

**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 months period ended 30 June 2020

**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 months period ended 30 June 2020

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## **Review Report on the Interim Condensed Consolidated Financial Information**

**To the Board of Directors  
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 2020, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company’s management is responsible for the preparation and 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 months period ended 30 June 2020, that might have had a material effect on business of the Group or its interim condensed consolidated financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority, its related regulations and the related instructions, as amended, during the six months period ended 30 June 2020, that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.



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

**Kuwait 24 August 2020**

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

**Interim condensed consolidated statement of profit or loss (Unaudited)**  
For the six months period ended 30 June 2020

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		KD	KD	KD	KD
<b>Revenue</b>					
Revenue from sales and services		1,826,576	2,414,015	3,182,107	5,373,909
Unrealized gain / (loss) from changes in fair value of financial assets at fair value through profit or loss		2,085,047	(205,025)	91,925	(289,533)
Realized gain from sale of financial assets at fair value through profit or loss		-	-	18,646	7,734
Dividend income		300,341	1,583,303	443,638	1,591,070
Group's share of results from associates	4	(776,815)	(48,183)	(2,350,821)	1,338,714
Interest income		8,360	1,070	9,109	8,129
Foreign exchange gain/ (loss)		3,750	36,748	(78,584)	18,371
Other income		20,968	32,520	20,968	32,621
<b>Total revenue</b>		<b>3,468,227</b>	<b>3,814,448</b>	<b>1,336,988</b>	<b>8,081,015</b>
<b>Expenses and other charges</b>					
Cost of sales and services		(1,754,077)	(2,209,821)	(3,553,827)	(4,911,408)
General and administrative expenses		(622,771)	(657,701)	(1,135,395)	(1,347,604)
Portfolio management fees		(6,056)	(10,657)	(10,669)	(20,349)
Finance costs		(345,423)	(358,604)	(738,821)	(725,426)
<b>Total expenses and other charges</b>		<b>(2,728,327)</b>	<b>(3,236,783)</b>	<b>(5,438,712)</b>	<b>(7,004,787)</b>
<b>Profit / (loss) for the period before contribution to National Labour Support Tax (NLST) and Zakat</b>		<b>739,900</b>	<b>577,665</b>	<b>(4,101,724)</b>	<b>1,076,228</b>
NLST		-	(6,301)	-	(17,077)
Zakat		-	570	-	-
<b>Net profit / (loss) for the period</b>		<b>739,900</b>	<b>571,934</b>	<b>(4,101,724)</b>	<b>1,059,151</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		750,423	556,139	(3,839,791)	1,011,624
Non-controlling interests		(10,523)	15,795	(261,933)	47,527
<b>Net profit / (loss) for the period</b>		<b>739,900</b>	<b>571,934</b>	<b>(4,101,724)</b>	<b>1,059,151</b>
<b>Basic and diluted earnings / (loss) per share attributable to the shareholders of the Parent Company (Fils)</b>					
	3	<u>1.23</u>	<u>0.91</u>	<u>(6.29)</u>	<u>1.66</u>

The accompanying notes on pages 8 to 19 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 profit or loss and other comprehensive income (Unaudited)**  
For the six months period ended 30 June 2020

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		KD	KD	KD	KD
<b>Net profit / (loss) for the period</b>		<u>739,900</u>	<u>571,934</u>	<u>(4,101,724)</u>	<u>1,059,151</u>
<b>Other comprehensive loss items:</b>					
<i><u>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u></i>					
Exchange differences on translating of foreign operations		(21,345)	(22,294)	132,745	(7,702)
Group's share of other comprehensive loss of associates	4	(89,080)	(355,730)	(135,762)	(236,058)
<i><u>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u></i>					
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		(1,239,525)	(709,148)	(1,205,027)	(640,101)
<b>Total other comprehensive loss for the period</b>		<u>(1,349,950)</u>	<u>(1,087,172)</u>	<u>(1,208,044)</u>	<u>(883,861)</u>
<b>Total comprehensive (loss) / income for the period</b>		<u>(610,050)</u>	<u>(515,238)</u>	<u>(5,309,768)</u>	<u>175,290</u>
<b>Attributable to:</b>					
Shareholders of the Parent Company		(598,583)	(537,032)	(5,044,620)	120,122
Non-controlling interests		(11,467)	21,794	(265,148)	55,168
<b>Total comprehensive (loss) / income for the period</b>		<u>(610,050)</u>	<u>(515,238)</u>	<u>(5,309,768)</u>	<u>175,290</u>

The accompanying notes on pages 8 to 19 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 2020

	Note	30 June 2020 KD	(Audited) 31 December 2019 KD	30 June 2019 KD
<b>Assets</b>				
<b>Non-current assets:</b>				
Property, plant and equipment		12,014,599	11,801,921	11,922,841
Intangible assets		645,452	756,788	1,053,349
Investment properties		108,158	108,158	239,862
Investment in associates	4	51,356,621	54,284,485	53,496,847
Financial assets at fair value through other comprehensive income	5	8,439,979	9,532,034	11,269,506
Accounts receivable and other debit balances	6	4,408,984	4,132,774	2,899,398
<b>Total non-current assets</b>		<b>76,973,793</b>	<b>80,616,160</b>	<b>80,881,803</b>
<b>Current assets:</b>				
Inventories		1,664,139	1,874,189	1,694,612
Accounts receivable and other debit balances	6	18,481,065	17,603,808	17,219,063
Financial assets at fair value through profit or loss	7	24,255,483	24,587,719	28,028,883
Cash and cash equivalents	8	1,727,736	2,112,464	3,169,588
<b>Total current assets</b>		<b>46,128,423</b>	<b>46,178,180</b>	<b>50,112,146</b>
<b>Total assets</b>		<b>123,102,216</b>	<b>126,794,340</b>	<b>130,993,949</b>
<b>Equity and liabilities</b>				
<b>Equity:</b>				
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
Fair value reserve of financial assets at FVOCI		(4,668,481)	(3,085,457)	(722,056)
Foreign currency translation reserve		924,075	545,880	528,378
Other reserves		(1,385,726)	(931,164)	(867,893)
Accumulated losses		(7,728,348)	(3,888,557)	(2,170,383)
<b>Equity attributable to shareholders of the Parent Company</b>		<b>77,694,191</b>	<b>83,193,373</b>	<b>87,320,717</b>
Non-controlling interests		713,426	978,561	938,075
<b>Total equity</b>		<b>78,407,617</b>	<b>84,171,934</b>	<b>88,258,792</b>
<b>Liabilities:</b>				
<b>Non-current liabilities:</b>				
Employees' end of service benefits		1,278,313	1,175,815	1,101,343
Term loans	9	3,750,000	-	5,888,066
Accounts payable and other credit balances	10	4,111,064	4,047,776	5,060,782
<b>Total non-current liabilities</b>		<b>9,139,377</b>	<b>5,223,591</b>	<b>12,050,191</b>
<b>Current liabilities:</b>				
Term loans	9	24,562,409	27,753,056	21,721,876
Bank overdraft	8	417,802	410,618	6,979
Accounts payable and other credit balances	10	10,575,011	9,235,141	8,956,111
<b>Total current liabilities</b>		<b>35,555,222</b>	<b>37,398,815</b>	<b>30,684,966</b>
<b>Total liabilities</b>		<b>44,694,599</b>	<b>42,622,406</b>	<b>42,735,157</b>
<b>Total equity and liabilities</b>		<b>123,102,216</b>	<b>126,794,340</b>	<b>130,993,949</b>

The accompanying notes on pages 8 to 19 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 six months period ended 30 June 2020

Equity attributable to the shareholders of the Parent Company

	Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Fair value reserve of financial assets at FVOCI KD	Foreign currency translation reserve KD	Other reserves KD	Accumulated losses KD	Sub-total KD	Non- controlling interests KD	Total Equity KD
As at 31 December 2019	61,000,000	24,761,544	1,590,532	3,200,595	(3,085,457)	545,880	(931,164)	(3,888,557)	83,193,373	978,561	84,171,934
Net loss for the period	-	-	-	-	-	-	-	(3,839,791)	(3,839,791)	(261,933)	(4,101,724)
<b>Other comprehensive (loss) / income:</b>											
Changes in fair value of financial assets at FVOCI	-	-	-	-	(1,201,812)	-	-	-	(1,201,812)	(3,215)	(1,205,027)
Exchange differences on translating of foreign operations	-	-	-	-	-	132,745	-	-	132,745	-	132,745
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	-	(381,212)	245,450	-	-	(135,762)	-	(135,762)
Total other comprehensive (loss) / income for the period	-	-	-	-	(1,583,024)	378,195	-	-	(1,204,829)	(3,215)	(1,208,044)
Total comprehensive (loss) / income for the period	-	-	-	-	(1,583,024)	378,195	-	(3,839,791)	(5,044,620)	(265,148)	(5,309,768)
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	(454,562)	-	(454,562)	13	(454,549)
<b>As at 30 June 2020</b>	<b>61,000,000</b>	<b>24,761,544</b>	<b>1,590,532</b>	<b>3,200,595</b>	<b>(4,668,481)</b>	<b>924,075</b>	<b>(1,385,726)</b>	<b>(7,728,348)</b>	<b>77,694,191</b>	<b>713,426</b>	<b>78,407,617</b>



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 months period ended 30 June 2020

	Equity attributable to the shareholders of the Parent Company										
	Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Fair value reserve of financial assets at FVOCI KD	Foreign currency translation reserve KD	Other reserves KD	Accumulated losses KD	Sub-total KD	Non- controlling interests KD	Total equity KD
<b>As at 31 December 2018</b>	61,000,000	24,761,544	1,590,532	3,200,595	260,378	541,253	(862,171)	(3,285,814)	87,206,317	895,899	88,102,216
Net profit for the period	-	-	-	-	-	-	-	1,011,624	1,011,624	47,527	1,059,151
<b>Other comprehensive (loss) / income:</b>											
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 (loss) / income of associates (Note 4)	-	-	-	-	(230,914)	(5,173)	-	-	(236,087)	29	(236,058)
Total 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	-	-	-	-	(103,807)	-	-	103,807	-	-	-
Cash dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	(5,722)	-	(5,722)	8	(5,714)
<b>As at 30 June 2019</b>	61,000,000	24,761,544	1,590,532	3,200,595	(722,056)	528,378	(867,893)	(2,170,383)	87,320,717	938,075	88,258,792

The accompanying notes on pages 8 to 19 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 months period ended 30 June 2020

	Six months ended	
	30 June	
	2020	2019
	KD	KD
<b>OPERATING ACTIVITIES</b>		
Net (loss) / profit for the period	(4,101,724)	1,059,151
<i>Adjustments for:</i>		
Unrealized (gain) / loss from changes in fair value on financial assets at fair value through profit or loss	(91,925)	289,533
Realized gain from sale of financial assets at fair value through profit or loss	(18,646)	(7,734)
Dividend income	(443,638)	(1,591,070)
Group's share of results from associates	2,350,821	(1,338,714)
Interest income	(9,109)	(8,129)
Foreign exchange loss / (gain)	78,584	(18,371)
Depreciation	224,703	201,831
Amortisation	235,973	34,791
Finance costs	738,821	725,426
Provision for employees' end of service benefits	126,845	144,488
	<b>(909,295)</b>	<b>(508,798)</b>
<b>Change in operating assets and liabilities:</b>		
Inventories	210,050	(245,305)
Financial assets at fair value through profit or loss	442,807	18,105
Accounts receivable and other debit balances	(961,006)	(2,667,547)
Accounts payable and other credit balances	1,410,236	805,384
Cash flows from / (used in) operating activities	192,792	(2,598,161)
Employees' end of service benefits paid	(24,347)	(3,767)
<b>Net cash flows from / (used in) operating activities</b>	<b>168,445</b>	<b>(2,601,928)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(278,125)	(39,841)
Purchase of intangible assets	(124,637)	(372,784)
Purchase of financial assets at FVOCI	(94,036)	-
Proceeds from sale of financial assets at FVOCI	-	723,481
Purchase of investment in an associate	(13,268)	-
Dividends received from associates	-	1,337,603
Fixed deposits	-	34,386
Dividend income received	251,174	1,591,070
Interest income received	9,109	8,129
<b>Net cash flows (used in) / from investing activities</b>	<b>(249,783)</b>	<b>3,282,044</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from term loans	2,533,692	4,363,355
Repayment of term loans	(2,065,925)	(8,049,442)
Finance costs paid	(745,895)	(729,408)
Dividend paid	-	(13,000)
<b>Net cash flows used in financing activities</b>	<b>(278,128)</b>	<b>(4,428,495)</b>
Net decrease in cash and cash equivalents	(359,466)	(3,748,379)
Foreign currency translation adjustment	(32,446)	11,647
Cash and cash equivalents at the beginning of the period	1,701,846	6,899,341
<b>Cash and cash equivalents at the end of the period (Note 8)</b>	<b>1,309,934</b>	<b>3,162,609</b>

The accompanying notes on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six months period ended 30 June 2020

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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 24 August 2020.

**2. Basis of preparation**

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”. This interim condensed consolidated financial information does not include all the information and disclosures required for preparation of complete annual consolidated 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 months period ended 30 June 2020 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further information, refer to the annual consolidated audited financial statements of the Group for the year ended 31 December 2019.

**New Standards, interpretations and amendments**

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019, except for application of new standards effective from 1 January 2020.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective. Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group as follow:



**2. Basis of preparation (Continued)**

**New Standards, interpretations and amendments (Continued)**

*Definition of a Business (Amendments to IFRS 3)*

The amendments in definition of a business in IFRS 3 (Business combinations) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. This amendment did not have any material impact to the Group.

*Amendments to IFRS 7, IFRS 9, IAS 39: Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

*Amendments to IAS 1 and IAS 8: Definition of Material*

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- The meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The application of these amendments did not have any material impact on the Group.

*Revised Conceptual Framework for Financial Reporting*

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:



**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six months period ended 30 June 2020

**2. Basis of preparation (Continued)**

**New Standards, interpretations and amendments (Continued)**

*Revised Conceptual Framework for Financial Reporting (Continued)*

- Increasing the prominence of stewardship in the objective of financial reporting.
- Reinstating prudence as a component of neutrality.
- Defining a reporting entity, which may be a legal entity, or a portion of an entity.
- Revising the definitions of an asset and a liability.
- Removing the probability threshold for recognition and adding guidance on derecognition.
- Adding guidance on different measurement basis, and
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. This amendment did not have any material impact on the Group.

Amendments to IFRS 16 “leases” – COVID-19-Related Lease Concessions

Paragraphs have been added to the COVID-19-Related Lease Concessions, issued in May 2020. This amendment should be applied by the lessee for the annual reporting periods beginning on or after 1 June 2020 with early application permitted, including financial statements that have not yet been issued as at 28 May 2020.

A lessee shall apply COVID-19-Related Rent Concessions retrospectively, recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. This amendment is not expected to have a material impact on the Group’s interim condensed consolidated financial information.

Other than the above, several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

**3. Basic and diluted earnings /(loss) per share attributable to the shareholders of the Parent Company**

There are no potential dilutive ordinary shares. Basic and diluted earnings / (loss) per share attributable to the shareholders of the Parent Company 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 as follow:

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
Net profit / (loss) for the period attributable to the shareholders of the Parent Company (KD)	<u>750,423</u>	<u>556,139</u>	<u>(3,839,791)</u>	<u>1,011,624</u>
Weighted average number of outstanding shares (shares)	<u>610,000,000</u>	<u>610,000,000</u>	<u>610,000,000</u>	<u>610,000,000</u>
Basic and diluted earnings / (loss) per share attributable to the shareholders of the Parent Company (fils)	<u>1.23</u>	<u>0.91</u>	<u>(6.29)</u>	<u>1.66</u>

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**4. Investment in associates**

	<b>30 June 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Balance at the beginning of the period / year	54,284,485	53,734,978	53,734,978
Additions	13,268	16,911	2,530
Disposals	-	(55,415)	-
Impairment loss	-	(1,055,303)	-
Cash dividends received from associates	-	(1,369,688)	(1,337,603)
Group's share of results from associates	(2,350,821)	3,946,273	1,338,714
Group's share of other comprehensive loss from associates' cumulative changes in fair value	(381,212)	(881,857)	(230,885)
Group's share of other comprehensive income / (loss) from associates' foreign currency translation adjustment	245,450	17,595	(5,173)
Other reserves	(454,549)	(69,009)	(5,714)
Balance at end of the period / year	<u>51,356,621</u>	<u>54,284,485</u>	<u>53,496,847</u>

Investment in associates amounting to KD 34,473,396 (31 December 2019: KD 36,814,545, 30 June 2019: KD 35,517,212) are secured against certain term loans (Note 9).

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

	<b>30 June 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Quoted securities	353,382	274,720	274,374
Unquoted securities	4,691,016	5,847,846	7,650,761
Funds and portfolios	3,395,581	3,409,468	3,344,371
	<u>8,439,979</u>	<u>9,532,034</u>	<u>11,269,506</u>

Financial assets at fair value through other comprehensive income amounting to KD 290,133 (31 December 2019: KD 292,112, 30 June 2019: KD 4,942,090) are secured against certain term loans (Note 9).

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



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**6. Accounts receivable and other debit balances**

	<b>30 June 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade receivables	10,802,833	9,714,611	6,110,130
Due from related parties (Note 12)	5,387,148	5,138,357	4,696,992
Interest receivable	3,000,000	3,000,000	3,000,000
Prepaid expenses and accrued income	114,824	85,822	121,399
Advances to supplier	5,812,635	5,553,393	5,876,969
Other receivables	1,552,339	2,024,129	3,444,890
	<u>26,669,779</u>	<u>25,516,312</u>	<u>23,250,380</u>
Provision for expected credit losses	(3,779,730)	(3,779,730)	(3,131,919)
	<u>22,890,049</u>	<u>21,736,582</u>	<u>20,118,461</u>

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

	<b>30 June 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Non-current portion	4,408,984	4,132,774	2,899,398
Current portion	18,481,065	17,603,808	17,219,063
	<u>22,890,049</u>	<u>21,736,582</u>	<u>20,118,461</u>

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

	<b>30 June 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Quoted securities	8,182,936	9,975,387	11,343,501
Unquoted security	15,246,721	13,656,329	14,209,253
Mutual funds	825,826	956,003	2,476,129
	<u>24,255,483</u>	<u>24,587,719</u>	<u>28,028,883</u>

Financial assets at fair value through profit or loss amounting to KD 18,299,593 (31 December 2019: KD 19,737,335, 30 June 2019: KD 22,054,783) are pledged against certain term loans (Note 9).

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



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**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 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Cash on hand and at banks	<b>1,395,093</b>	1,662,997	1,570,592
Cash with portfolios	<b>103,274</b>	223,629	1,513,041
Short term bank deposits	<b>505</b>	498	71,515
Restricted cash*	<b>228,864</b>	225,340	14,440
	<b>1,727,736</b>	2,112,464	3,169,588
Less: bank overdraft	<b>(417,802)</b>	(410,618)	(6,979)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	<b>1,309,934</b>	1,701,846	3,162,609

\*This balance represents cash restricted against bank facilities.

**9. Term loans**

	<b>30 June 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</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>23,764,178</b>	23,845,961	24,630,668
Term loans obtained from a foreign financial institutions and carry interest rate range from 8.5% to 9.75% per annum	<b>4,548,231</b>	3,907,095	2,979,274
	<b>28,312,409</b>	27,753,056	27,609,942

Certain investment in associates, 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 4, 5 and 7).

Term loans are represented in the following:

	<b>30 June 2020</b>	<b>(Audited) 31 December 2019</b>	<b>30 June 2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Non-current portion	<b>3,750,000</b>	-	5,888,066
Current portion	<b>24,562,409</b>	27,753,056	21,721,876
	<b>28,312,409</b>	27,753,056	27,609,942

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

	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2020</b>	<b>31 December</b>	<b>2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade payable	2,227,096	1,374,600	1,174,828
Due to related parties (Note 12)	2,539,277	2,536,184	2,528,356
Fixed assets payable	5,138,831	5,059,720	5,806,789
Accrued expenses and other liabilities	4,780,871	4,312,413	4,506,920
	<b>14,686,075</b>	<b>13,282,917</b>	<b>14,016,893</b>

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

	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2020</b>	<b>31 December</b>	<b>2019</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Non-current portion	4,111,064	4,047,776	5,060,782
Current portion	10,575,011	9,235,141	8,956,111
	<b>14,686,075</b>	<b>13,282,917</b>	<b>14,016,893</b>

**11. Annual General Assembly of the Shareholder of the Parent Company**

The Shareholders' Annual General Assembly meeting of the Parent Company held on 21 June 2020 has approved the consolidated financial statements for the year ended 31 December 2019, and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2019.

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.

**12. Related party transactions and balances**

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:

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12. Related party transactions and balances (Continued)

	30 June 2020	(Audited) 31 December 2019	30 June 2019
	KD	KD	KD
<b><u>Balances included in interim condensed consolidated statement of financial position</u></b>			
Cash with portfolios managers	5,230	2,842	10,470
Financial assets at FVOCI	3,340,285	4,493,728	3,618,643
Financial assets at fair value through profit or loss	5,577,012	4,694,933	2,947,934
Due from related parties (Note 6)	5,387,148	5,138,357	4,696,992
Due to related parties (Note 10)	2,539,277	2,536,184	2,528,356

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	KD	KD	KD	KD
<b><u>Transactions included in interim condensed consolidated statement of profit or loss:</u></b>				
Dividend income	32,590	1,050,907	32,590	1,050,907
Portfolio management fees	-	-	-	(54)
<b><u>Compensation of key management personnel</u></b>				
Short term benefits	95,136	319,544	205,387	417,479
End of service benefits	10,619	12,486	60,775	85,159

13. Capital commitments and contingencies

	30 June 2020	(Audited) 31 December 2019	30 June 2019
	KD	KD	KD
<b>Capital commitments</b>			
Purchase of financial assets at fair value through other comprehensive income	-	-	2,521,019
Other commitments	451,885	339,324	523,671

**Contingencies**

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,682,195 (31 December 2019: KD 3,455,999, 30 June 2019: KD 3,166,400) 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 35,358,476 (31 December 2019: KD 35,358,476, 30 June 2019: KD 36,442,427) 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.



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**14. Segmental 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> KD	<u>Others</u> KD	<u>Total</u> KD
<b>Six months ended 30 June 2020</b>			
Segment revenues	<u>(1,861,595)</u>	<u>3,198,583</u>	<u>1,336,988</u>
Segment loss before finance costs, foreign exchange loss	<u>(2,426,295)</u>	<u>(858,024)</u>	<u>(3,284,319)</u>
Finance costs plus foreign exchange loss	<u>(579,991)</u>	<u>(237,414)</u>	<u>(817,405)</u>
Loss before taxation	<u>(3,006,286)</u>	<u>(1,095,438)</u>	<u>(4,101,724)</u>
Segment assets	<u>85,319,274</u>	<u>37,782,942</u>	<u>123,102,216</u>
Segment liabilities (excluding term loans)	<u>(4,268,053)</u>	<u>(12,114,137)</u>	<u>(16,382,190)</u>
Segment net assets before term loans	<u>81,051,221</u>	<u>25,668,805</u>	<u>106,720,026</u>
Term loans	<u>(20,194,353)</u>	<u>(8,118,056)</u>	<u>(28,312,409)</u>
Net assets	<u>60,856,868</u>	<u>17,550,749</u>	<u>78,407,617</u>
	<u>Investment</u> KD	<u>Others</u> KD	<u>Total</u> KD
<b>Six months ended 30 June 2019</b>			
Segment revenues	<u>2,725,538</u>	<u>5,355,477</u>	<u>8,081,015</u>
Segment profit / (loss) before finance costs, foreign exchange gain	<u>1,911,390</u>	<u>(128,107)</u>	<u>1,783,283</u>
Finance costs, net of foreign exchange gain	<u>(637,562)</u>	<u>(69,493)</u>	<u>(707,055)</u>
Profit / (loss) before taxation	<u>1,273,828</u>	<u>(197,600)</u>	<u>1,076,228</u>
Segment assets	<u>94,893,495</u>	<u>36,100,454</u>	<u>130,993,949</u>
Segment liabilities (excluding term loans)	<u>(3,691,189)</u>	<u>(11,434,026)</u>	<u>(15,125,215)</u>
Segment net assets before term loans	<u>91,202,306</u>	<u>24,666,428</u>	<u>115,868,734</u>
Term loans	<u>(21,279,806)</u>	<u>(6,330,136)</u>	<u>(27,609,942)</u>
Net assets	<u>69,922,500</u>	<u>18,336,292</u>	<u>88,258,792</u>

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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 interim condensed consolidated 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:

	30 June 2020	(Audited) 31 December 2019	30 June 2019
	KD	KD	KD
<b>Financial assets:</b>			
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	8,439,979	9,532,034	11,269,506
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	16,962,590	16,097,367	14,120,093
Cash and cash equivalents	1,727,736	2,112,464	3,169,588
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	24,255,483	24,587,719	28,028,883
	<u>51,385,788</u>	<u>52,329,584</u>	<u>56,588,070</u>
<b>Financial liabilities:</b>			
<i>Financial liabilities at amortised cost:</i>			
Term loans	28,312,409	27,753,056	27,609,942
Accounts payable and other credit balances (excluding advances)	14,638,393	12,961,116	14,002,553
Bank overdraft	417,802	410,618	6,979
	<u>43,368,604</u>	<u>41,124,790</u>	<u>41,619,474</u>

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**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:

<b>30 June 2020</b>	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
<b>Financial assets at fair value through other comprehensive income</b>				
Quoted securities	353,382	-	-	353,382
Funds and portfolio	-	3,395,581	-	3,395,581
Unquoted securities	-	-	4,691,016	4,691,016
<b>Financial assets at fair value through profit or loss</b>				
Quoted securities	8,182,936	-	-	8,182,936
Mutual funds	-	825,826	-	825,826
Unquoted securities	-	3,536,200	11,710,521	15,246,721
	<u>8,536,318</u>	<u>7,757,607</u>	<u>16,401,537</u>	<u>32,695,462</u>
<b>31 December 2019 (Audited)</b>				
	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
<b>Financial assets at fair value through other comprehensive income</b>				
Quoted securities	274,720	-	-	274,720
Funds and portfolio	-	3,409,468	-	3,409,468
Unquoted securities	-	-	5,847,846	5,847,846
<b>Financial assets at fair value through profit or loss</b>				
Quoted securities	9,975,387	-	-	9,975,387
Mutual funds	-	956,003	-	956,003
Unquoted securities	-	1,912,365	11,743,964	13,656,329
	<u>10,250,107</u>	<u>6,277,836</u>	<u>17,591,810</u>	<u>34,119,753</u>



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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

30 June 2019	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Financial assets at fair value through other comprehensive income</b>				
Quoted securities	274,374	-	-	274,374
Funds and portfolio	-	3,344,371	-	3,344,371
Unquoted securities	-	-	7,650,761	7,650,761
<b>Financial assets at fair value through profit or loss</b>				
Quoted securities	11,343,501	-	-	11,343,501
Mutual funds	-	2,476,129	-	2,476,129
Unquoted securities	-	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>

During the period / year, there were no transfers between levels 1, 2 and 3.

16. The economic situation due to Coronavirus

Due to the current significant events arising from the spread of Coronavirus (“COVID-19”) in early 2020, which affected the global economic environment, local and international financial markets. These conditions are considered significant as they affected the economic and risk environment in which the Group operates. As a result, the group was exposed to various risks including a decline in the market price for investments and decrease in revenues due to suspension of the Group’s commercial activities. The Group is constantly monitoring the impact on them and how to manage the risks arising from the outbreak of Coronavirus (COVID-19).

The Group has considered whether any adjustments and changes in judgements, estimates and risk management are required to be considered and reported in the interim condensed consolidated financial information as follow:

Financial assets at fair value through other comprehensive income

As a result of the economic conditions to the outbreak of the Coronavirus pandemic, local and foreign financial markets have exhibited a significant downturn and volatility, resulting decline in fair value of financial assets at fair value through other comprehensive income amounting to KD 1,205,027. Accordingly, the Group has incurred material losses arising from changes in fair values during the period ended 30 June 2020.

Revenue from sales and services

As a result of the economic conditions to the outbreak of the Coronavirus pandemic, The Group’s revenue from sales and services had been material declined due to temporarily suspension of Group’s commercial activities.

The Group considers that the time period for this event is not specified and it is difficult to anticipate any future results that might arise therefrom. Accordingly, the financial impact cannot be reasonably determined on the Group's future results until the interim condensed consolidated financial information date. The Group will take into account the effects of coronavirus when determining magnitude of the impact according to the expected duration of these events and their implications.