

**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 2022**

**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 2022**

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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 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 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. 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 nine months period ended 30 September 2022, that might have had a material effect on the 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 nine months period ended 30 September 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 : 13 November 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 nine months period ended 30 September 2022

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		KD	KD	KD	KD
Revenue					
Revenue from sales and services		2,033,044	1,008,828	3,794,702	4,601,975
Unrealized loss from change in fair value of financial assets at fair value through profit or loss		(729,785)	(2,251,819)	(1,315,190)	(1,059,995)
Realized gain from sale of financial assets at fair value through profit or loss		-	52,512	143,379	83,250
Dividend income		346,765	227,715	661,302	446,079
Gain from sale of investment in associate		-	-	-	53,179
Group's share of results from associates	4	(133,184)	715,564	1,239,420	2,818,457
loss from sale of investment property		-	-	(3,486)	-
Interest income		210	50	702	1,614
Foreign exchange (loss) / gain		(50,297)	(9,953)	(142,707)	26,246
Other income		12,651	761	64,364	191,069
Total revenue / (loss)		1,479,404	(256,342)	4,442,486	7,161,874
Expenses and other charges					
Cost of sales and services		(2,879,753)	(1,231,807)	(6,217,110)	(5,822,108)
General and administrative expenses		(509,999)	(574,212)	(1,542,759)	(1,698,298)
Portfolio management fees		(8,642)	(12,482)	(27,072)	(25,948)
Finance costs		(431,666)	(361,288)	(1,079,209)	(988,832)
Total expenses and other charges		(3,830,060)	(2,179,789)	(8,866,150)	(8,535,186)
Loss for the period before contribution to National Labour Support Tax (NLST)		(2,350,656)	(2,436,131)	(4,423,664)	(1,373,312)
NLST		-	36,068	-	-
Net loss for the period		(2,350,656)	(2,400,063)	(4,423,664)	(1,373,312)
Attributable to:					
Shareholders of the Parent Company		(1,869,116)	(2,272,148)	(3,136,727)	(609,496)
Non-controlling interests		(481,540)	(127,915)	(1,286,937)	(763,816)
Net loss for the period		(2,350,656)	(2,400,063)	(4,423,664)	(1,373,312)
Basic and diluted loss per share attributable to the shareholders of the Parent Company (Fils)					
	3	(3.06)	(3.72)	(5.14)	(1.00)

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 2022

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		KD	KD	KD	KD
Net loss for the period		<u>(2,350,656)</u>	<u>(2,400,063)</u>	<u>(4,423,664)</u>	<u>(1,373,312)</u>
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		52,103	18,662	125,701	(55,173)
Group's share of other comprehensive income / (loss) of associates	4	1,124,991	(212,040)	1,326,112	529,524
<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")		70,212	257,468	(161,456)	(505,619)
Total other comprehensive income / (loss) for the period		<u>1,247,306</u>	<u>64,090</u>	<u>1,290,357</u>	<u>(31,268)</u>
Total comprehensive loss for the period		<u>(1,103,350)</u>	<u>(2,335,973)</u>	<u>(3,133,307)</u>	<u>(1,404,580)</u>
Attributable to:					
Shareholders of the Parent Company		(622,940)	(2,207,828)	(1,837,795)	(636,733)
Non-controlling interests		(480,410)	(128,145)	(1,295,512)	(767,847)
Total comprehensive loss for the period		<u>(1,103,350)</u>	<u>(2,335,973)</u>	<u>(3,133,307)</u>	<u>(1,404,580)</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 September 2022

	Note	30 September 2022 KD	(Audited) 31 December 2021 KD	30 September 2021 KD
Assets				
Non-current assets:				
Property, plant and equipment		11,482,556	11,445,080	11,588,911
Intangible assets		43,265	135,645	200,354
Investment property		-	127,829	116,190
Investment in associates	4	61,830,435	55,492,520	53,188,076
Financial assets at fair value through other comprehensive income	5	2,388,592	2,550,218	2,906,555
Accounts receivable and other debit balances	6	3,385,978	6,762,573	5,753,366
Total non-current assets		79,130,826	76,513,865	73,753,452
Current assets:				
Inventories		1,973,873	1,105,361	1,496,139
Accounts receivable and other debit balances	6	19,473,784	19,543,907	19,969,116
Financial assets at fair value through profit or loss	7	20,740,287	22,239,374	23,578,019
Cash and cash equivalents	8	1,605,446	1,708,970	3,163,109
Total current assets		43,793,390	44,597,612	48,206,383
Total assets		122,924,216	121,111,477	121,959,835
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		(5,405,123)	(4,720,024)	(4,340,263)
Foreign currency translation reserve		1,180,361	490,269	418,615
Other reserves		(485,864)	(1,913,546)	(1,830,899)
Accumulated losses		(3,104,620)	(10,587,270)	(8,670,170)
Equity attributable to shareholders of the Parent Company		72,150,155	73,822,100	76,129,954
Non-controlling interests		(1,976,232)	(680,777)	(234,975)
Total equity		70,173,923	73,141,323	75,894,979
Liabilities:				
Non-current liabilities:				
Employees' end of service benefits		1,456,237	1,412,242	1,401,776
Term loans	9	3,663,471	5,199,250	7,239,813
Accounts payable and other credit balances	10	2,135,325	2,100,094	3,108,242
Total non-current liabilities		7,255,033	8,711,586	11,749,831
Current liabilities:				
Term loans	9	20,761,127	20,884,521	20,978,486
Bank overdraft		667,868	717,362	663,734
Accounts payable and other credit balances	10	24,066,265	17,656,685	12,672,805
Total current liabilities		45,495,260	39,258,568	34,315,025
Total liabilities		52,750,293	47,970,154	46,064,856
Total equity and liabilities		122,924,216	121,111,477	121,959,835

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


Mansour Khalawi AlFadhil
 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 2022

	Equity attributable to shareholders of the Parent Company										
	Capital	Share premium	Statutory reserve	General reserve	FVOCI	Foreign currency translation reserve	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total Equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	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	-	-	-	-	-	-	-	(3,136,727)	(3,136,727)	(1,286,937)	(4,423,664)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at FVOCI	-	-	-	-	(152,767)	-	-	-	(152,767)	(8,689)	(161,456)
Exchange differences on translating of foreign operations	-	-	-	-	-	125,701	-	-	125,701	-	125,701
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	-	(532,332)	564,391	1,293,939	-	1,325,998	114	1,26,112
Other comprehensive (loss) / income for the period	-	-	-	-	(685,099)	690,092	1,293,939	-	1,298,932	(8,575)	1,290,357
Total comprehensive (loss) / income for the period	-	-	-	-	(685,099)	690,092	1,293,939	(3,136,727)	(1,837,795)	(1,295,512)	(3,133,307)
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)	-	-	-	-	-	-	133,743	32,107	165,850	57	165,907
As at 30 September 2022	61,000,000	17,374,869	1,590,532	-	(5,405,123)	1,180,361	(485,864)	(3,104,620)	72,150,155	(1,976,232)	70,173,923

**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 2022**

	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	-	-	-	-	-	(55,173)	-	-	(55,173)	-	(55,173)
Group's share of other comprehensive income / (loss) of associates (Note 4)	-	-	-	-	87,333	(108,908)	551,124	-	529,549	(25)	529,524
Total other comprehensive (loss) / income for the period	-	-	-	-	(414,280)	(164,081)	551,124	-	(27,237)	(4,031)	(31,268)
Total comprehensive (loss) / income for the period	-	-	-	-	(414,280)	(164,081)	551,124	(609,496)	(636,733)	(767,847)	(1,404,580)
Transferred to accumulated losses due to sale of financial assets at fair value through other comprehensive income	-	-	-	-	696,005	-	-	(407,002)	289,003	-	289,003
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	(54,195)	(12,698)	(66,893)	(25)	(66,918)
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

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 2022**

	Nine months ended 30 September	
	2022	2021
	KD	KD
OPERATING ACTIVITIES		
Net loss for the period	(4,423,664)	(1,373,312)
<i>Adjustments for:</i>		
Unrealized loss from change in fair value on financial assets at fair value through profit or loss	1,315,190	1,059,995
Realized gain from sale of financial assets at fair value through profit or loss	(143,379)	(83,250)
Dividend income	(661,302)	(446,079)
Gain from sale of investment in an associate	-	(53,179)
Group's share of results from associates	(1,239,420)	(2,818,457)
Loss from sale of investment property	3,486	-
Interest income	(702)	(1,614)
Foreign exchange loss / (gain)	142,707	(26,246)
Depreciation	327,699	342,102
Amortization	92,380	209,128
Finance costs	1,079,209	988,832
Provision for employees' end of service benefits	78,054	98,809
	<u>(3,429,742)</u>	<u>(2,103,271)</u>
Change in operating assets and liabilities:		
Inventories	(868,512)	(22,686)
Financial assets at fair value through profit or loss	327,276	1,025,462
Accounts receivable and other debit balances	(1,074,590)	(425,525)
Accounts payable and other credit balances	5,606,619	657,708
<i>Cash flows from / (used in) operating activities</i>	<u>561,051</u>	<u>(868,312)</u>
Employees' end of service benefits paid	(34,059)	(3,461)
Net cash flows from / (used in) operating activities	<u>526,992</u>	<u>(871,773)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(125,715)	(116,522)
Proceeds from sale of property, plant and equipment	38,583	-
Proceeds from sale of investment property	124,343	-
Purchase of investment in an associate	(86,582)	(728,843)
Proceeds from sale of investment in an associate	-	1,000,000
Financial assets at fair value through other comprehensive income	170	3,924,964
Interest income received	702	1,614
Dividend income received	661,302	446,079
Cash dividends received from associates	1,860,802	-
Net cash flows from investing activities	<u>2,473,605</u>	<u>4,527,292</u>
FINANCING ACTIVITIES		
Proceeds from term loans	1,693,659	6,477,720
Repayment of term loans	(3,464,310)	(7,239,104)
Bank overdraft	(49,494)	(203,720)
Finance costs paid	(1,131,634)	(1,064,448)
Net cash flows used in financing activities	<u>(2,951,779)</u>	<u>(2,029,552)</u>
Net increase in cash and cash equivalents	48,818	1,625,967
Foreign currency translation adjustment	(152,342)	44,056
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)	<u>1,605,446</u>	<u>3,163,109</u>

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 13 November 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 nine months period ended 30 September 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 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
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**Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2022**

**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	
	2022	2021	2022	2021
Net loss for the period attributable to the shareholders of the Parent Company (KD)	<u>(1,869,116)</u>	<u>(2,272,148)</u>	<u>(3,136,727)</u>	<u>(609,496)</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>(3.06)</u>	<u>(3.72)</u>	<u>(5.14)</u>	<u>(1.00)</u>

4. Investment in associates

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Balance at the beginning of the period / year	55,492,520	51,037,053	51,037,053
Additions (a)	5,467,278	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	1,239,420	3,173,351	2,818,457
Group's share of other comprehensive (loss) / income from associates' cumulative changes in fair value	(532,332)	61,445	87,333
Group's share of other comprehensive income / (loss) from associates' foreign currency translation adjustment	564,505	(67,041)	(108,933)
Group's share of other comprehensive income from associates' other reserves	1,293,939	544,347	551,124
Other reserves	165,907	(246,158)	(66,918)
Adjustment due to loss from downstream transaction	-	289,003	289,003
Balance at end of the period / year	<u>61,830,435</u>	<u>55,492,520</u>	<u>53,188,076</u>

- a) Additions during the period ended 30 September 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 September 2021: 37.31%).

Investment in associates amounting to KD 46,631,683 (31 December 2021: KD 45,925,342, 30 September 2021: KD 45,698,723) are secured against certain term loans (Note 9).

**Privatization Holding Company – K.P.S.C. and its subsidiaries
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**Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2022**

5. Financial assets at fair value through other comprehensive income

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Quoted securities	404,170	408,475	407,317
Unquoted securities	999,704	1,014,139	1,074,944
Funds and portfolios	984,718	1,127,604	1,424,294
	<u>2,388,592</u>	<u>2,550,218</u>	<u>2,906,555</u>

Financial assets at fair value through other comprehensive income amounting to KD 1,378,647 (31 December 2021: KD 1,524,553, 30 September 2021: KD 2,842,614) are secured against certain term loans (Note 9).

6. Accounts receivable and other debit balances

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Trade receivables	9,921,117	9,784,144	10,064,675
Due from related parties (Note 12)	4,158,103	7,866,568	6,848,818
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	178,358	115,790	120,475
Advances to project under progress	6,017,126	6,017,126	5,979,594
Advances to supplier	595,218	521,235	557,179
Other debit balances	1,125,810	1,137,587	1,102,760
	<u>26,196,797</u>	<u>29,643,515</u>	<u>28,874,566</u>
Provision for expected credit losses	<u>(3,337,035)</u>	<u>(3,337,035)</u>	<u>(3,152,084)</u>
	<u>22,859,762</u>	<u>26,306,480</u>	<u>25,722,482</u>

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

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Non-current portion	3,385,978	6,762,573	5,753,366
Current portion	19,473,784	19,543,907	19,969,116
	<u>22,859,762</u>	<u>26,306,480</u>	<u>25,722,482</u>

7. Financial assets at fair value through profit or loss

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Quoted securities	9,393,080	10,052,164	11,064,726
Unquoted security	11,229,588	11,900,848	12,220,972
Mutual funds	117,619	286,362	292,321
	<u>20,740,287</u>	<u>22,239,374</u>	<u>23,578,019</u>

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

Financial assets at fair value through profit or loss amounting to KD 18,780,052 (31 December 2021: KD 19,459,514, 30 September 2021: KD 20,450,546) are pledged against certain term loans (Note 9).

8. Cash and cash equivalents

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Cash on hand and at banks	1,390,278	1,409,187	1,345,003
Cash at portfolios	49,179	195,216	1,475,527
Short term bank deposits	-	501	498
Restricted cash*	165,989	104,066	342,081
	<u>1,605,446</u>	<u>1,708,970</u>	<u>3,163,109</u>

*This balance represents cash restricted against bank facilities.

9. Term loans

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
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	19,654,045	21,234,391	23,507,377
Term loans obtained from foreign financial institutions and carry interest rates range from 8.5% to 9.75% per annum	4,770,553	4,849,380	4,710,922
	<u>24,424,598</u>	<u>26,083,771</u>	<u>28,218,299</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 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Non-current portion	3,663,471	5,199,250	7,239,813
Current portion	20,761,127	20,884,521	20,978,486
	<u>24,424,598</u>	<u>26,083,771</u>	<u>28,218,299</u>

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10. Accounts payable and other credit balances

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Trade payables	2,485,603	1,096,603	2,657,406
Due to related parties (Note 12)	15,020,189	11,418,932	5,036,639
Fixed assets payable	3,113,542	3,030,531	4,029,291
Accrued expenses and other liabilities	5,582,256	4,210,713	4,057,711
	<u>26,201,590</u>	<u>19,756,779</u>	<u>15,781,047</u>

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

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD	KD	KD
Non-current portion	2,135,325	2,100,094	3,108,242
Current portion	24,066,265	17,656,685	12,672,805
	<u>26,201,590</u>	<u>19,756,779</u>	<u>15,781,047</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, its 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 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	KD	KD	KD	KD
<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>				
Dividend income	74,207	-	76,174	216
Interest income	197	4	243	1,433
Portfolio management fees	4,450	4,498	14,493	10,494
Finance costs	33,000	-	90,505	-

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12. Related party transactions and balances (Continued)

<u>Balances included in interim condensed consolidated statement of financial position</u>	(Audited)		
	30 September 2022	31 December 2021	30 September 2021
	KD	KD	KD
Financial assets at FVOCI	896	831	800
Due from related parties (Note 6)	4,158,103	7,866,568	6,848,818
Financial assets at fair value through profit or loss	2,751,346	3,396,637	3,880,681
Cash with portfolios managers	43,212	58,578	4,170
Term loans	500,000	500,000	500,000
Due to related parties (Note 10)	15,020,189	11,418,932	5,036,639

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	KD	KD	KD	KD
<u>Compensation of key management personnel</u>				
Short term benefits	130,410	124,370	462,427	419,252
End of service benefits	13,262	13,814	39,280	41,094

13. Capital commitments and contingencies

	(Audited)		
	30 September 2022	31 December 2021	30 September 2021
	KD	KD	KD
Capital commitments			
Project commitments	14,514,170	14,533,472	-
Other commitments	197,446	94,448	125,037
	<u>14,711,616</u>	<u>14,627,920</u>	<u>125,037</u>

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,605,935 (31 December 2021: KD 3,704,938, 30 September 2021: KD 3,359,388) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2021: KD 3,120,180, 30 September 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. On 28 September 2022 the "Court of Appeal" issued its verdict affirming the verdict issued by the "Court of First Instance" and its appealed in the "Court of Cassation". no judgment has been issued by the "Court of Cassation" until the reporting date.

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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
Nine months ended 30 September 2022			
Segment revenue	<u>655,554</u>	<u>3,786,932</u>	<u>4,442,486</u>
Segment loss before finance costs, foreign exchange loss	<u>(62,751)</u>	<u>(3,138,997)</u>	<u>(3,201,748)</u>
Finance costs plus foreign exchange loss loss before taxation	<u>(811,613)</u> <u>(874,364)</u>	<u>(410,303)</u> <u>(3,549,300)</u>	<u>(1,221,916)</u> <u>(4,423,664)</u>
Segment assets	<u>84,133,212</u>	<u>38,791,004</u>	<u>122,924,216</u>
Segment liabilities (excluding term loans)	<u>(12,164,852)</u>	<u>(16,160,843)</u>	<u>(28,325,695)</u>
Segment net assets before term loans	<u>71,968,360</u>	<u>22,630,161</u>	<u>94,598,521</u>
Term loans	<u>(16,634,375)</u>	<u>(7,790,223)</u>	<u>(24,424,598)</u>
Net assets	<u>55,333,985</u>	<u>14,839,938</u>	<u>70,173,923</u>
	<u>Investment</u> KD	<u>Others</u> KD	<u>Total</u> KD
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 Profit / (loss) before taxation	<u>(614,950)</u> <u>1,067,298</u>	<u>(347,636)</u> <u>(2,440,610)</u>	<u>(962,586)</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>

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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 September 2022	(Audited) 31 December 2021	30 September 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	2,388,592	2,550,218	2,906,555
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	16,069,061	19,652,329	19,065,234
Cash and cash equivalents	1,605,446	1,708,970	3,163,109
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	20,740,287	22,239,374	23,578,019
	<u>40,803,386</u>	<u>46,150,891</u>	<u>48,712,917</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	24,424,598	26,083,771	28,218,299
Accounts payable and other credit balances (excluding advances)	25,634,332	19,646,942	15,773,292
Bank overdraft	667,868	717,362	663,734
	<u>50,726,798</u>	<u>46,448,075</u>	<u>44,655,325</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 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 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	404,170	-	-	404,170
Funds and portfolio	-	984,718	-	984,718
Unquoted securities	-	-	999,704	999,704
Financial assets at fair value through profit or loss:				
Quoted securities	9,393,080	-	-	9,393,080
Mutual funds	-	117,619	-	117,619
Unquoted securities	-	536,049	10,693,539	11,229,588
	<u>9,797,250</u>	<u>1,638,386</u>	<u>11,693,243</u>	<u>23,128,879</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>

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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

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>

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