

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

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

For the nine months period ended 30 September 2021

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

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For the nine months period ended 30 September 2021

Contents	Page
Review report on the interim condensed consolidated financial information	1
Interim condensed consolidated statement of profit or loss (Unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	3
Interim condensed consolidated statement of financial position (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5-6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to the interim condensed consolidated financial information (Unaudited)	8-17



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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 September 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 nine 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 nine months period ended 30 September 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 nine months period ended 30 September 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
License No. 69 "A"
Al-Ateeqi Certified Accountants
A Member of B.K.R. International

Kuwait : 14 November 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 nine months period ended 30 September 2021

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		KD	KD	KD	KD
Revenue					
Revenue from sales and services		1,008,828	2,547,162	4,601,975	5,729,269
Unrealized loss from changes in fair value of financial assets at fair value through profit or loss		(2,251,819)	(236,934)	(1,059,995)	(145,009)
Realized gain from sale of financial assets at fair value through profit or loss		52,512	102,012	83,250	120,658
Dividend income		227,715	126,736	446,079	570,374
Gain on sale of investment in an associate	4	-	-	53,179	-
Group's share of results from associates	4	715,564	431,892	2,818,457	(1,918,929)
Interest income		50	539	1,614	9,648
Foreign exchange (loss) / gain		(9,953)	34,084	26,246	(44,500)
Other income		761	21,624	191,069	42,592
Total revenue		(256,342)	3,027,115	7,161,874	4,364,103
Expenses and other charges					
Cost of sales and services		(1,231,807)	(2,803,182)	(5,822,108)	(6,357,009)
General and administrative expenses		(574,212)	(567,248)	(1,698,298)	(1,702,643)
Portfolio management fees		(12,482)	(8,003)	(25,948)	(18,672)
Finance costs		(361,288)	(278,594)	(988,832)	(1,017,415)
Total expenses and other charges		(2,179,789)	(3,657,027)	(8,535,186)	(9,095,739)
Loss for the period before contribution to National Labour Support Tax (NLST)		(2,436,131)	(629,912)	(1,373,312)	(4,731,636)
NLST		36,068	-	-	-
Net loss for the period		(2,400,063)	(629,912)	(1,373,312)	(4,731,636)
Attributable to:					
Shareholders of the Parent Company		(2,272,148)	(484,809)	(609,496)	(4,324,600)
Non-controlling interests		(127,915)	(145,103)	(763,816)	(407,036)
Net loss for the period		(2,400,063)	(629,912)	(1,373,312)	(4,731,636)
Basic and diluted loss per share attributable to the shareholders of the Parent Company (Fils)					
	3	(3.72)	(0.79)	(1.00)	(7.09)

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 nine months period ended 30 September 2021

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		KD	KD	KD	KD
Net loss for the period		(2,400,063)	(629,912)	(1,373,312)	(4,731,636)
Other comprehensive income / (loss) items:					
<u>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u>					
Exchange differences on translating of foreign operations		18,662	(46,087)	(55,173)	86,658
Group's share of other comprehensive (loss) / income of associates	4	(212,040)	(941,543)	529,524	(1,077,305)
<u>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u>					
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		257,468	(271,098)	(505,619)	(1,476,125)
Total other comprehensive income / (loss) for the period		64,090	(1,258,728)	(31,268)	(2,466,772)
Total comprehensive loss for the period		(2,335,973)	(1,888,640)	(1,404,580)	(7,198,408)
Attributable to:					
Shareholders of the Parent Company		(2,207,828)	(1,743,430)	(636,733)	(6,788,050)
Non-controlling interests		(128,145)	(145,210)	(767,847)	(410,358)
Total comprehensive loss for the period		(2,335,973)	(1,888,640)	(1,404,580)	(7,198,408)

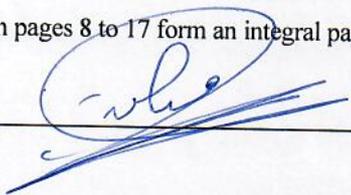
The accompanying notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2021**

	Note	30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
Assets				
Non-current assets:				
Property, plant and equipment		11,588,911	11,869,247	11,902,243
Intangible assets		200,354	409,482	527,466
Investment properties		116,190	116,190	108,158
Investment in associates	4	53,188,076	51,037,053	50,775,782
Financial assets at fair value through other comprehensive income	5	2,906,555	7,344,397	8,154,651
Accounts receivable and other debit balances	6	5,753,366	4,883,387	4,513,626
Total non-current assets		73,753,452	75,659,756	75,981,926
Current assets:				
Inventories		1,496,139	1,473,453	1,246,213
Accounts receivable and other debit balances	6	19,969,116	19,212,505	19,583,920
Financial assets at fair value through profit or loss	7	23,578,019	25,580,226	24,512,472
Cash and cash equivalents	8	3,163,109	1,493,086	1,829,269
Total current assets		48,206,383	47,759,270	47,171,874
Total assets		121,959,835	123,419,026	123,153,800
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		(4,340,263)	(4,621,988)	(4,377,843)
Foreign currency translation reserve		418,615	582,696	814,492
Other reserves		(1,830,899)	(2,327,828)	(2,330,837)
Accumulated losses		(8,670,170)	(7,640,974)	(8,212,788)
Equity attributable to shareholders of the Parent Company		76,129,954	76,544,577	76,445,695
Non-controlling interests		(234,975)	532,897	568,208
Total equity		75,894,979	77,077,474	77,013,903
Liabilities:				
Non-current liabilities:				
Employees' end of service benefits		1,401,776	1,306,429	1,310,283
Term loans	9	7,239,813	8,479,551	4,442,736
Accounts payable and other credit balances	10	3,108,242	3,143,263	4,089,764
Total non-current liabilities		11,749,831	12,929,243	9,842,783
Current liabilities:				
Term loans	9	20,978,486	20,489,163	24,017,612
Bank overdraft		663,734	867,454	861,412
Accounts payable and other credit balances	10	12,672,805	12,055,692	11,418,090
Total current liabilities		34,315,025	33,412,309	36,297,114
Total liabilities		46,064,856	46,341,552	46,139,897
Total equity and liabilities		121,959,835	123,419,026	123,153,800

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


Mansour Khalawi Alfidhli
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 nine months period ended 30 September 2021

	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 2020	61,000,000	24,761,544	1,590,532	3,200,595	(4,621,988)	582,696	(2,327,828)	(7,640,974)	76,544,577	532,897	77,077,474
Net loss for the period	-	-	-	-	-	-	-	(609,496)	(609,496)	(763,816)	(1,373,312)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(501,613)	-	-	-	(501,613)	(4,006)	(505,619)
Exchange differences on translating of foreign operations Group's share of other comprehensive income / (loss) of associates (Note 4)	-	-	-	-	-	(55,173)	-	-	(55,173)	-	(55,173)
Total other comprehensive (loss) / income for the period	-	-	-	-	87,333	(108,908)	551,124	-	529,549	(25)	529,524
Total comprehensive (loss) / income for the period	-	-	-	-	(414,280)	(164,081)	551,124	-	(27,237)	(4,031)	(31,268)
Transferred to accumulated losses due to sale of financial assets at fair value through other comprehensive income	-	-	-	-	(414,280)	(164,081)	551,124	(609,496)	(636,733)	(767,847)	(1,404,580)
Share of other reserves of associates (Note 4)	-	-	-	-	696,005	-	-	(407,002)	289,003	-	289,003
As at 30 September 2021	61,000,000	24,761,544	1,590,532	3,200,595	(4,340,263)	418,615	(1,830,899)	(8,670,170)	76,129,954	(234,975)	75,894,979

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

Interim condensed consolidated statement of changes in equity (Unaudited)

For the nine months period ended 30 September 2021

	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	-	-	-	-	-	-	-	(4,324,600)	(4,324,600)	(407,036)	(4,731,636)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(1,472,829)	-	-	-	(1,472,829)	(3,296)	(1,476,125)
Exchange differences on translating of foreign operations Group's share of other comprehensive income / (loss) of associates (Note 4)	-	-	-	-	-	86,658	-	-	86,658	-	86,658
Total other comprehensive (loss) / income for the period	-	-	-	-	180,812	181,954	(1,440,045)	-	(1,077,279)	(26)	(1,077,305)
Total comprehensive (loss) / income for the period	-	-	-	-	(1,292,017)	268,612	(1,440,045)	-	(2,463,450)	(3,322)	(2,466,772)
Transferred to retained earnings due to sale of financial assets at fair value through other comprehensive income	-	-	-	-	(1,292,017)	268,612	(1,440,045)	(4,324,600)	(6,788,050)	(410,358)	(7,198,408)
Share of other reserves of associates (Note 4)	-	-	-	-	(369)	-	-	369	-	-	-
As at 30 September 2020	61,000,000	24,761,544	1,590,532	3,200,595	(4,377,843)	814,492	(2,330,837)	(8,212,788)	76,445,695	568,208	77,013,903

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 nine months period ended 30 September 2021

	Nine months ended 30 September	
	2021	2020
	KD	KD
OPERATING ACTIVITIES		
Net loss for the period	(1,373,312)	(4,731,636)
<i>Adjustments for:</i>		
Unrealized loss from changes in fair value on financial assets at fair value through profit or loss	1,059,995	145,009
Realized gain from sale of financial assets at fair value through profit or loss	(83,250)	(120,658)
Dividend income	(446,079)	(570,374)
Gain on sale of investment in an associate	(53,179)	-
Group's share of results from associates	(2,818,457)	1,918,929
Interest income	(1,614)	(9,648)
Foreign exchange (gain) / loss	(26,246)	44,500
Depreciation	342,102	341,671
Amortisation	209,128	235,973
Finance costs	988,832	1,017,415
Provision for employees' end of service benefits	98,809	160,886
	<u>(2,103,271)</u>	<u>(1,567,933)</u>
Change in operating assets and liabilities:		
Inventories	(22,686)	627,976
Financial assets at fair value through profit or loss	1,025,462	50,896
Accounts receivable and other debit balances	(425,525)	(2,360,961)
Accounts payable and other credit balances	657,708	2,291,109
Cash flows used in operating activities	<u>(868,312)</u>	<u>(958,913)</u>
Employees' end of service benefits paid	<u>(3,461)</u>	<u>(26,418)</u>
Net cash flows used in operating activities	<u>(871,773)</u>	<u>(985,331)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(116,522)	(348,310)
Proceeds from sale of property, plant and equipment	-	12,345
Purchase of intangible assets	-	(6,651)
Purchase of financial assets at fair value through other comprehensive income	-	(101,413)
Proceeds from sale of financial assets at fair value through other comprehensive income	3,924,964	15,234
Purchase of investment in an associate	(728,843)	(13,268)
Proceeds from sale of investment in an associate	1,000,000	-
Dividends received from associates	-	566,114
Dividend income received	446,079	570,374
Interest income received	1,614	9,648
Net cash flows from investing activities	<u>4,527,292</u>	<u>704,073</u>
FINANCING ACTIVITIES		
Proceeds from term loans	6,477,720	5,386,799
Repayment of term loans	(7,239,104)	(4,740,244)
Finance costs paid	(1,064,448)	(1,083,587)
Bank overdraft	(203,720)	450,794
Net cash flows (used in) / from financing activities	<u>(2,029,552)</u>	<u>13,762</u>
Net increase / (decrease) in cash and cash equivalents	1,625,967	(267,496)
Foreign currency translation adjustment	44,056	(15,699)
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)	<u>3,163,109</u>	<u>1,829,269</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**

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 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 14 November 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 nine months period ended 30 September 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 per share attributable to the shareholders of the Parent Company

There are no potential dilutive ordinary shares. Basic and diluted loss per share attributable to the shareholders of the Parent Company are computed by dividing net 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:

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

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Net loss for the period attributable to the shareholders of the Parent Company (KD)	<u>(2,272,148)</u>	<u>(484,809)</u>	<u>(609,496)</u>	<u>(4,324,600)</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 loss per share attributable to the shareholders of the Parent Company (fils)	<u>(3.72)</u>	<u>(0.79)</u>	<u>(1.00)</u>	<u>(7.09)</u>

4. Investment in associates

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	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)	(566,114)
Group's share of results from associates	2,818,457	(2,034,981)	(1,918,929)
Group's share of other comprehensive income from associates' cumulative changes in fair value	87,333	381,103	180,812
Group's share of other comprehensive (loss) / income from associates' foreign currency translation adjustment	(108,933)	32,905	181,928
Group's share of other comprehensive income / (loss) from associates' other reserves	551,124	(1,440,045)	(1,440,045)
Other reserves	(66,918)	41,432	40,377
Adjustment due to loss from downstream transaction (b)	289,003	-	-
Balance at end of the period / year	<u>53,188,076</u>	<u>51,037,053</u>	<u>50,775,782</u>

- a) During the period ended 30 September 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 loss from the sale of financial assets at fair value through other comprehensive income to an associate (Note 5) during the period ended 30 September 2021 which has been eliminated to the extent of the Group's ownership interest in the associate.

Investment in associates amounting to KD 45,698,723 (31 December 2020: KD 36,837,863, 30 September 2020: KD 36,568,933) are secured against certain term loans (Note 9).

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

5. Financial assets at fair value through other comprehensive income

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Quoted securities	407,317	341,596	335,721
Unquoted securities	1,074,944	4,352,926	4,808,868
Funds and portfolios	1,424,294	2,649,875	3,010,062
	<u>2,906,555</u>	<u>7,344,397</u>	<u>8,154,651</u>

During the period ended 30 September 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 2,842,614 (31 December 2020: KD 2,942,272, 30 September 2020: KD 271,428) 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 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Trade receivables	10,064,675	10,729,225	11,862,847
Due from related parties (Note 12)	6,848,818	6,269,256	5,494,813
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	120,475	115,508	107,848
Advances to project under progress	5,979,594	5,338,661	5,284,895
Advances to supplier	557,179	608,175	619,882
Other debit balances	1,102,760	1,187,151	1,506,991
	<u>28,874,566</u>	<u>27,247,976</u>	<u>27,877,276</u>
Provision for expected credit loss	<u>(3,152,084)</u>	<u>(3,152,084)</u>	<u>(3,779,730)</u>
	<u>25,722,482</u>	<u>24,095,892</u>	<u>24,097,546</u>

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

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Non-current portion	5,753,366	4,883,387	4,513,626
Current portion	19,969,116	19,212,505	19,583,920
	<u>25,722,482</u>	<u>24,095,892</u>	<u>24,097,546</u>

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

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

7. Financial assets at fair value through profit or loss

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Quoted securities	11,064,726	9,649,359	8,895,587
Unquoted security	12,220,972	15,179,738	14,699,387
Mutual funds	292,321	751,129	917,498
	<u>23,578,019</u>	<u>25,580,226</u>	<u>24,512,472</u>

Financial assets at fair value through profit or loss amounting to KD 20,450,546 (31 December 2020: KD 19,247,218, 30 September 2020: KD 18,280,666) 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 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Cash on hand and at banks	1,345,003	1,426,753	1,565,017
Cash at portfolios	1,475,527	20,166	24,682
Short term bank deposits	498	500	503
Restricted cash*	342,081	45,667	239,067
	<u>3,163,109</u>	<u>1,493,086</u>	<u>1,829,269</u>

*This balance represents cash restricted against bank facilities.

9. Term loans

	30 September 2021	(Audited) 31 December 2020	30 September 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	23,507,377	23,972,921	23,578,234
Term loans obtained from a foreign financial institutions and carry interest rate range from 8.5% to 9.75% per annum	4,710,922	4,995,793	4,882,114
	<u>28,218,299</u>	<u>28,968,714</u>	<u>28,460,348</u>

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

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 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Non-current portion	7,239,813	8,479,551	4,442,736
Current portion	<u>20,978,486</u>	<u>20,489,163</u>	<u>24,017,612</u>
	<u>28,218,299</u>	<u>28,968,714</u>	<u>28,460,348</u>

10. Accounts payable and other credit balances

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Trade payable	2,657,406	2,234,140	2,698,375
Due to related parties (Note 12)	5,036,639	3,032,515	3,051,316
Fixed assets payable	4,029,291	5,063,026	5,112,205
Accrued expenses and other liabilities	<u>4,057,711</u>	<u>4,869,274</u>	<u>4,645,958</u>
	<u>15,781,047</u>	<u>15,198,955</u>	<u>15,507,854</u>

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

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Non-current portion	3,108,242	3,143,263	4,089,764
Current portion	<u>12,672,805</u>	<u>12,055,692</u>	<u>11,418,090</u>
	<u>15,781,047</u>	<u>15,198,955</u>	<u>15,507,854</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.

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

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

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 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
<u>Balances included in interim condensed consolidated statement of financial position</u>			
Financial assets at FVOCI	800	3,256,778	3,618,643
Due from related parties (Note 6)	6,848,818	6,269,256	5,494,813
Financial assets at fair value through profit or loss	3,880,681	6,439,739	5,737,881
Cash with portfolios managers	4,170	6,207	5,807
Term loans	500,000	-	-
Due to related parties (Note 10)	5,036,639	3,032,515	3,051,316

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	KD	KD	KD	KD
<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>				
Dividend income	-	41,151	216	73,741
<u>Compensation of key management personnel</u>				
Short term benefits	124,370	101,809	419,252	552,196
End of service benefits	13,814	16,618	41,094	77,393

13. Capital commitments and contingencies

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Capital commitments			
Purchase of investment in an associate	-	-	325,000
Other commitments	125,037	847,024	1,021,452

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 September 2020: KD 3,660,923) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2020: KD 3,120,180, 30 September 2020: Nil) from which it is anticipated that no material liabilities will arise.

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

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 September 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:

	<u>Investment</u>	<u>Others</u>	<u>Total</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Nine months ended 30 September 2021			
Segment revenue	<u>2,594,545</u>	<u>4,567,329</u>	<u>7,161,874</u>
Segment profit / (loss) before finance costs, foreign exchange gain	<u>1,682,248</u>	<u>(2,092,974)</u>	<u>(410,726)</u>
Finance costs net of foreign exchange gain	<u>(614,950)</u>	<u>(347,636)</u>	<u>(962,586)</u>
Profit / (loss) before taxation	<u>1,067,298</u>	<u>(2,440,610)</u>	<u>(1,373,312)</u>
Segment assets	<u>84,224,721</u>	<u>37,735,114</u>	<u>121,959,835</u>
Segment liabilities (excluding term loans)	<u>(5,085,918)</u>	<u>(12,760,639)</u>	<u>(17,846,557)</u>
Segment net assets before term loans	<u>79,138,803</u>	<u>24,974,475</u>	<u>104,113,278</u>
Term loans	<u>(19,523,604)</u>	<u>(8,694,695)</u>	<u>(28,218,299)</u>
Net assets	<u>59,615,199</u>	<u>16,279,780</u>	<u>75,894,979</u>
Nine months ended 30 September 2020			
Segment revenue	<u>(1,393,580)</u>	<u>5,757,683</u>	<u>4,364,103</u>
Segment loss before finance costs, foreign exchange loss	<u>(2,279,211)</u>	<u>(1,390,510)</u>	<u>(3,669,721)</u>
Finance costs plus foreign exchange loss	<u>(774,265)</u>	<u>(287,650)</u>	<u>(1,061,915)</u>
Loss before taxation	<u>(3,053,476)</u>	<u>(1,678,160)</u>	<u>(4,731,636)</u>
Segment assets	<u>84,395,043</u>	<u>38,758,757</u>	<u>123,153,800</u>
Segment liabilities (excluding term loans)	<u>(4,171,979)</u>	<u>(13,507,570)</u>	<u>(17,679,549)</u>
Segment net assets before term loans	<u>80,223,064</u>	<u>25,251,187</u>	<u>105,474,251</u>
Term loans	<u>(20,163,503)</u>	<u>(8,296,845)</u>	<u>(28,460,348)</u>
Net assets	<u>60,059,561</u>	<u>16,954,342</u>	<u>77,013,903</u>

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

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 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
Financial assets:			
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	2,906,555	7,344,397	8,154,651
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	19,065,234	18,033,548	18,084,921
Cash and cash equivalents	3,163,109	1,493,086	1,829,269
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	23,578,019	25,580,226	24,512,472
	<u>48,712,917</u>	<u>52,451,257</u>	<u>52,581,313</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	28,218,299	28,968,714	28,460,348
Accounts payable and other credit balances (excluding advances)	15,773,292	15,176,637	15,470,694
Bank overdraft	663,734	867,454	861,412
	<u>44,655,325</u>	<u>45,012,805</u>	<u>44,792,454</u>

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2021

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 September 2021	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	407,317	-	-	407,317
Funds and portfolio	-	1,424,294	-	1,424,294
Unquoted securities	-	-	1,074,944	1,074,944
Financial assets at fair value through profit or loss:				
Quoted securities	11,064,726	-	-	11,064,726
Mutual funds	-	292,321	-	292,321
Unquoted securities	-	1,089,450	11,131,522	12,220,972
	<u>11,472,043</u>	<u>2,806,065</u>	<u>12,206,466</u>	<u>26,484,574</u>
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
	<u>9,990,955</u>	<u>7,401,392</u>	<u>15,532,276</u>	<u>32,924,623</u>

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

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

15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

<u>30 September 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	335,721	-	-	335,721
Funds and portfolio	-	3,010,062	-	3,010,062
Unquoted securities	-	-	4,808,868	4,808,868
Financial assets at fair value through profit or loss:				
Quoted securities	8,895,587	-	-	8,895,587
Mutual funds	-	917,498	-	917,498
Unquoted securities	-	3,619,060	11,080,327	14,699,387
	<u>9,231,308</u>	<u>7,546,620</u>	<u>15,889,195</u>	<u>32,667,123</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 September 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.