

**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 2022**

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State of Kuwait**

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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

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 2022, 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. 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 2021 were audited by another auditor who expressed an unqualified opinion on such consolidated financial statements on 22 March 2022.

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 2022, 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, and its related regulations and the related instructions, as amended, during the six months period ended 30 June 2022, that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.



**Faisal Saqer Al Saqer
License No. 172 "A"
BDO Al Nisf & Partners**

Kuwait : 14 August 2022

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 2022

	Note	Three months ended 30 June		Six months ended 30 June	
		2022 KD	2021 KD	2022 KD	2021 KD
Revenue					
Revenue from sales and services		923,446	1,776,265	1,761,658	3,593,147
Unrealized (loss) / gain from change in fair value of financial assets at fair value through profit or loss		(1,390,316)	535,654	(585,405)	1,191,824
Realized gain from sale of financial assets at fair value through profit or loss		80,964	19,969	143,379	30,738
Dividend income		314,537	211,637	314,537	218,364
Gain from sale of investment in associate		-	-	-	53,179
Group's share of results from associates	4	(1,510,557)	(187,960)	1,372,604	2,102,893
loss from sale of investment property		-	-	(3,486)	-
Interest income		192	58	492	1,564
Foreign exchange (loss) / gain		(39,919)	22,384	(92,410)	36,199
Other income		51,113	174,781	51,713	190,308
Total (loss) / revenue		(1,570,540)	2,552,788	2,963,082	7,418,216
Expenses and other charges					
Cost of sales and services		(2,196,156)	(2,103,772)	(3,337,357)	(4,590,301)
General and administrative expenses		(552,041)	(669,666)	(1,032,760)	(1,124,086)
Portfolio management fees		(9,516)	(7,287)	(18,430)	(13,466)
Finance costs		(307,960)	(266,850)	(647,543)	(627,544)
Total expenses and other charges		(3,065,673)	(3,047,575)	(5,036,090)	(6,355,397)
(Loss) / profit for the period before contribution to National Labour Support Tax (NLST) and Zakat		(4,636,213)	(494,787)	(2,073,008)	1,062,819
NLST		63,643	9,229	-	(36,068)
Zakat		13,970	12,052	-	-
Net (loss) / profit for the period		(4,558,600)	(473,506)	(2,073,008)	1,026,751
Attributable to:					
Shareholders of the Parent Company		(3,942,693)	(234,482)	(1,267,611)	1,662,652
Non-controlling interests		(615,907)	(239,024)	(805,397)	(635,901)
Net (loss) / profit for the period		(4,558,600)	(473,506)	(2,073,008)	1,026,751
Basic and diluted (loss) / earnings per share attributable to the shareholders of the Parent Company (Fils)					
	3	(6.46)	(0.38)	(2.08)	2.73

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 2022

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		KD	KD	KD	KD
Net (loss) / profit for the period		<u>(4,558,600)</u>	<u>(473,506)</u>	<u>(2,073,008)</u>	<u>1,026,751</u>
Other comprehensive (loss) / income 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		31,310	(43,837)	73,598	(73,835)
Group's share of other comprehensive (loss) / income of associates	4	<u>(284,076)</u>	<u>389,162</u>	<u>201,121</u>	<u>741,564</u>
<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>(17,997)</u>	<u>(1,404,286)</u>	<u>(231,668)</u>	<u>(763,087)</u>
Total other comprehensive (loss) / income for the period		<u>(270,763)</u>	<u>(1,058,961)</u>	<u>43,051</u>	<u>(95,358)</u>
Total comprehensive (loss) / income for the period		<u>(4,829,363)</u>	<u>(1,532,467)</u>	<u>(2,029,957)</u>	<u>931,393</u>
Attributable to:					
Shareholders of the Parent Company		<u>(4,210,817)</u>	<u>(1,292,266)</u>	<u>(1,214,855)</u>	<u>1,571,095</u>
Non-controlling interests		<u>(618,546)</u>	<u>(240,201)</u>	<u>(815,102)</u>	<u>(639,702)</u>
Total comprehensive (loss) / income for the period		<u>(4,829,363)</u>	<u>(1,532,467)</u>	<u>(2,029,957)</u>	<u>931,393</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 2022

	Note	30 June 2022 KD	(Audited) 31 December 2021 KD	30 June 2021 KD
Assets				
Non-current assets:				
Property, plant and equipment		11,412,004	11,445,080	11,641,009
Intangible assets		74,057	135,645	270,063
Investment property		-	127,829	116,190
Investment in associates	4	60,690,396	55,492,520	52,695,969
Financial assets at fair value through other comprehensive income	5	2,318,380	2,550,218	3,969,668
Accounts receivable and other debit balances	6	3,257,041	6,762,573	5,694,301
Total non-current assets		77,751,878	76,513,865	74,387,200
Current assets:				
Inventories		1,580,408	1,105,361	1,710,624
Accounts receivable and other debit balances	6	19,657,733	19,543,907	19,760,249
Financial assets at fair value through profit or loss	7	21,470,072	22,239,374	26,030,609
Cash and cash equivalents	8	2,190,513	1,708,970	3,282,219
Total current assets		44,898,726	44,597,612	50,783,701
Total assets		122,650,604	121,111,477	125,170,901
Equity and liabilities				
Equity:				
Capital		61,000,000	61,000,000	61,000,000
Share premium		17,374,869	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
Fair value reserve of financial assets at FVOCI		(5,239,669)	(4,720,024)	(4,019,024)
Foreign currency translation reserve		836,477	490,269	397,593
Other reserves		(1,290,178)	(1,913,546)	(2,215,421)
Accumulated losses		(1,211,522)	(10,587,270)	(6,366,625)
Equity attributable to shareholders of the Parent Company		73,060,509	73,822,100	78,349,194
Non-controlling interests		(1,495,739)	(680,777)	(106,825)
Total equity		71,564,770	73,141,323	78,242,369
Liabilities:				
Non-current liabilities:				
Employees' end of service benefits		1,434,657	1,412,242	1,363,449
Term loans	9	3,575,760	5,199,250	7,229,897
Accounts payable and other credit balances	10	2,114,767	2,100,094	3,115,110
Total non-current liabilities		7,125,184	8,711,586	11,708,456
Current liabilities:				
Term loans	9	20,597,231	20,884,521	21,331,539
Bank overdraft		808,267	717,362	648,939
Accounts payable and other credit balances	10	22,555,152	17,656,685	13,239,598
Total current liabilities		43,960,650	39,258,568	35,220,076
Total liabilities		51,085,834	47,970,154	46,928,532
Total equity and liabilities		122,650,604	121,111,477	125,170,901

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 2022

	Equity attributable to 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 2021	61,000,000	24,761,544	1,590,532	3,200,595	(4,720,024)	490,269	(1,913,546)	(10,587,270)	73,822,100	(680,777)	73,141,323
Net loss for the period	-	-	-	-	-	-	-	(1,267,611)	(1,267,611)	(805,397)	(2,073,008)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at FVOCI	-	-	-	-	(221,905)	-	-	-	(221,905)	(9,763)	(231,668)
Exchange differences on translating of foreign operations	-	-	-	-	-	73,598	-	-	73,598	-	73,598
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	-	(297,740)	272,610	226,193	-	201,063	58	201,121
Other comprehensive (loss) / income for the period	-	-	-	-	(519,645)	346,208	226,193	-	52,756	(9,705)	43,051
Total comprehensive (loss) / income for the period	-	-	-	-	(519,645)	346,208	226,193	(1,267,611)	(1,214,855)	(815,102)	(2,029,957)
Transfer from share premium and general reserve to set off accumulated losses (Note 11)	-	(7,386,675)	-	(3,200,595)	-	-	-	10,587,270	-	-	-
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	397,175	56,089	453,264	140	453,404
As at 30 June 2022	61,000,000	17,374,869	1,590,532	-	(5,239,669)	836,477	(1,290,178)	(1,211,522)	73,060,509	(1,495,739)	71,564,770

**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 2022

	Equity attributable to shareholders of the Parent Company										
	Capital KD	Share premium KD	Statutory reserve KD	General reserve KD	FVOCI KD	Fair value reserve of financial assets at translation reserve KD	Foreign currency reserve KD	Other reserves KD	Accumulated losses KD	Sub-total KD	Non- controlling interests 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 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 FVOCI	-	-	-	-	(759,320)	-	-	-	(759,320)	(3,767)	(763,087)
Exchange differences on translating of foreign operations	-	-	-	-	-	(73,835)	-	-	(73,835)	-	(73,835)
Group's share of other comprehensive income / (loss) of associates (Note 4)	-	-	-	-	689,852	(111,268)	163,014	-	741,598	(34)	741,564
Other comprehensive income / (loss) for the period	-	-	-	-	(69,468)	(185,103)	163,014	-	(91,557)	(3,801)	(95,358)
Total comprehensive income / (loss) for the period	-	-	-	-	(69,468)	(185,103)	163,014	1,662,652	1,571,095	(639,702)	931,393
Transferred to accumulated losses due to sale of financial assets at fair value through other comprehensive income	-	-	-	-	672,432	-	-	(383,429)	289,003	-	289,003
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	(50,607)	(4,874)	(55,481)	(20)	(55,501)
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)	(6,366,625)	78,349,194	(106,825)	78,242,369

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 2022**

	Six months ended 30 June	
	2022	2021
	KD	KD
OPERATING ACTIVITIES		
Net (loss) / profit for the period	(2,073,008)	1,026,751
<i>Adjustments for:</i>		
Unrealized loss / (gain) from change in fair value on financial assets at fair value through profit or loss	585,405	(1,191,824)
Realized gain from sale of financial assets at fair value through profit or loss	(143,379)	(30,738)
Dividend income	(314,537)	(218,364)
Gain from sale of investment in an associate	-	(53,179)
Group's share of results from associates	(1,372,604)	(2,102,893)
Loss from sale of investment property	3,486	-
Interest income	(492)	(1,564)
Foreign exchange loss / (gain)	92,410	(36,199)
Depreciation	217,892	232,020
Amortization	61,588	139,419
Finance costs	647,543	627,544
Provision for employees' end of service benefits	56,476	59,270
	(2,239,220)	(1,549,757)
Change in operating assets and liabilities:		
Inventories	(475,047)	(237,171)
Financial assets at fair value through profit or loss	327,276	772,179
Accounts receivable and other debit balances	(784,611)	(157,592)
Accounts payable and other credit balances	4,026,222	932,599
<i>Cash flows from / (used in) operating activities</i>	854,620	(239,742)
Employees' end of service benefits paid	(34,061)	(2,250)
Net cash flows from / (used in) operating activities	820,559	(241,992)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75,455)	(78,827)
Proceeds from sale of property, plant and equipment	31,882	-
Proceeds from sale of investment property	124,343	-
Purchase of investment in an associate	-	(728,843)
Proceeds from sale of investment in an associate	-	1,000,000
Financial assets at fair value through other comprehensive income	170	2,601,654
Interest income received	492	1,564
Dividend income received	314,537	218,364
Cash dividends received from associates	1,860,802	-
Net cash flows from investing activities	2,256,771	3,013,912
FINANCING ACTIVITIES		
Proceeds from term loans	726,884	4,498,057
Repayment of term loans	(2,694,689)	(4,862,867)
Bank overdraft	90,905	(218,515)
Finance costs paid	(651,241)	(404,392)
Net cash flows used in financing activities	(2,528,141)	(987,717)
Net increase in cash and cash equivalents	549,189	1,784,203
Foreign currency translation adjustment	(67,646)	4,930
Cash and cash equivalents at the beginning of the period	1,708,970	1,493,086
Cash and cash equivalents at the end of the period (Note 8)	2,190,513	3,282,219

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

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 were authorised for issuance by the Board of Directors of the Parent Company on 14 August 2022.

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 2022 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. For further information, refer to the annual consolidated audited financial statements of the Group for the year ended 31 December 2021.

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 2021.

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 2022, 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:

**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 2022

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	
	2022	2021	2022	2021
Net (loss) / profit for the period attributable to the shareholders of the Parent Company (KD)	<u>(3,942,693)</u>	<u>(234,482)</u>	<u>(1,267,611)</u>	<u>1,662,652</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) / earnings per share attributable to the shareholders of the Parent Company (fils)	<u>(6.46)</u>	<u>(0.38)</u>	<u>(2.08)</u>	<u>2.73</u>

4. Investment in associates

	30 June 2022 KD	(Audited) 31 December 2021 KD	30 June 2021 KD
Balance at the beginning of the period / year	55,492,520	51,037,053	51,037,053
Additions (a)	5,031,549	2,849,420	728,843
Disposals	-	(2,148,900)	(2,147,886)
Cash dividends received from associates	(1,860,802)	-	-
Group's share of results from associates	1,372,604	3,173,351	2,102,893
Group's share of other comprehensive (loss) / income from associates' cumulative changes in fair value	(297,740)	61,445	689,852
Group's share of other comprehensive income / (loss) from associates' foreign currency translation adjustment	272,668	(67,041)	(111,302)
Group's share of other comprehensive income from associates' other reserves	226,193	544,347	163,014
Other reserves	453,404	(246,158)	(55,501)
Adjustment due to loss from downstream transaction	-	289,003	289,003
Balance at end of the period / year	<u>60,690,396</u>	<u>55,492,520</u>	<u>52,695,969</u>

- a) Additions during the period ended 30 June 2022 mainly represents additions in Middle East Complex for Eng., Electronics & Heavy Industries - PLC ("MECE") through increase in the associate's (MECE) capital using the credit balance due to a related party of KD 4,140,933. Accordingly, The Group ownership interest has been increased to 48.37% (31 December 2021: 37.29%, 30 June 2021: 37.31%).

Investment in associates amounting to KD 46,025,905 (31 December 2021: KD 45,925,342, 30 June 2021: KD 44,920,092) are secured against certain term loans (Note 9).

**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 2022

5. Financial assets at fair value through other comprehensive income

	30 June 2022	(Audited) 31 December 2021	30 June 2021
	KD	KD	KD
Quoted securities	366,840	408,475	421,466
Unquoted securities	1,017,894	1,014,139	1,094,489
Funds and portfolios	933,646	1,127,604	2,453,713
	<u>2,318,380</u>	<u>2,550,218</u>	<u>3,969,668</u>

Financial assets at fair value through other comprehensive income amounting to KD 1,313,725 (31 December 2021: KD 1,524,553, 30 June 2021: KD 2,853,974) are secured against certain term loans (Note 9).

6. Accounts receivable and other debit balances

	30 June 2022	(Audited) 31 December 2021	30 June 2021
	KD	KD	KD
Trade receivables	9,601,269	9,784,144	10,618,885
Due from related parties (Note 12)	4,029,868	7,866,568	6,786,396
Interest receivable	3,000,000	3,000,000	3,000,000
Receivables from sale of investment in an associate	1,201,065	1,201,065	1,201,065
Prepaid expenses and accrued income	126,772	115,790	119,207
Advances to project under progress	6,017,126	6,017,126	5,543,837
Advances to supplier	762,587	521,235	534,463
Other debit balances	1,513,122	1,137,587	802,781
	<u>26,251,809</u>	<u>29,643,515</u>	<u>28,606,634</u>
Provision for expected credit losses	<u>(3,337,035)</u>	<u>(3,337,035)</u>	<u>(3,152,084)</u>
	<u>22,914,774</u>	<u>26,306,480</u>	<u>25,454,550</u>

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

	30 June 2022	(Audited) 31 December 2021	30 June 2021
	KD	KD	KD
Non-current portion	3,257,041	6,762,573	5,694,301
Current portion	19,657,733	19,543,907	19,760,249
	<u>22,914,774</u>	<u>26,306,480</u>	<u>25,454,550</u>

7. Financial assets at fair value through profit or loss

	30 June 2022	(Audited) 31 December 2021	30 June 2021
	KD	KD	KD
Quoted securities	10,055,368	10,052,164	10,780,041
Unquoted security	11,292,272	11,900,848	14,910,701
Mutual funds	122,432	286,362	339,867
	<u>21,470,072</u>	<u>22,239,374</u>	<u>26,030,609</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 six months period ended 30 June 2022**

7. Financial assets at fair value through profit or loss (Continued)

Financial assets at fair value through profit or loss amounting to KD 19,760,625 (31 December 2021: KD 19,459,514, 30 June 2021: KD 20,047,453) are pledged against certain term loans (Note 9).

8. Cash and cash equivalents

	30 June 2022	(Audited) 31 December 2021	30 June 2021
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Cash on hand and at banks	1,572,604	1,409,187	728,573
Cash at portfolios	272,847	195,216	2,211,325
Short term bank deposits	-	501	497
Restricted cash*	345,062	104,066	341,824
	<u>2,190,513</u>	<u>1,708,970</u>	<u>3,282,219</u>

*This balance represents cash restricted against bank facilities.

9. Term loans

	30 June 2022	(Audited) 31 December 2021	30 June 2021
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Term loans obtained from local financial institutions and a related party and carrying interest rates range from 1.5% to 4% per annum over the Central Bank of Kuwait discount rate	19,931,010	21,234,391	23,417,615
Term loans obtained from foreign financial institutions and carry interest rates range from 8.5% to 9.75% per annum	4,241,981	4,849,380	5,143,821
	<u>24,172,991</u>	<u>26,083,771</u>	<u>28,561,436</u>

Certain investments in subsidiaries, 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 2022	(Audited) 31 December 2021	30 June 2021
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Non-current portion	3,575,760	5,199,250	7,229,897
Current portion	20,597,231	20,884,521	21,331,539
	<u>24,172,991</u>	<u>26,083,771</u>	<u>28,561,436</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the six months period ended 30 June 2022

10. Accounts payable and other credit balances

	(Audited)		
	30 June	31 December	30 June
	2022	2021	2021
	KD	KD	KD
Trade payable	2,119,345	1,096,603	2,608,925
Due to related parties (Note 12)	14,593,620	11,418,932	4,186,741
Fixed assets payable	3,072,537	3,030,531	4,021,262
Accrued expenses and other liabilities	4,884,417	4,210,713	5,537,780
	<u>24,669,919</u>	<u>19,756,779</u>	<u>16,354,708</u>

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

	(Audited)		
	30 June	31 December	30 June
	2022	2021	2021
	KD	KD	KD
Non-current portion	2,114,767	2,100,094	3,115,110
Current portion	22,555,152	17,656,685	13,239,598
	<u>24,669,919</u>	<u>19,756,779</u>	<u>16,354,708</u>

11. Shareholders' Annual General Assembly

The Parent Company's Shareholders' Annual General Assembly meeting held on 28 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2021. Also, it approve to set off accumulated losses of KD 10,587,270 as of 31 December 2021 through general reserve of KD 3,200,595 and share premium of KD 7,386,675.

The Parent Company's Shareholders' Annual General Assembly meeting 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.

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.

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	KD	KD	KD	KD
<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>				
Dividend income	1,967	216	1,967	216
Interest income	30	-	46	1,429
Portfolio management fees	4,987	3,350	10,043	5,996
Finance costs	27,812	-	57,505	1,027

**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 2022**

12. Related party transactions and balances (Continued)

<u>Balances included in interim condensed consolidated statement of financial position</u>	(Audited)		
	30 June 2022	31 December 2021	30 June 2021
	KD	KD	KD
Financial assets at FVOCI	549	831	800
Due from related parties (Note 6)	4,029,868	7,866,568	6,786,396
Financial assets at fair value through profit or loss	3,064,385	3,396,637	6,497,123
Cash with portfolios managers	266,708	58,578	7,281
Term loans	500,000	500,000	500,000
Due to related parties (Note 10)	14,593,620	11,418,932	4,186,741

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

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	KD	KD	KD	KD
<u>Compensation of key management personnel</u>				
Short term benefits	114,976	194,695	332,017	294,882
End of service benefits	10,184	13,697	26,018	27,280

13. Capital commitments and contingencies

Capital commitments	(Audited)		
	30 June 2022	31 December 2021	30 June 2021
	KD	KD	KD
Project commitments	13,946,882	14,533,472	-
Other commitments	609,841	94,448	199,648
	<u>14,556,723</u>	<u>14,627,920</u>	<u>199,648</u>

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,704,938 (31 December 2021: KD 3,704,938, 30 June 2021: KD 3,359,388) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2021: KD 3,120,180, 30 June 2021: KD 3,120,180) from which it is anticipated that no material liabilities will arise.

The Parent Company and other parties have guaranteed other party (debtor Company) personally against a loan of KD 72.6 million with National Bank of Kuwait (NBK) during 2012. The debtor Company subsequently signed loan renewal agreements, which the Parent Company was not a party on it, to combine the loan with other debts of natural and legal persons. Its agreed to a new maturity dates represented on eleven annual installments commencing 15 June 2016 upon together with providing in-kind guarantees. The Parent Company has not renewed its guarantee obligations in renewal agreements.

The debtor Company settled under the new agreements and the remaining balance due was KD 26,297,015 (excluding interest). NBK initiated execution procedures on the balance against the debtor Company and guarantors including the Parent Company, being a guarantor. The Court rendered a judgment in the complaint filed by the Parent Company to stop execution of the agreement. Further, the Parent Company has filed a claim for invalidity of the agreement and expiration of the guarantee, on 13 June 2022, a verdict had issued dismissing the case, and judgment was appealed, no judgment has been issued by the Court of Appeal until the reporting date.

**Notes to the interim condensed consolidated financial information (Unaudited)
For the six months period ended 30 June 2022**

13. Capital commitments and contingencies (Continued)

Contingencies (Continued)

The Group's management believes that the Parent Company is neither a party nor obligated by the guarantee agreement. It is not possible to estimate the financial results that may arise from these lawsuits until a final decision is issued by the Court. 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> KD	<u>Others</u> KD	<u>Total</u> KD
Six months ended 30 June 2022			
Segment revenue	<u>1,195,948</u>	<u>1,767,134</u>	<u>2,963,082</u>
Segment profit / (loss) before finance costs, foreign exchange loss	<u>720,599</u>	<u>(2,053,654)</u>	<u>(1,333,055)</u>
Finance costs plus foreign exchange loss	<u>(522,719)</u>	<u>(217,234)</u>	<u>(739,953)</u>
Profit / (loss) before taxation	<u>197,880</u>	<u>(2,270,888)</u>	<u>(2,073,008)</u>
Segment assets	<u>84,363,471</u>	<u>38,287,133</u>	<u>122,650,604</u>
Segment liabilities (excluding term loans)	<u>(11,947,032)</u>	<u>(14,965,811)</u>	<u>(26,912,843)</u>
Segment net assets before term loans	<u>72,416,439</u>	<u>23,321,322</u>	<u>95,737,761</u>
Term loans	<u>(16,579,923)</u>	<u>(7,593,068)</u>	<u>(24,172,991)</u>
Net assets	<u>55,836,516</u>	<u>15,728,254</u>	<u>71,564,770</u>
	<u>Investment</u> KD	<u>Others</u> KD	<u>Total</u> KD
Six months ended 30 June 2021			
Segment revenue	<u>3,830,432</u>	<u>3,587,784</u>	<u>7,418,216</u>
Segment profit / (loss) before finance costs, foreign exchange gain	<u>3,229,583</u>	<u>(1,575,419)</u>	<u>1,654,164</u>
Finance costs net of foreign exchange gain	<u>(395,371)</u>	<u>(195,974)</u>	<u>(591,345)</u>
Profit / (loss) before taxation	<u>2,834,212</u>	<u>(1,771,393)</u>	<u>1,062,819</u>
Segment assets	<u>86,602,154</u>	<u>38,568,747</u>	<u>125,170,901</u>
Segment liabilities (excluding term loans)	<u>(5,468,747)</u>	<u>(12,898,349)</u>	<u>(18,367,096)</u>
Segment net assets before term loans	<u>81,133,407</u>	<u>25,670,398</u>	<u>106,803,805</u>
Term loans	<u>(19,512,636)</u>	<u>(9,048,800)</u>	<u>(28,561,436)</u>
Net assets	<u>61,620,771</u>	<u>16,621,598</u>	<u>78,242,369</u>

Notes to the interim condensed consolidated financial information (Unaudited)

For the six months period ended 30 June 2022

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 2022	(Audited) 31 December 2021	30 June 2021
	KD	KD	KD
Financial assets:			
<i>Financial assets at fair value through other comprehensive income:</i>			
Financial assets at fair value through other comprehensive income	2,318,380	2,550,218	3,969,668
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	16,008,289	19,652,329	19,257,043
Cash and cash equivalents	2,190,513	1,708,970	3,282,219
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	21,470,072	22,239,374	26,030,609
	<u>41,987,254</u>	<u>46,150,891</u>	<u>52,539,539</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	24,172,991	26,083,771	28,561,436
Accounts payable and other credit balances (excluding advances)	24,097,026	19,646,942	16,350,831
Bank overdraft	808,267	717,362	648,939
	<u>49,078,284</u>	<u>46,448,075</u>	<u>45,561,206</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the six months period ended 30 June 2022

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 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 2022	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	366,840	-	-	366,840
Funds and portfolio	-	933,646	-	933,646
Unquoted securities	-	-	1,017,894	1,017,894
Financial assets at fair value through profit or loss:				
Quoted securities	10,055,368	-	-	10,055,368
Mutual funds	-	122,432	-	122,432
Unquoted securities	-	642,947	10,649,325	11,292,272
	<u>10,422,208</u>	<u>1,699,025</u>	<u>11,667,219</u>	<u>23,788,452</u>
31 December 2021 (Audited)	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	408,475	-	-	408,475
Funds and portfolio	-	1,127,604	-	1,127,604
Unquoted securities	-	-	1,014,139	1,014,139
Financial assets at fair value through profit or loss:				
Quoted securities	10,052,164	-	-	10,052,164
Mutual funds	-	286,362	-	286,362
Unquoted securities	-	863,210	11,037,638	11,900,848
	<u>10,460,639</u>	<u>2,277,176</u>	<u>12,051,777</u>	<u>24,789,592</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 six months period ended 30 June 2022**

15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

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
	<u>11,201,507</u>	<u>6,559,034</u>	<u>12,239,736</u>	<u>30,000,277</u>

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