

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

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

For the three months period ended 31 March 2023

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

Interim condensed consolidated financial information (Unaudited) and review report
For the three months period ended 31 March 2023

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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 31 March 2023, 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 three 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.

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 three months period ended 31 March 2023, 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 three months period ended 31 March 2023, 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 May 2023

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

Interim condensed consolidated statement of profit or loss (Unaudited)
For the three months period ended 31 March 2023

	Note	Three months ended 31 March	
		2023 KD	2022 KD
Revenue:			
Revenue from sales and services		1,045,739	838,212
Unrealized (loss) / gain from change in fair value of financial assets at fair value through profit or loss		(610,771)	804,911
Realized gain from sale of financial assets at fair value through profit or loss		-	62,415
Dividend income		12,538	-
Group's share of results from associates	4	(186,579)	2,883,161
Loss on sale of investment property		-	(3,486)
Interest income		587	300
Other income		5,512	600
Total revenue		267,026	4,586,113
Expenses and other charges:			
Cost of sales and services		(1,608,912)	(1,141,201)
General and administrative expenses		(582,857)	(480,719)
Portfolio management fees		(7,770)	(8,914)
Finance costs		(313,220)	(339,583)
Foreign exchange loss		(37,097)	(52,491)
Total expenses and other charges		(2,549,856)	(2,022,908)
(Loss) / profit for the period before contribution to National Labor Support Tax (NLST) and Zakat		(2,282,830)	2,563,205
NLST		-	(63,643)
Zakat		-	(13,970)
Net (loss) / profit for the period		(2,282,830)	2,485,592
Attributable to:			
Shareholders of the Parent Company		(1,959,354)	2,675,082
Non-controlling interests		(323,476)	(189,490)
Net (loss) / profit for the period		(2,282,830)	2,485,592
Basic and diluted (loss) / earnings per share attributable to the shareholders of the Parent Company (Fils)	3	(3.21)	4.39

The accompanying notes on pages 8 to 18 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 three months period ended 31 March 2023

	Note	Three months ended	
		31 March	
		2023	2022
		KD	KD
Net (loss) / profit for the period		(2,282,830)	2,485,592
Other comprehensive (loss) / income 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		2,594	42,288
Group's share of other comprehensive income of associates	4	(115,615)	485,197
<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")		32,884	(213,671)
Total other comprehensive (loss) / income for the period		(80,137)	313,814
Total comprehensive (loss) / income for the period		(2,362,967)	2,799,406
Attributable to:			
Shareholders of the Parent Company		(2,038,267)	2,995,962
Non-controlling interests		(324,700)	(196,556)
Total comprehensive (loss) / income for the period		(2,362,967)	2,799,406

The accompanying notes on pages 8 to 18 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 31 March 2023

	Note	31 March 2023 KD	(Restated) (Audited) 31 December 2022 KD	(Restated) 31 March 2022 KD	(Restated) 1 January 2022 KD
Assets					
Non-current assets:					
Property, plant and equipment		11,141,779	11,224,282	11,398,967	11,445,080
Intangible assets		12,472	12,472	104,851	135,645
Investment property		-	-	-	127,829
Investment in associates	4	56,705,300	56,955,141	60,986,912	53,413,644
Financial assets at fair value through other comprehensive income	5	1,990,233	1,957,349	2,342,895	2,550,218
Accounts receivable and other debit balances	6	3,661,967	3,486,547	3,192,091	6,762,573
Total non-current assets		73,511,751	73,635,791	78,025,716	74,434,989
Current assets:					
Inventories		961,311	1,761,455	1,053,106	1,105,361
Accounts receivable and other debit balances	6	17,815,117	18,417,762	20,453,771	19,543,907
Financial assets at fair value through profit or loss	7	20,079,818	20,696,405	22,860,388	22,239,374
Cash and cash equivalents	8	634,247	1,076,916	1,185,805	1,708,970
Total current assets		39,490,493	41,952,538	45,553,070	44,597,612
Total assets		113,002,244	115,588,329	123,578,786	119,032,601
Equity and liabilities					
Equity:					
Capital		61,000,000	61,000,000	61,000,000	61,000,000
Share premium		17,374,869	17,374,869	24,761,544	24,761,544
Statutory reserve		1,590,532	1,590,532	1,590,532	1,590,532
Voluntary reserve		-	-	3,200,595	3,200,595
Fair value reserve of financial assets at FVOCI		(6,248,687)	(5,695,488)	(4,753,321)	(4,720,024)
Foreign currency translation reserve		843,376	829,456	618,253	490,269
Other reserves		(32,972)	(548,894)	(1,623,829)	(1,913,546)
Accumulated losses		(10,267,412)	(8,304,847)	(9,990,621)	(12,666,146)
Equity attributable to shareholders of the Parent Company		64,259,706	66,245,628	74,803,153	71,743,224
Non-controlling interests		(2,095,512)	(1,770,820)	(877,323)	(680,777)
Total equity		62,164,194	64,474,808	73,925,830	71,062,447
Liabilities:					
Non-current liabilities:					
Employees' end of service benefits		1,559,723	1,468,481	1,407,903	1,412,242
Term loans	9	7,409,933	1,773,611	5,088,367	5,199,250
Accounts payable and other credit balances	10	4,862,012	5,891,943	2,100,575	2,100,094
Total non-current liabilities		13,831,668	9,134,035	8,596,845	8,711,586
Current liabilities:					
Term loans	9	17,828,898	20,509,840	20,669,570	20,884,521
Bank overdraft		1,445,561	1,417,256	1,497,718	717,362
Accounts payable and other credit balances	10	17,731,923	20,052,390	18,888,823	17,656,685
Total current liabilities		37,006,382	41,979,486	41,056,111	39,258,568
Total liabilities		50,838,050	51,113,521	49,652,956	47,970,154
Total equity and liabilities		113,002,244	115,588,329	123,578,786	119,032,601

The accompanying notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.


Mansour Khalawi Alfadhli
 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 three months period ended 31 March 2023

	Equity attributable to shareholders of the Parent Company									
	Capital KD	Share premium KD	Statutory 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 2022 (Restated)	61,000,000	17,374,869	1,590,532	(5,695,488)	829,456	(548,894)	(8,304,847)	66,245,628	(1,770,820)	64,474,808
Net loss for the period	-	-	-	-	-	-	(1,959,354)	(1,959,354)	(323,476)	(2,282,830)
Other comprehensive (loss) / income:										
Changes in fair value of financial assets at FVOCI	-	-	-	34,110	-	-	-	34,110	(1,226)	32,884
Exchange differences on translating of foreign operations	-	-	-	-	2,594	-	-	2,594	-	2,594
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	(587,309)	11,326	460,366	-	(115,617)	2	(115,615)
Other comprehensive (loss) / income for the period	-	-	-	(553,199)	13,920	460,366	-	(78,913)	(1,224)	(80,137)
Total comprehensive (loss) / income for the period	-	-	-	(553,199)	13,920	460,366	-	(78,913)	(1,224)	(80,137)
Share of other reserves of associates (Note 4)	-	-	-	(553,199)	13,920	460,366	(1,959,354)	(2,038,267)	(324,700)	(2,362,967)
As at 31 March 2023	61,000,000	17,374,869	1,590,532	(6,248,687)	843,376	(32,972)	(10,267,412)	64,259,706	(2,095,512)	62,164,194

Privatization Holding Company – K.P.S.C. and its subsidiaries
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Interim condensed consolidated statement of changes in equity (Unaudited)

For the three months period ended 31 March 2023

	Equity attributable to shareholders of the Parent Company																					
	Share premium		Statutory reserve		Voluntary reserve		Fair value reserve of financial assets at FVOCI		Foreign currency translation reserve		Other reserves		(Restated) Accumulated losses		Sub-total		Non-controlling interests		Total Equity			
	KD	KD	KD	KD	KD	KD	KD	KD	KD	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											
Prior years adjustments (Note 16)	-	-	-	-	-	-	-	(2,078,876)	(2,078,876)	-	(2,078,876)										(2,078,876)	
As at 1 January 2022 (Restated)	61,000,000	24,761,544	1,590,532	3,200,595	(4,720,024)	490,269	(1,913,546)	(12,666,146)	71,743,224	(680,777)	71,062,447										71,062,447	
Net profit for the period	-	-	-	-	-	-	-	2,675,082	2,675,082	(189,490)	2,485,592										2,485,592	
Other comprehensive (loss) / income:																						
Changes in fair value of financial assets at FVOCI	-	-	-	-	(206,586)	-	-	-	(206,586)	-	(206,586)										(213,671)	
Exchange differences on translating of foreign operations	-	-	-	-	-	42,288	-	-	42,288	-	42,288										42,288	
Group's share of other comprehensive income of associates (Note 4)	-	-	-	-	173,289	85,696	226,193	-	485,178	19	485,197										485,197	
Other comprehensive (loss) / income for the period	-	-	-	-	(33,297)	127,984	226,193	-	320,880	(7,066)	313,814										313,814	
Total comprehensive (loss) / income for the period	-	-	-	-	(33,297)	127,984	226,193	2,675,082	2,995,962	(196,556)	2,799,406										2,799,406	
Share of other reserves of associates (Note 4)	-	-	-	-	-	-	63,524	443	63,967	10	63,977										63,977	
As at 31 March 2022 (Restated)	61,000,000	24,761,544	1,590,532	3,200,595	(4,753,321)	618,253	(1,623,829)	(9,990,621)	74,803,153	(877,323)	73,925,830										73,925,830	

The accompanying notes on pages 8 to 18 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 three months period ended 31 March 2023

	Three months ended	
	31 March	
	2023	2022
	KD	KD
OPERATING ACTIVITIES		
Net (loss) / profit for the period	(2,282,830)	2,485,592
<i>Adjustments for:</i>		
Unrealized loss / (gain) from change in fair value on financial assets at fair value through profit or loss	610,771	(804,911)
Realized gain from sale of financial assets at fair value through profit or loss	-	(62,415)
Dividend income	(12,538)	-
Group's share of results from associates	186,579	(2,883,161)
Loss on sale of investment property	-	3,486
Interest income	(587)	(300)
Depreciation	94,850	122,233
Amortization	-	30,794
Finance costs	313,220	339,583
Foreign exchange loss	37,097	52,491
Provision for employees' end of service benefits	91,242	28,662
	(962,196)	(687,946)
Change in operating assets and liabilities:		
Inventories	800,144	52,255
Financial assets at fair value through profit or loss	5,816	246,312
Accounts receivable and other debit balances	392,824	(1,513,793)
Accounts payable and other credit balances	(3,485,129)	1,084,288
<i>Cash flows used in operating activities</i>	(3,248,541)	(818,884)
Employees' end of service benefits paid	-	(33,001)
Net cash flows used in operating activities	(3,248,541)	(851,885)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,979)	(43,498)
Proceeds from sale of property, plant and equipment	956	14,535
Proceeds from sale of investment property	-	124,343
Interest income received	587	300
Dividend income received	12,538	-
Net cash flows from investing activities	9,102	95,680
FINANCING ACTIVITIES		
Term loans	2,952,684	(344,848)
Bank overdraft	28,305	780,356
Finance costs paid	(178,489)	(191,252)
Net cash flows from financing activities	2,802,500	244,256
Net decrease in cash and cash equivalents	(436,939)	(511,949)
Foreign currency translation adjustment	(5,730)	(11,216)
Cash and cash equivalents at the beginning of the period	1,076,916	1,708,970
Cash and cash equivalents at the end of the period (Note 8)	634,247	1,185,805

The accompanying notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2023

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 May 2023.

2. Basis of presentation and significant accounting policies

2.1 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 three months period ended 31 March 2023 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further information, refer to the annual consolidated audited financial statements of the Group for the year ended 31 December 2022.

2.2 Changes in significant accounting policies

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that was issued but not yet effective.

Several amendments are applied for the first time in 2023, but they do not have an impact on the interim condensed consolidated financial information of the Group.

2. Basis of presentation and significant accounting policies (Continued)

2.2 Changes in significant accounting policies (Continued)

New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 17: Insurance Contracts

In May 2017, IASB issued IFRS (17) Insurance Contracts, which is a new comprehensive accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adoption for contracts with direct participation features (Variable fee approach).
- A simplified approach (premium allocation approach) mainly for short duration contracts.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information.

Definition of Accounting Estimates - Amendments to IAS (8)

The amendments to IAS (8) clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)

Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information, but may affect the disclosures of accounting policies in the Group's consolidated financial statements.

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

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

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Notes to the interim condensed consolidated financial information (Unaudited)

For the three months period ended 31 March 2023

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

	Three months ended 31 March	
	2023	2022
Net (loss) / profit for the period attributable to the shareholders of the Parent Company (KD)	<u>(1,959,354)</u>	<u>2,675,082</u>
Weighted average number of outstanding shares (shares)	<u>610,000,000</u>	<u>610,000,000</u>
Basic and diluted (loss) / earnings per share attributable to shareholders of the Parent Company (fils)	<u>(3.21)</u>	<u>4.39</u>

4. Investment in associates

	31 March 2023 KD	(Restated) (Audited) 31 December 2022 KD	(Restated) 31 March 2022 KD	(Restated) 1 January 2022 KD
Balance at the beginning of the period / year	56,955,141	53,413,644	53,413,644	48,958,177
Additions	-	5,615,694	4,140,933	2,849,420
Disposals	-	-	-	(2,148,900)
Cash dividends received from associates	-	(2,270,390)	-	-
Group's share of results from associates	(186,579)	1,831,550	2,883,161	3,173,351
Impairment loss	-	(2,643,578)	-	-
Group's share of other comprehensive (loss) / income from associates' cumulative changes in fair value	(587,309)	(682,845)	173,289	61,445
Group's share of other comprehensive income / (loss) from associates' foreign currency translation adjustment	11,328	264,223	85,715	(67,041)
Group's share of other comprehensive income from associates' other reserves	460,366	1,293,939	226,193	544,347
Other reserves	52,353	132,904	63,977	(246,158)
Adjustment due to loss from downstream transaction	-	-	-	289,003
Balance at end of the period / year	<u>56,705,300</u>	<u>56,955,141</u>	<u>60,986,912</u>	<u>53,413,644</u>

Investment in associates amounting to KD 46,846,675 (31 December 2022: KD 47,136,692, 31 March 2022: KD 47,283,204, 1 January 2022: KD 43,846,466) 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 three months period ended 31 March 2023**

5. Financial assets at fair value through other comprehensive income

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Quoted securities	449,662	412,437	381,214
Unquoted securities	941,754	946,583	1,017,670
Funds and portfolios	598,817	598,329	944,011
	<u>1,990,233</u>	<u>1,957,349</u>	<u>2,342,895</u>

Financial assets at fair value through other comprehensive income amounting to KD 1,044,295 (31 December 2022: KD 1,010,060, 31 March 2022: KD 1,334,736) are secured against certain term loans (Note 9).

6. Accounts receivable and other debit balances

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Trade receivables	9,300,336	9,108,799	10,381,490
Due from related parties (Note 12)	4,376,168	4,543,914	4,286,236
Interest receivable	3,000,000	3,000,000	3,000,000
Receivables from sale of investment in an associate	801,065	1,201,065	1,201,065
Prepaid expenses and accrued income	119,845	109,648	136,084
Advances to project under progress	6,017,126	6,017,126	6,017,126
Advances to supplier	547,783	697,491	699,119
Other debit balances	739,564	651,069	1,261,777
	<u>24,901,887</u>	<u>25,329,112</u>	<u>26,982,897</u>
Provision for expected credit losses	<u>(3,424,803)</u>	<u>(3,424,803)</u>	<u>(3,337,035)</u>
	<u>21,477,084</u>	<u>21,904,309</u>	<u>23,645,862</u>

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

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Non-current portion	3,661,967	3,486,547	3,192,091
Current portion	17,815,117	18,417,762	20,453,771
	<u>21,477,084</u>	<u>21,904,309</u>	<u>23,645,862</u>

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7. Financial assets at fair value through profit or loss

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Quoted securities	9,079,405	9,428,336	11,343,176
Unquoted security	10,890,894	11,149,026	11,421,372
Mutual funds	109,519	119,043	95,840
	<u>20,079,818</u>	<u>20,696,405</u>	<u>22,860,388</u>

At 31 March 2023, the Group held certain equity securities of related parties with a carrying value of KD 2,193,682 (31 December 2022: KD 2,815,532, 31 March 2022: KD 3,517,260) (Note 12).

Financial assets at fair value through profit or loss amounting to KD 18,520,768 (31 December 2022: KD 18,803,252 March 2022: KD 20,341,822) are pledged against certain term loans (Note 9).

8. Cash and cash equivalents

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Cash on hand and at banks	460,804	884,341	929,680
Cash at portfolios	155,377	162,529	151,505
Short term bank deposits	-	-	503
Restricted cash*	18,066	30,046	104,117
	<u>634,247</u>	<u>1,076,916</u>	<u>1,185,805</u>

*This balance represents cash restricted against bank facilities.

9. Term loans

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	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	17,218,604	17,243,119	21,189,247
Term loans obtained from foreign financial institutions and carry interest rates range from 6.25% to 9.25% per annum	8,020,227	5,040,332	4,568,690
	<u>25,238,831</u>	<u>22,283,451</u>	<u>25,757,937</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:

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Non-current portion	7,409,933	1,773,611	5,088,367
Current portion	17,828,898	20,509,840	20,669,570
	<u>25,238,831</u>	<u>22,283,451</u>	<u>25,757,937</u>

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10. Accounts payable and other credit balances

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Trade payables	2,114,452	2,646,372	1,189,939
Due to related parties (a) (Note 12)	15,362,991	14,991,880	12,006,913
Fixed assets payable	-	3,068,537	3,044,534
Accrued expenses and other liabilities	5,116,492	5,237,544	4,748,012
	<u>22,593,935</u>	<u>25,944,333</u>	<u>20,989,398</u>

a) Due to related parties balance include an amount of KD 3,018,000 from a related party and its carry an interest rate of 1.5% over the Central Bank of Kuwait discount rate.

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

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Non-current portion	4,862,012	5,891,943	2,100,575
Current portion	17,731,923	20,052,390	18,888,823
	<u>22,593,935</u>	<u>25,944,333</u>	<u>20,989,398</u>

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

The Parent Company's Shareholders Annual General Assembly for the year ended 31 December 2022 had not been held until the date of preparation of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year then ended have not been approved by the Annual General Assembly of the Parent Company's Shareholders.

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 Voluntary reserve of KD 3,200,595 and share premium of KD 7,386,675.

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:

<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>	Three months ended 31 March	
	2023	2022
	KD	KD
Interest income	59	16
Portfolio management fees	4,174	5,056
Finance costs	39,854	29,693

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12. Related party transactions and balances (Continued)

<u>Balances included in interim condensed consolidated statement of financial position</u>	31 March 2023	(Audited)	
		31 December 2022	31 March 2022
	KD	KD	KD
Financial assets at FVOCI	788	673	1,060
Due from related parties (Note 6)	4,376,168	4,543,914	4,286,236
Financial assets at fair value through profit or loss	2,193,682	2,815,532	3,517,260
Cash with portfolios managers	109,128	113,220	53,693
Term loans	500,000	500,000	500,000
Due to related parties (Note 10)	15,362,991	14,991,880	12,006,913
		Three months ended 31 March	
		2023	2022
		KD	KD
<u>Compensation of key management personnel</u>			
Short term benefits		118,461	217,041
End of service benefits		38,926	15,834

13. Capital commitments and contingencies

	31 March 2023	(Audited)	
		31 December 2022	31 March 2022
	KD	KD	KD
Capital commitments			
Project commitments	13,981,272	14,031,203	14,533,472
Other commitments	407,573	407,241	68,249
	14,388,845	14,438,444	14,601,721

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 2022: KD 3,605,935, 31 March 2022: KD 3,704,938) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2022: KD 3,120,180, 31 March 2022: 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 11,049,644 (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. Therefore, the management believe that the bank cannot implement the guarantee bond on the Parent Company at the present time.

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13. Capital commitments and 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>	<u>Others</u>	<u>Total</u>
	KD	KD	KD
Three months ended 31 March 2023			
Segment revenue	<u>(771,531)</u>	<u>1,038,557</u>	<u>267,026</u>
Segment loss before finance costs, foreign exchange loss	<u>(1,129,883)</u>	<u>(802,630)</u>	<u>(1,932,513)</u>
Finance costs plus foreign exchange loss	<u>(301,017)</u>	<u>(49,300)</u>	<u>(350,317)</u>
Loss before taxation	<u>(1,430,900)</u>	<u>(851,930)</u>	<u>(2,282,830)</u>
Segment assets	<u>81,212,800</u>	<u>31,789,444</u>	<u>113,002,244</u>
Segment liabilities (excluding term loans)	<u>(13,145,315)</u>	<u>(12,453,904)</u>	<u>(25,599,219)</u>
Segment net assets before term loans	<u>68,067,485</u>	<u>19,335,540</u>	<u>87,403,025</u>
Term loans	<u>(15,060,306)</u>	<u>(10,178,525)</u>	<u>(25,238,831)</u>
Net assets	<u>53,007,179</u>	<u>9,157,015</u>	<u>62,164,194</u>
	<u>Investment</u>	<u>Others</u>	<u>Total</u>
	KD	KD	KD
Three months ended 31 March 2022			
Segment revenue	<u>3,778,786</u>	<u>807,327</u>	<u>4,586,113</u>
Segment profit / (loss) before finance costs, foreign exchange loss	<u>3,520,188</u>	<u>(564,909)</u>	<u>2,955,279</u>
Finance costs plus foreign exchange loss	<u>(268,503)</u>	<u>(123,571)</u>	<u>(392,074)</u>
Profit / (loss) before taxation	<u>3,251,685</u>	<u>(688,480)</u>	<u>2,563,205</u>
Segment assets	<u>85,325,111</u>	<u>38,253,675</u>	<u>123,578,786</u>
Segment liabilities (excluding term loans)	<u>(11,087,416)</u>	<u>(12,807,603)</u>	<u>(23,895,019)</u>
Segment net assets before term loans	<u>74,237,695</u>	<u>25,446,072</u>	<u>99,683,767</u>
Term loans	<u>(17,384,056)</u>	<u>(8,373,881)</u>	<u>(25,757,937)</u>
Net assets	<u>56,853,639</u>	<u>17,072,191</u>	<u>73,925,830</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:

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	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	1,990,233	1,957,349	2,342,895
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	14,792,330	15,080,044	16,793,533
Cash and cash equivalents	634,247	1,076,916	1,185,805
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	20,079,818	20,696,405	22,860,388
	<u>37,496,628</u>	<u>38,810,714</u>	<u>43,182,621</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	25,238,831	22,283,451	25,757,937
Accounts payable and other credit balances (excluding advances)	22,252,742	25,451,431	20,494,955
Bank overdraft	1,445,561	1,417,256	1,497,718
	<u>48,937,134</u>	<u>49,152,138</u>	<u>47,750,610</u>

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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2023	<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	449,662	-	-	449,662
Funds and portfolio	-	598,817	-	598,817
Unquoted securities	-	-	941,754	941,754
Financial assets at fair value through profit or loss:				
Quoted securities	9,079,405	-	-	9,079,405
Mutual funds	-	109,519	-	109,519
Unquoted securities	-	229,179	10,661,715	10,890,894
	<u>9,529,067</u>	<u>937,515</u>	<u>11,603,469</u>	<u>22,070,051</u>
31 December 2022 (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	412,437	-	-	412,437
Funds and portfolio	-	598,329	-	598,329
Unquoted securities	-	-	946,583	946,583
Financial assets at fair value through profit or loss:				
Quoted securities	9,428,336	-	-	9,428,336
Mutual funds	-	119,043	-	119,043
Unquoted securities	-	482,131	10,666,895	11,149,026
	<u>9,840,773</u>	<u>1,199,503</u>	<u>11,613,478</u>	<u>22,653,754</u>

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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

31 March 2022	<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	381,214	-	-	381,214
Funds and portfolio	-	944,011	-	944,011
Unquoted securities	-	-	1,017,670	1,017,670
Financial assets at fair value through profit or loss:				
Quoted securities	11,343,176	-	-	11,343,176
Mutual funds	-	95,840	-	95,840
Unquoted securities	-	753,824	10,667,548	11,421,372
	<u>11,724,390</u>	<u>1,793,675</u>	<u>11,685,218</u>	<u>25,203,283</u>

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

16. Comparative figures

Some of the comparative figures as of 1 January 2022 have been restated to reflect recording of provision for expected credit losses for one of the associates of KD 2,078,876 which was treated as prior years adjustments.

The details of the restatement is as follows:

	1 January 2022		
	<u>Before restatement</u>	<u>Restated amount</u>	<u>After restatement</u>
	KD	KD	KD
Investment in associates	55,492,520	(2,078,876)	53,413,644
Accumulated losses	(10,587,270)	(2,078,876)	(12,666,146)
	31 March 2022		
	<u>Before restatement</u>	<u>Restated amount</u>	<u>After restatement</u>
	KD	KD	KD
Investment in associates	63,065,788	(2,078,876)	60,986,912
Accumulated losses	(7,911,745)	(2,078,876)	(9,990,621)
	31 December 2022		
	<u>Before restatement</u>	<u>Restated amount</u>	<u>After restatement</u>
	KD	KD	KD
Investment in associates	59,034,017	(2,078,876)	56,955,141
Accumulated losses	(6,225,971)	(2,078,876)	(8,304,847)