

**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 2021**

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State of Kuwait**

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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 2021, 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".

Emphasis of matter

We draw attention to Note No. (13) to the accompanying interim condensed consolidated financial information regarding a claim letter from National Bank of Kuwait as a creditor to initiate execution procedures on the funds of another party and the guarantors, that the Group is one of that party's guarantors. Our conclusion is not qualified with respect to this matter.

Other matter

The consolidated financial statements of Privatization Holding Company – K.P.S.C. for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on such consolidated financial statements on 29 March 2021.

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 2021, 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 2021, that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.

Barrak Abdul Mohsen Al-Ateeqi
Licence No. 69 "A"
Al-Ateeqi Certified Accountants
A Member of B.K.R. International
Kuwait : 12 August 2021

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 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 KD	2020 KD	2021 KD	2020 KD
Revenue					
Revenue from sales and services		1,776,265	1,826,576	3,593,147	3,182,107
Unrealized gain from changes in fair value of financial assets at fair value through profit or loss		535,654	2,085,047	1,191,824	91,925
Realized gain from sale of financial assets at fair value through profit or loss		19,969	-	30,738	18,646
Dividend income		211,637	300,341	218,364	443,638
Gain on sale of investment in associate	4	-	-	53,179	-
Group's share of results from associates	4	(187,960)	(776,815)	2,102,893	(2,350,821)
Interest income		58	8,360	1,564	9,109
Foreign exchange gain / (loss)		22,384	3,750	36,199	(78,584)
Other income		174,781	20,968	190,308	20,968
Total revenue		2,552,788	3,468,227	7,418,216	1,336,988
Expenses and other charges					
Cost of sales and services		(2,103,772)	(1,754,077)	(4,590,301)	(3,553,827)
General and administrative expenses		(669,666)	(622,771)	(1,124,086)	(1,135,395)
Portfolio management fees		(7,287)	(6,056)	(13,466)	(10,669)
Finance costs		(266,850)	(345,423)	(627,544)	(738,821)
Total expenses and other charges		(3,047,575)	(2,728,327)	(6,355,397)	(5,438,712)
(Loss) / profit for the period before contribution to National Labour Support Tax (NLST) and Zakat		(494,787)	739,900	1,062,819	(4,101,724)
NLST		9,229	-	(36,068)	-
Zakat		12,052	-	-	-
Net (loss) / profit for the period		(473,506)	739,900	1,026,751	(4,101,724)
Attributable to:					
Shareholders of the Parent Company		(234,482)	750,423	1,662,652	(3,839,791)
Non-controlling interests		(239,024)	(10,523)	(635,901)	(261,933)
Net (loss) / profit for the period		(473,506)	739,900	1,026,751	(4,101,724)
Basic and diluted (loss) / earnings per share attributable to the shareholders of the Parent Company (Fila)	3	(0.38)	1.23	2.73	(6.29)

The accompanying notes on pages 8 to 17 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 2021

Note	Three months ended 30 June		Six months ended 30 June	
	2021 KD	2020 KD	2021 KD	2020 KD
Net (loss) / profit for the period	<u>(473,506)</u>	<u>739,900</u>	<u>1,026,751</u>	<u>(4,101,724)</u>
Other comprehensive loss items:				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Exchange differences on translating of foreign operations	(43,837)	(21,345)	(73,835)	132,745
Group's share of other comprehensive income/ (loss) of associates 4	389,162	(89,080)	741,564	(135,762)
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	<u>(1,404,286)</u>	<u>(1,239,525)</u>	<u>(763,087)</u>	<u>(1,205,027)</u>
Total other comprehensive loss for the period	<u>(1,058,961)</u>	<u>(1,349,950)</u>	<u>(95,358)</u>	<u>(1,208,044)</u>
Total comprehensive (loss) / income for the period	<u>(1,532,467)</u>	<u>(610,050)</u>	<u>931,393</u>	<u>(5,309,768)</u>
Attributable to:				
Shareholders of the Parent Company	(1,292,266)	(598,583)	1,571,095	(5,044,620)
Non-controlling interests	<u>(240,201)</u>	<u>(11,467)</u>	<u>(639,702)</u>	<u>(265,148)</u>
Total comprehensive (loss) / income for the period	<u>(1,532,467)</u>	<u>(610,050)</u>	<u>931,393</u>	<u>(5,309,768)</u>

The accompanying notes on pages 8 to 17 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 2021

			(Audited)	
	Note	30 June 2021 KD	31 December 2020 KD	30 June 2020 KD
Assets				
Non-current assets:				
Property, plant and equipment		11,641,009	11,869,247	12,014,599
Intangible assets		270,063	409,482	645,452
Investment properties		116,190	116,190	108,158
Investment in associates	4	52,695,969	51,037,053	51,356,621
Financial assets at fair value through other comprehensive income	5	3,969,668	7,344,397	8,439,979
Accounts receivable and other debit balances	6	5,694,301	4,883,387	4,408,984
Total non-current assets		74,387,200	75,659,756	76,973,793
Current assets:				
Inventories		1,710,624	1,473,453	1,664,139
Accounts receivable and other debit balances	6	19,760,249	19,212,505	18,481,065
Financial assets at fair value through profit or loss	7	26,030,609	25,580,226	24,255,483
Cash and cash equivalents	8	3,282,219	1,493,086	1,727,736
Total current assets		50,783,701	47,759,270	46,128,423
Total assets		125,170,901	123,419,026	123,102,216
Equity and liabilities				
Equity:				
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		(4,019,024)	(4,621,988)	(4,668,481)
Foreign currency translation reserve		397,593	582,696	924,075
Other reserves		(2,215,421)	(2,327,828)	(1,385,726)
Accumulated losses		(6,366,625)	(7,640,974)	(7,728,348)
Equity attributable to shareholders of the Parent Company		78,349,194	76,544,577	77,694,191
Non-controlling interests		(106,825)	532,897	713,426
Total equity		78,242,369	77,077,474	78,407,617
Liabilities:				
Non-current liabilities:				
Employees' end of service benefits		1,363,449	1,306,429	1,278,313
Term loans	9	7,229,897	8,479,551	3,750,000
Accounts payable and other credit balances	10	3,115,110	3,143,263	4,111,064
Total non-current liabilities		11,708,456	12,929,243	9,139,377
Current liabilities:				
Term loans	9	21,331,539	20,489,163	24,562,409
Bank overdraft		648,939	867,454	417,802
Accounts payable and other credit balances	10	13,239,598	12,055,692	10,575,011
Total current liabilities		35,220,076	33,412,309	35,555,222
Total liabilities		46,928,532	46,341,552	44,694,599
Total equity and liabilities		125,170,901	123,419,026	123,102,216

The accompanying notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.


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 2021

Equity attributable to the shareholders of the Parent Company											
	Fair value										
	Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	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 2020	61,000,000	24,761,544	1,590,532	3,200,595	(4,621,983)	582,696	(2,327,828)	(7,640,974)	76,544,577	532,897	77,077,474
Net profit / (loss) for the period	-	-	-	-	-	-	-	1,662,652	1,662,652	(635,901)	1,026,751
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(759,320)	-	-	-	(759,320)	(3,767)	(763,087)
Exchanges differences on translating of foreign operations Group's share of other comprehensive income / (loss) of associates (Note 4)	-	-	-	-	-	(73,835)	-	-	(73,835)	-	(73,835)
Total other comprehensive (loss) / income for the period	-	-	-	-	689,852	(111,268)	163,014	-	741,598	(34)	741,564
Total comprehensive (loss) / income for the period	-	-	-	-	(69,468)	(185,103)	163,014	-	(91,557)	(3,801)	(95,358)
Transferred to accumulated losses due to sale of financial assets at fair value through other comprehensive income	-	-	-	-	(69,468)	(185,103)	163,014	1,662,652	1,571,095	(639,702)	931,393
Share of other reserves of associates (Note 4)	-	-	-	-	672,432	-	-	(383,429)	289,003	-	289,003
As at 30 June 2021	61,000,000	24,761,544	1,590,532	3,200,595	(4,019,024)	397,593	(2,215,421)	(4,374)	(55,481)	(20)	(55,501)
								(6,366,625)	78,349,194	(106,825)	78,242,369

**Privatization Holding Company – K.P.S.C. and its subsidiaries
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**Interim condensed consolidated statement of changes in equity (Unaudited)
For the six months period ended 30 June 2021**

	Equity attributable to the shareholders of the Parent Company										
	Fair value										Non-controlling interests
	Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Financial assets at FVOCI KD	Foreign currency translation reserve KD	Other reserves KD	Accumulated losses KD	Sub-total KD	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)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(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)
As at 30 June 2020	61,000,000	24,761,544	1,590,532	3,200,595	(4,668,481)	924,075	(1,385,726)	(7,728,348)	77,694,191	713,426	78,407,617

The accompanying notes on pages 8 to 17 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 2021

	Six months ended	
	30 June	
	2021	2020
	KD	KD
OPERATING ACTIVITIES		
Net profit / (loss) for the period	1,826,751	(4,101,724)
Adjustments for:		
Unrealized gain from changes in fair value on financial assets at fair value through profit or loss	(1,191,824)	(91,925)
Realized gain from sale of financial assets at fair value through profit or loss	(30,738)	(18,646)
Dividend income	(218,364)	(443,638)
Gain on sale of investment in associate	(53,179)	-
Group's share of results from associates	(2,102,893)	2,350,821
Interest income	(1,564)	(9,109)
Foreign exchange (gain) / loss	(36,199)	78,584
Depreciation	232,020	224,703
Amortisation	139,419	235,973
Finance costs	627,544	738,821
Provision for employees' end of service benefits	59,270	126,845
	(1,549,757)	(909,295)
Change in operating assets and liabilities:		
Inventories	(237,171)	210,050
Financial assets at fair value through profit or loss	772,179	442,807
Accounts receivable and other debit balances	(157,592)	(961,006)
Accounts payable and other credit balances	932,599	1,410,236
Cash flows (used in) / from operating activities	(239,742)	192,792
Employees' end of service benefits paid	(2,280)	(24,347)
Net cash flows (used in) / from operating activities	(241,992)	168,445
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(78,827)	(278,125)
Purchase of intangible assets	-	(124,637)
Purchase of financial assets at fair value through other comprehensive income	-	(94,036)
Proceeds from sale of financial assets at fair value through other comprehensive income	2,601,634	-
Purchase of investment in an associate	(728,843)	(13,268)
Proceeds from sale of investment in an associate	1,000,000	-
Dividend income received	218,364	251,174
Interest income received	1,564	9,109
Net cash flows from / (used in) investing activities	3,013,912	(249,783)
FINANCING ACTIVITIES		
Proceeds from term loans	4,498,057	2,533,692
Repayment of term loans	(4,862,867)	(2,065,925)
Finance costs paid	(404,392)	(745,895)
Bank overdraft	(218,515)	7,184
Net cash flows used in financing activities	(987,717)	(270,944)
Net increase / (decrease) in cash and cash equivalents	1,784,203	(332,282)
Foreign currency translation adjustment	4,930	(32,446)
Cash and cash equivalents at the beginning of the period	1,493,086	2,112,464
Cash and cash equivalents at the end of the period (Note 8)	3,282,219	1,727,736

The accompanying notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

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

**Notes to the interim condensed consolidated financial information (Unaudited)
For the six months period ended 30 June 2021**

1. Incorporation and activities

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 12 August 2021.

2. Basis of preparation

The interim consolidated condensed 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 2021 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. For further information, refer to the annual consolidated audited financial statements of the Group for the year ended 31 December 2020.

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 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 2021, but they do not have any material effect on the Group's interim condensed financial information.

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

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

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Notes to the interim condensed consolidated financial information (Unaudited)
For the six months period ended 30 June 2021

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

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net (loss) / profit for the period attributable to the shareholders of the Parent Company (KD)	(234,482)	750,423	1,662,652	(3,839,791)
Weighted average number of outstanding shares (shares)	610,000,000	610,000,000	610,000,000	610,000,000
Basic and diluted (loss) / earnings per share attributable to the shareholders of the Parent Company (fils)	(0.38)	1.23	2.73	(6.29)

4. Investment in associates

	30 June 2021 KD	(Audited) 31 December 2020 KD	30 June 2020 KD
Balance at the beginning of the period / year	51,037,053	54,284,485	54,284,485
Additions	728,843	338,268	13,268
Disposals (a)	(2,147,886)	-	-
Cash dividends received from associates	-	(566,114)	-
Group's share of results from associates	2,102,893	(2,034,981)	(2,350,821)
Group's share of other comprehensive gain / (loss) from associates' cumulative changes in fair value	689,852	381,103	(381,212)
Group's share of other comprehensive (loss) / gain from associates' foreign currency translation adjustment	(111,302)	32,905	245,450
Group's share of other comprehensive gain / (loss) from associates' other reserves	163,014	(1,440,045)	-
Other reserves	(55,501)	41,432	(454,549)
Adjustment due to losses from downstream transaction (b)	289,003	-	-
Balance at end of the period / year	52,695,969	51,037,053	51,356,621

a) During the period ended 30 June 2021, the Group sold its investment in an associate (Eastern United Petroleum Services Company – KSC (Closed) ("EUPS")) for an amount of KD 2,201,065, resulting in a gain of KD 53,179 that was recorded in the interim condensed consolidated statement of profit or loss. The Group collected an amount of KD 1,000,000 and the remaining balance of KD 1,201,065 will be collected during the year 2021 (Note 6) once the Group completes the process of transferring the ownership.

b) Represents adjustment due to losses from the sale of financial assets at fair value through other comprehensive income to an associate (Note 5) during the period ended 30 June 2021 which has been eliminated to the extent of the Group's ownership interest in the associate.

Investment in associates amounting to KD 44,920,092 (31 December 2020: KD 36,837,863, 30 June 2020: KD 34,473,396) are secured against certain term loans (Note 9).

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For the six months period ended 30 June 2021

5. Financial assets at fair value through other comprehensive income

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Quoted securities	421,466	341,596	353,382
Unquoted securities	1,094,489	4,352,926	4,691,016
Funds and portfolios	2,453,713	2,649,875	3,395,581
	<u>3,969,668</u>	<u>7,344,397</u>	<u>8,439,979</u>

During the period ended 30 June 2021, the Group sold unquoted securities to a related party (Group's associate) for an amount of KD 2,500,042. As a result, the Group recognized a loss from sale of financial assets at fair value through other comprehensive income amounting to KD 383,429 in accumulated losses in the interim condensed consolidated statement of changes in equity after elimination of KD 289,003 representing the share of loss to the extent of the Group's ownership interest in the associate (Note 4).

Financial assets at fair value through other comprehensive income amounting to KD 2,853,974 (31 December 2020: KD 2,942,272, 30 June 2020: 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).

6. Accounts receivable and other debit balances

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Trade receivables	10,618,885	10,729,225	10,802,833
Due from related parties (Note 12)	6,786,396	6,269,256	5,387,148
Interest receivable	3,000,000	3,000,000	3,000,000
Receivables from sale of investment in an associate (Note 4)	1,201,065	-	-
Prepaid expenses and accrued income	119,207	115,508	114,824
Advances to project under progress	5,543,837	5,338,661	-
Advances to supplier	534,463	608,175	5,812,635
Other debit balances	802,781	1,187,151	1,552,339
	<u>28,606,634</u>	<u>27,247,976</u>	<u>26,669,779</u>
Provision for expected credit losses	<u>(3,152,084)</u>	<u>(3,152,084)</u>	<u>(3,779,730)</u>
	<u>25,454,550</u>	<u>24,095,892</u>	<u>22,890,049</u>

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

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Non-current portion	5,694,301	4,883,387	4,408,984
Current portion	<u>19,760,249</u>	<u>19,212,505</u>	<u>18,481,065</u>
	<u>25,454,550</u>	<u>24,095,892</u>	<u>22,890,049</u>

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7. Financial assets at fair value through profit or loss

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Quoted securities	10,780,041	9,649,359	8,182,936
Unquoted security	14,910,701	15,179,738	15,246,721
Mutual funds	339,867	751,129	825,826
	26,030,609	25,580,226	24,255,483

Financial assets at fair value through profit or loss amounting to KD 20,047,453 (31 December 2020: KD 19,247,218, 30 June 2020: KD 18,299,593) 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).

8. Cash and cash equivalents

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Cash on hand and at banks	728,573	1,426,753	1,395,093
Cash at portfolios	2,211,325	20,166	103,274
Short term bank deposits	497	500	505
Restricted cash*	341,824	45,667	228,864
	3,282,219	1,493,086	1,727,736

*This balance represents cash restricted against bank facilities.

9. Term loans

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Term loans obtained from local financial institutions and a related party and carrying interest rate range from 2% to 4% per annum over the Central Bank of Kuwait discount rate	23,417,615	23,972,921	23,764,178
Term loans obtained from a foreign financial institutions and carry interest rate range from 8.5% to 9.75% per annum	5,143,821	4,995,793	4,548,231
	28,561,436	28,968,714	28,312,409

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9. Term loans (Continued)

Certain investment in subsidiaries, 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:

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Non-current portion	7,229,897	8,479,551	3,750,000
Current portion	21,331,539	20,489,163	24,562,409
	<u>28,561,436</u>	<u>28,968,714</u>	<u>28,312,409</u>

10. Accounts payable and other credit balances

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Trade payable	2,608,925	2,234,140	2,227,096
Due to related parties (Note 12)	4,186,741	3,032,515	2,539,277
Fixed assets payable	4,021,262	5,063,026	5,138,831
Accrued expenses and other liabilities	5,537,780	4,869,274	4,780,871
	<u>16,354,708</u>	<u>15,198,955</u>	<u>14,686,075</u>

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

	30 June 2021	(Audited) 31 December 2020	30 June 2020
	KD	KD	KD
Non-current portion	3,115,110	3,143,263	4,111,064
Current portion	13,239,598	12,055,692	10,575,011
	<u>16,354,708</u>	<u>15,198,955</u>	<u>14,686,075</u>

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

The Shareholders' Annual General Assembly meeting of the Parent Company held on 10 May 2021 has approved the consolidated financial statements for the year ended 31 December 2020, and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2020.

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.

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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:

	30 June 2021 KD	(Audited) 31 December 2020 KD	30 June 2020 KD
<u>Balances included in interim condensed consolidated statement of financial position</u>			
Financial assets at FVOCI	800	3,256,778	3,340,285
Due from related parties (Note 6)	6,786,396	6,269,256	5,387,148
Financial assets at fair value through profit or loss	6,497,123	6,439,739	5,577,012
Cash with portfolios managers	7,115	6,207	5,230
Term loans	500,000	-	-
Due to related parties (Note 10)	4,186,741	3,032,515	2,539,277

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	
	2021 KD	2020 KD	2021 KD	2020 KD
<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>				
Dividend income	216	32,590	216	32,590
<u>Compensation of key management personnel</u>				
Short term benefits	194,695	95,136	294,882	205,387
End of service benefits	13,697	10,619	27,280	60,775

13. Capital commitments and contingencies

	30 June 2021 KD	(Audited) 31 December 2020 KD	30 June 2020 KD
Capital commitments			
Other commitments	199,648	847,024	451,885

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,359,388 (31 December 2020: KD 3,617,931, 30 June 2020: KD 3,682,195) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2020: KD 3,120,180, 30 June 2020: Nil) from which it is anticipated that no material liabilities will arise.

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13. Capital commitments and contingencies (Continued)
Contingencies (Continued)

The Parent Company and Al Khair National for Stocks and Real Estate Company have provided a guarantee to National Bank of Kuwait against a loan of KD 72.6 million granted 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. Further in 2016, there was a reschedule of loan, and Parent company has not signed any guarantor agreement.

During the period ended 30 June 2021, a letter was received from National Bank of Kuwait stating that the third party had breached its obligations and the debit balance amounted to KD 26,297,015 (excluding interest), National Bank of Kuwait (NBK), as a creditor, was required to initiate execution procedures on the other party's funds and the guarantors. The Group's management believes that Parent Company is no more part of the guarantor agreement and hence legal action has been initiated regarding this claim. It is not possible to estimate the results that will arise from these lawsuits until they are ruled by courts. Accordingly, financial impact could not be determined.

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:

	Investment	Others	Total
	KD	KD	KD
Six months ended 30 June 2021			
Segment revenue	3,830,432	3,587,784	7,418,216
Segment profit / (loss) before finance costs, foreign exchange gain	3,229,583	(1,575,419)	1,654,164
Finance costs net of foreign exchange gain	(395,371)	(195,974)	(591,345)
Profit / (loss) before taxation	2,834,212	(1,771,393)	1,062,819
Segment assets	86,602,154	38,568,747	125,170,901
Segment liabilities (excluding term loans)	(5,468,747)	(12,898,349)	(18,367,096)
Segment net assets before term loans	81,133,407	25,670,398	106,803,805
Term loans	(19,512,636)	(9,048,800)	(28,561,436)
Net assets	61,620,771	16,621,598	78,242,369
	Investment	Others	Total
	KD	KD	KD
Six months ended 30 June 2020			
Segment revenue	(1,861,595)	3,198,583	1,336,988
Segment loss before finance costs, foreign exchange loss	(2,426,295)	(858,024)	(3,284,319)
Finance costs plus foreign exchange loss	(579,991)	(237,414)	(817,405)
Loss before taxation	(3,006,286)	(1,095,438)	(4,101,724)
Segment assets	85,319,274	37,782,942	123,102,216
Segment liabilities (excluding term loans)	(4,268,053)	(12,114,137)	(16,382,190)
Segment net assets before term loans	81,051,221	25,668,805	106,720,026
Term loans	(20,194,353)	(8,118,056)	(28,312,409)
Net assets	60,856,868	17,550,749	78,407,617

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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 2021 KD	(Audited) 31 December 2020 KD	30 June 2020 KD
Financial assets:			
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	3,969,668	7,344,397	8,439,979
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	19,257,043	18,033,548	16,962,590
Cash and cash equivalents	3,282,219	1,493,086	1,727,736
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	26,030,609	25,580,226	24,255,483
	<u>52,539,539</u>	<u>52,451,257</u>	<u>51,385,788</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	28,561,436	28,968,714	28,312,409
Accounts payable and other credit balances (excluding advances)	16,350,831	15,176,637	14,638,393
Bank overdraft	648,939	867,454	417,802
	<u>45,561,206</u>	<u>45,012,805</u>	<u>43,368,604</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:

30 June 2021	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	421,466	-	-	421,466
Funds and portfolio	-	2,453,713	-	2,453,713
Unquoted securities	-	-	1,094,489	1,094,489
Financial assets at fair value through profit or loss:				
Quoted securities	10,780,041	-	-	10,780,041
Mutual funds	-	339,867	-	339,867
Unquoted securities	-	3,765,454	11,145,247	14,910,701
	11,201,507	6,559,034	12,239,736	30,000,277
31 December 2020 (Audited)	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	341,596	-	-	341,596
Funds and portfolio	-	2,649,875	-	2,649,875
Unquoted securities	-	-	4,352,926	4,352,926
Financial assets at fair value through profit or loss:				
Quoted securities	9,649,359	-	-	9,649,359
Mutual funds	-	751,129	-	751,129
Unquoted securities	-	4,000,388	11,179,350	15,179,738
	9,990,955	7,401,392	15,532,276	32,924,623

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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

30 June 2020	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	353,382	-	-	353,382
Funds and portfolio	-	3,395,581	-	3,395,581
Unquoted securities	-	-	4,691,016	4,691,016
Financial assets at fair value through profit or loss:				
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>

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

16. The economic situation due to Coronavirus

The current significant events arising from the spread of Coronavirus ("COVID-19") in early 2020, 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. The Group is constantly monitoring the impact on it and how to manage the risks resulting from the outbreak of Coronavirus (COVID-19).

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. Therefore, the financial impact cannot be reasonably determined on the Group's future results until the interim condensed consolidated financial information date.

17. Comparative figures

Certain of the comparative figures of the period ended 30 June 2020 have been reclassified to conform to the amounts of current period presentation. Such reclassification did not result in any impact on net loss or equity for the previous period.