing balance	<b>19,658,551</b>	20,938,544	19,955,616

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly the 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.