

**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 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 six months period ended 30 June 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 30 June 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 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-B) 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 six months period ended 30 June 2023, that might have had a material effect on business of the Parent Company or its 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 Establishment of Capital Markets Authority, and its related instructions, as amended, during the six months period ended 30 June 2023, that might have had a material effect on the business of the Parent Company or on its financial position.



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

Kuwait: 14 August 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 six months period ended 30 June 2023

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
Revenue					
Revenue from sales and services		815,337	923,446	1,861,076	1,761,658
Unrealized loss from change in fair value of financial assets at fair value through profit or loss		(159,755)	(1,390,316)	(770,526)	(585,405)
Realized (loss) /gain from sale of financial assets at fair value through profit or loss		(13,519)	80,964	(13,519)	143,379
Dividend income		391,503	314,537	404,041	314,537
Group's share of results from associates	4	(414,013)	(1,510,557)	(600,592)	1,372,604
Loss from sale of investment property		-	-	-	(3,486)
Interest income		8,134	192	8,721	492
Other income		9,842	51,113	15,354	51,713
Total revenue / (loss)		637,529	(1,530,621)	904,555	3,055,492
Expenses and other charges					
Cost of sales and services		(1,365,876)	(2,196,156)	(2,974,788)	(3,337,357)
General and administrative expenses		(498,875)	(552,041)	(1,081,732)	(1,032,760)
Portfolio management fees		(8,444)	(9,516)	(16,214)	(18,430)
Finance cost		(535,548)	(307,960)	(848,768)	(647,543)
Foreign exchange loss		(5,694)	(39,919)	(42,791)	(92,410)
Total expenses and other charges		(2,414,437)	(3,105,592)	(4,964,293)	(5,128,500)
Loss for the period before contribution to National Labour Support Tax (NLST) and Zakat					
NLST		-	63,643	-	-
Zakat		-	13,970	-	-
Net loss for the period		(1,776,908)	(4,558,600)	(4,059,738)	(2,073,008)
Attributable to:					
Shareholders of the Parent Company		(1,491,439)	(3,942,693)	(3,450,793)	(1,267,611)
Non-controlling interests		(285,469)	(615,907)	(608,945)	(805,397)
Net loss for the period		(1,776,908)	(4,558,600)	(4,059,738)	(2,073,008)
Basic and diluted loss per share attributable to the shareholders of the Parent Company (Fils)					
	3	(2.45)	(6.46)	(5.66)	(2.08)

The accompanying notes on pages 8 to 19 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 2023

Note	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	KD	KD	KD	KD
Net loss for the period	(1,776,908)	(4,558,600)	(4,059,738)	(2,073,008)
Other comprehensive income / (loss) items				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Exchange differences on translating of foreign operations	4,306	31,310	6,900	73,598
Group's share of other comprehensive income / (loss) of associates	4 523,030	(284,076)	407,415	201,121
<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 loss ("FVOCI")	(98,096)	(17,997)	(65,212)	(231,668)
Total other comprehensive income / (loss) for the period	429,240	(270,763)	349,103	43,051
Total comprehensive loss for the period	(1,347,668)	(4,829,363)	(3,710,635)	(2,029,957)
Attributable to:				
Shareholders of the Parent Company	(1,061,546)	(4,210,817)	(3,099,813)	(1,214,855)
Non-controlling interests	(286,122)	(618,546)	(610,822)	(815,102)
Total comprehensive loss for the period	(1,347,668)	(4,829,363)	(3,710,635)	(2,029,957)

The accompanying notes on pages 8 to 19 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 2023

	Note	30 June 2023 KD	(Restated) (Audited) 31 December 2022 KD	(Restated) 30 June 2022 KD	(Restated) 1 January 2022 KD
Assets					
Non-current assets:					
Property, plant and equipment		11,040,733	11,224,282	11,412,004	11,445,080
Intangible assets		6,240	12,472	74,057	135,645
Investment property		-	-	-	127,829
Investment in associates	4	56,765,517	56,955,141	58,611,520	53,413,644
Financial assets at fair value through other comprehensive income	5	1,892,137	1,957,349	2,318,380	2,550,218
Accounts receivable and other debit balances	6	3,013,864	3,486,547	3,257,041	6,762,573
Total non-current assets		72,718,491	73,635,791	75,673,002	74,434,989
Current assets:					
Inventories		2,769,580	1,761,455	1,580,408	1,105,361
Accounts receivable and other debit balances	6	18,389,171	18,417,762	19,657,733	19,543,907
Financial assets at fair value through profit or loss	7	19,690,394	20,696,405	21,470,072	22,239,374
Cash and cash equivalents	8	1,527,461	1,076,916	2,190,513	1,708,970
Total current assets		42,376,606	41,952,538	44,898,726	44,597,612
Total assets		115,095,097	115,588,329	120,571,728	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	17,374,869	24,761,544
Statutory reserve		1,590,532	1,590,532	1,590,532	1,590,532
Voluntary reserve		-	-	-	3,200,595
Fair value reserve of financial assets at FVOCI		(5,848,983)	(5,695,488)	(5,239,669)	(4,720,024)
Foreign currency translation reserve		873,565	829,456	836,477	490,269
Other reserves		(8,721)	(548,894)	(1,290,178)	(1,913,546)
Accumulated losses		(11,758,617)	(8,304,847)	(3,290,398)	(12,666,146)
Equity attributable to shareholders of the Parent Company		63,222,645	66,245,628	70,981,633	71,743,224
Non-controlling interests		(2,381,623)	(1,770,820)	(1,495,739)	(680,777)
Total equity		60,841,022	64,474,808	69,485,894	71,062,447
Liabilities:					
Non-current liabilities:					
Employees' end of service benefits		1,589,374	1,468,481	1,434,657	1,412,242
Term loans	9	7,421,999	1,773,611	3,575,760	5,199,250
Accounts payable and other credit balances	10	4,855,000	5,891,943	2,114,767	2,100,094
Total non-current liabilities		13,866,373	9,134,035	7,125,184	8,711,586
Current liabilities:					
Term loans	9	16,856,794	20,509,840	20,597,231	20,884,521
Bank overdraft		847,343	1,417,256	808,267	717,362
Accounts payable and other credit balances	10	22,683,565	20,052,390	22,555,152	17,656,685
Total current liabilities		40,387,702	41,979,486	43,960,650	39,258,568
Total liabilities		54,254,075	51,113,521	51,085,834	47,970,154
Total equity and liabilities		115,095,097	115,588,329	120,571,728	119,032,601

The accompanying notes on pages 8 to 19 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
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Interim condensed consolidated statement of changes in equity (Unaudited)

For the six months period ended 30 June 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	-	-	-	-	-	-	(3,450,793)	(3,450,793)	(608,945)	(4,059,738)
Other comprehensive (loss) / income:										
Changes in fair value of financial assets at FVOCI	-	-	-	(63,334)	-	-	-	(63,334)	(1,878)	(65,212)
Exchange differences on translating of foreign operations	-	-	-	-	6,900	-	-	6,900	-	6,900
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	(90,161)	37,209	460,366	-	407,414	1	407,415
Other comprehensive (loss) / income for the period	-	-	-	(153,495)	44,109	460,366	-	350,980	(1,877)	349,103
Total comprehensive (loss) / income for the period	-	-	-	(153,495)	44,109	460,366	(3,450,793)	(3,099,813)	(610,822)	(3,710,635)
Share of other reserves of associates (Note 4)	-	-	-	-	-	79,807	(2,977)	76,830	19	76,849
As at 30 June 2023	61,000,000	17,374,869	1,590,532	(5,848,983)	873,565	(8,721)	(11,758,617)	63,222,645	(2,381,623)	60,841,022

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

For the six months period ended 30 June 2023

	Equity attributable to shareholders of the Parent Company										
	Capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve of financial assets at FVOCI KD	Foreign currency translation reserve KD	Other reserves KD	(Restated) 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
Prior years adjustments (Note 16)	-	-	-	-	-	-	-	(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
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 (Restated)	61,000,000	17,374,869	1,590,532	-	(5,239,669)	836,477	(1,290,178)	(3,290,398)	70,981,633	(1,495,739)	69,485,894

The accompanying notes on pages 8 to 19 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 2023

	Six months ended 30 June	
	2023	2022
	KD	KD
OPERATING ACTIVITIES		
Net loss for the period	(4,059,738)	(2,073,008)
<i>Adjustments for:</i>		
Unrealized loss from change in fair value on financial assets at fair value through profit or loss	770,526	585,405
Realized loss / (gain) from sale of financial assets at fair value through profit or loss	13,519	(143,379)
Dividend income	(404,041)	(314,537)
Group's share of results from associates	600,592	(1,372,604)
Loss from sale of investment property	-	3,486
Interest income	(8,721)	(492)
Depreciation	205,468	217,892
Amortization	6,232	61,588
Finance cost	848,768	647,543
Foreign exchange loss	42,791	92,410
Provision for employees' end of service benefits	121,355	56,476
	(1,863,249)	(2,239,220)
Change in operating assets and liabilities:		
Inventories	(1,008,125)	(475,047)
Financial assets at fair value through profit or loss	221,966	327,276
Accounts receivable and other debit balances	466,569	(784,611)
Accounts payable and other credit balances	376,760	4,026,222
<i>Cash flows (used in) / from operating activities</i>	(1,806,079)	854,620
Employees' end of service benefits paid	(462)	(34,061)
Net cash flows (used in) / from operating activities	(1,806,541)	820,559
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,146)	(75,455)
Proceeds from sale of property, plant and equipment	8,170	31,882
Proceeds from sale of investment property	-	124,343
Financial assets at fair value through other comprehensive income	-	170
Interest income received	8,721	492
Dividend income received	404,041	314,537
Cash dividends received from associates	1,210,796	1,860,802
Net cash flows from investing activities	1,626,582	2,256,771
FINANCING ACTIVITIES		
Term loans	1,987,256	(1,967,805)
Bank overdraft	(569,913)	90,905
Finance cost paid	(768,796)	(651,241)
Net cash flows from / (used in) financing activities	648,547	(2,528,141)
Net increase in cash and cash equivalents	468,588	549,189
Foreign currency translation adjustment	(18,043)	(67,646)
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)	1,527,461	2,190,513

The accompanying notes on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the six months period ended 30 June 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 August 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 six months period ended 30 June 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.

Notes to the interim condensed consolidated financial information (Unaudited)

For the six months period ended 30 June 2023

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 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:

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Notes to the interim condensed consolidated financial information (Unaudited)

For the six months period ended 30 June 2023

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

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
Net loss for the period attributable to the shareholders of the Parent Company (KD)	<u>(1,491,439)</u>	<u>(3,942,693)</u>	<u>(3,450,793)</u>	<u>(1,267,611)</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>(2.45)</u>	<u>(6.46)</u>	<u>(5.66)</u>	<u>(2.08)</u>

4. Investment in associates

	30 June 2023	(Restated) (Audited) 31 December 2022	(Restated) 30 June 2022	(Restated) 1 January 2022
	KD	KD	KD	KD
Balance at the beginning of the period / year	56,955,141	53,413,644	53,413,644	48,958,177
Additions	1,137,500	5,615,694	5,031,549	2,849,420
Disposals	-	-	-	(2,148,900)
Cash dividends received from associates	(1,210,796)	(2,270,390)	(1,860,802)	-
Group's share of results from associates	(600,592)	1,831,550	1,372,604	3,173,351
Impairment loss	-	(2,643,578)	-	-
Group's share of other comprehensive (loss) / income from associates' cumulative changes in fair value	(90,161)	(682,845)	(297,740)	61,445
Group's share of other comprehensive income / (loss) from associates' foreign currency translation adjustment	37,210	264,223	272,668	(67,041)
Group's share of other comprehensive income from associates' other reserves	460,366	1,293,939	226,193	544,347
Other reserves	76,849	132,904	453,404	(246,158)
Adjustment due to loss from downstream transaction	-	-	-	289,003
Balance at end of the period / year	<u>56,765,517</u>	<u>56,955,141</u>	<u>58,611,520</u>	<u>53,413,644</u>

Investment in associates amounting to KD 40,150,817 (31 December 2022: KD 47,136,692, 30 June 2022: KD 46,025,905, 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 six months period ended 30 June 2023**

5. Financial assets at fair value through other comprehensive income

	30 June 2023	(Audited) 31 December 2022	30 June 2022
	KD	KD	KD
Quoted securities	418,351	412,437	366,840
Unquoted securities	955,048	946,583	1,017,894
Funds and portfolios	518,738	598,329	933,646
	<u>1,892,137</u>	<u>1,957,349</u>	<u>2,318,380</u>

Financial assets at fair value through other comprehensive income amounting to KD 680,022 (31 December 2022: KD 1,010,060, 30 June 2022: KD 1,313,725) are secured against certain term loans (Note 9).

6. Accounts receivable and other debit balances

	30 June 2023	(Audited) 31 December 2022	30 June 2022
	KD	KD	KD
Trade receivables	9,900,679	9,108,799	9,601,269
Due from related parties (Note 12)	3,728,773	4,543,914	4,029,868
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	103,447	109,648	126,772
Advances to project under progress	6,017,126	6,017,126	6,017,126
Advances to supplier	544,465	697,491	762,587
Other debit balances	732,283	651,069	1,513,122
	<u>24,827,838</u>	<u>25,329,112</u>	<u>26,251,809</u>
Provision for expected credit losses	<u>(3,424,803)</u>	<u>(3,424,803)</u>	<u>(3,337,035)</u>
	<u>21,403,035</u>	<u>21,904,309</u>	<u>22,914,774</u>

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

	30 June 2023	(Audited) 31 December 2022	30 June 2022
	KD	KD	KD
Non-current portion	3,013,864	3,486,547	3,257,041
Current portion	18,389,171	18,417,762	19,657,733
	<u>21,403,035</u>	<u>21,904,309</u>	<u>22,914,774</u>

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7. Financial assets at fair value through profit or loss

	30 June	(Audited)	30 June
	2023	31 December	2022
	KD	KD	KD
Quoted securities	8,775,182	9,428,336	10,055,368
Unquoted security	10,826,791	11,149,026	11,292,272
Mutual funds	88,421	119,043	122,432
	<u>19,690,394</u>	<u>20,696,405</u>	<u>21,470,072</u>

At 30 June 2023, the Group held certain equity securities of related parties with a carrying value of KD 2,153,500 (31 December 2022: KD 2,815,532, 30 June 2022: KD 3,064,385) (Note 12).

Financial assets at fair value through profit or loss amounting to KD 18,313,518 (31 December 2022: KD 18,803,252 30 June 2022: KD 19,760,625) are pledged against certain term loans (Note 9).

8. Cash and cash equivalents

	30 June	(Audited)	30 June
	2023	31 December	2022
	KD	KD	KD
Cash on hand and at banks	468,998	884,341	1,572,604
Cash at portfolios	1,040,310	162,529	272,847
Restricted cash*	18,153	30,046	345,062
	<u>1,527,461</u>	<u>1,076,916</u>	<u>2,190,513</u>

*This balance represents cash restricted against bank facilities.

9. Term loans

	30 June	(Audited)	30 June
	2023	31 December	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	17,068,714	17,243,119	19,931,010
Term loans obtained from foreign financial institutions and carry interest rates range from 6.25% to 9.25% per annum	7,210,079	5,040,332	4,241,981
	<u>24,278,793</u>	<u>22,283,451</u>	<u>24,172,991</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).

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9. Term loans (Continued)

Term loans are represented in the following:

	30 June	(Audited)	30 June
	2023	31 December	2022
	KD	2022	KD
Non-current portion	7,421,999	1,773,611	3,575,760
Current portion	<u>16,856,794</u>	<u>20,509,840</u>	<u>20,597,231</u>
	<u>24,278,793</u>	<u>22,283,451</u>	<u>24,172,991</u>

10. Accounts payable and other credit balances

	30 June	(Audited)	30 June
	2023	31 December	2022
	KD	2022	KD
Trade payables	2,534,540	2,646,372	2,119,345
Due to related parties (a) (Note 12)	19,543,573	14,991,880	14,593,620
Fixed assets payable	-	3,068,537	3,072,537
Accrued expenses and other liabilities	<u>5,460,452</u>	<u>5,237,544</u>	<u>4,884,417</u>
	<u>27,538,565</u>	<u>25,944,333</u>	<u>24,669,919</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:

	30 June	(Audited)	30 June
	2023	31 December	2022
	KD	2022	KD
Non-current portion	4,855,000	5,891,943	2,114,767
Current portion	<u>22,683,565</u>	<u>20,052,390</u>	<u>22,555,152</u>
	<u>27,538,565</u>	<u>25,944,333</u>	<u>24,669,919</u>

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

The Parent Company's Shareholders' Annual General Assembly meeting held on 16 May 2023 approved the consolidated financial statements for the year ended 31 December 2022 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2022.

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 approved 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.

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12. Related party transactions and balances

Related parties represent major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are to be approved by the Group's management.

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	
	2023	2022	2023	2022
	KD	KD	KD	KD
<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>				
Dividend income	53,703	1,967	53,703	1,967
Interest income	53	30	112	46
Portfolio management fees	4,663	4,987	8,837	10,043
Finance cost	73,713	27,812	113,567	57,505

	30 June		(Audited)	30 June
	2023		31 December	2022
	KD		KD	KD
<u>Balances included in interim condensed consolidated statement of financial position</u>				
Financial assets at FVOCI		830	673	549
Due from related parties (Note 6)		3,728,773	4,543,914	4,029,868
Financial assets at fair value through profit or loss		2,153,500	2,815,532	3,064,385
Cash with portfolios managers		928,192	113,220	266,708
Term loans		500,000	500,000	500,000
Due to related parties (Note 10)		19,543,573	14,991,880	14,593,620

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	KD	KD	KD	KD
<u>Compensation of key management personnel</u>				
Short term benefits	115,429	114,976	233,890	332,017
End of service benefits	13,455	10,184	52,381	26,018

13. Capital commitments and contingencies

	30 June		(Audited)	30 June
	2023		31 December	2022
	KD		KD	KD
Capital commitments				
Project commitments	12,843,773		14,031,203	13,946,882
Other commitments	408,238		407,241	609,841
	13,252,011		14,438,444	14,556,723

13. Capital commitments and contingencies (Continued)

Contingencies

- A. 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, 30 June 2022: KD 3,704,938) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2022: KD 3,120,180, 30 June 2022: KD 3,120,180) from which it is anticipated that no material liabilities will arise.
- B. 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 instalments 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 it’s appealed in the “Court of Cassation” where its reject the appeal in Counseling room on 30 May 2023. The management believe that the bank cannot implement the guarantee bond on the Parent Company at the present time.

The Group’s management believes that the Parent Company is neither a party nor obligated by the guarantee agreement and its is not possible to estimate any financial impact that could arise from these lawsuits. Further, according to the Group’s lawyer’s opinion, there is no expected financial effect on the Group.

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.

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14. Segmental information (Continued)

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 2023			
Segment revenue	<u>(985,058)</u>	<u>1,889,613</u>	<u>904,555</u>
Segment loss before finance cost, foreign exchange loss	<u>(1,626,196)</u>	<u>(1,541,983)</u>	<u>(3,168,179)</u>
Finance cost plus foreign exchange loss	<u>(603,998)</u>	<u>(287,561)</u>	<u>(891,559)</u>
Loss before taxation	<u>(2,230,194)</u>	<u>(1,829,544)</u>	<u>(4,059,738)</u>
Segment assets	<u>81,708,725</u>	<u>33,386,372</u>	<u>115,095,097</u>
Segment liabilities (excluding term loans)	<u>(14,065,545)</u>	<u>(15,909,737)</u>	<u>(29,975,282)</u>
Segment net assets before term loans	<u>67,643,180</u>	<u>17,476,635</u>	<u>85,119,815</u>
Term loans	<u>(15,065,697)</u>	<u>(9,213,096)</u>	<u>(24,278,793)</u>
Net assets	<u>52,577,483</u>	<u>8,263,539</u>	<u>60,841,022</u>
	<u>Investment</u> KD	<u>Others</u> KD	<u>Total</u> KD
Six months ended 30 June 2022			
Segment revenue	<u>1,288,358</u>	<u>1,767,134</u>	<u>3,055,492</u>
Segment profit / (loss) before finance cost, foreign exchange loss	<u>720,599</u>	<u>(2,053,654)</u>	<u>(1,333,055)</u>
Finance cost 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>82,284,595</u>	<u>38,287,133</u>	<u>120,571,728</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>70,337,563</u>	<u>23,321,322</u>	<u>93,658,885</u>
Term loans	<u>(16,579,923)</u>	<u>(7,593,068)</u>	<u>(24,172,991)</u>
Net assets	<u>53,757,640</u>	<u>15,728,254</u>	<u>69,485,894</u>

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:

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15. Fair value measurement (Continued)

15.1 Fair value hierarchy (Continued)

- 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 2023	(Audited) 31 December 2022	30 June 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	1,892,137	1,957,349	2,318,380
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	14,737,997	15,080,044	16,008,289
Cash and cash equivalents	1,527,461	1,076,916	2,190,513
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	19,690,394	20,696,405	21,470,072
	<u>37,847,989</u>	<u>38,810,714</u>	<u>41,987,254</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	24,278,793	22,283,451	24,172,991
Accounts payable and other credit balances (excluding advances)	27,164,547	25,451,431	24,097,026
Bank overdraft	847,343	1,417,256	808,267
	<u>52,290,683</u>	<u>49,152,138</u>	<u>49,078,284</u>

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15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

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

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

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

30 June 2023	<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	418,351	-	-	418,351
Funds and portfolio	-	518,738	-	518,738
Unquoted securities	-	-	955,048	955,048
Financial assets at fair value through profit or loss:				
Quoted securities	8,775,182	-	-	8,775,182
Mutual funds	-	88,421	-	88,421
Unquoted securities	-	157,746	10,669,045	10,826,791
	<u>9,193,533</u>	<u>764,905</u>	<u>11,624,093</u>	<u>21,582,531</u>
31 December 2022 (Audited)	<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	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)

30 June 2022	Level 1 KD	Level 2 KD	Level 3 KD	Total 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>

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		
	Before restatement	Restated amount	After restatement
	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)
	30 June 2022		
	Before restatement	Restated amount	After restatement
	KD	KD	KD
Investment in associates	60,690,396	(2,078,876)	58,611,520
Accumulated losses	(1,211,522)	(2,078,876)	(3,290,398)
	31 December 2022		
	Before restatement	Restated amount	After restatement
	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)