

**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 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 nine months period ended 30 September 2023

Contents	Page
Review report on the interim condensed consolidated financial information	1
Interim condensed consolidated statement of profit or loss (Unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	3
Interim condensed consolidated statement of financial position (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5-6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to the interim condensed consolidated financial information (Unaudited)	8-19

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 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 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-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 nine months period ended 30 September 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 nine months period ended 30 September 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 November 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 nine months period ended 30 September 2023

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		KD	KD	KD	KD
Revenue					
Revenue from sales and services		1,624,546	2,033,044	3,485,622	3,794,702
Unrealized gain / (loss) from change in fair value of financial assets at fair value through profit or loss		433,595	(729,785)	(336,931)	(1,315,190)
Realized gain from sale of financial assets at fair value through profit or loss		39,227	-	25,708	143,379
Dividend income		51,224	346,765	455,265	661,302
Group's share of results from associates	4	1,018,585	(133,184)	417,993	1,239,420
Loss from sale of investment property		-	-	-	(3,486)
Interest income		3,209	210	11,930	702
Other income		14,215	12,651	29,569	64,364
Total revenue		3,184,601	1,529,701	4,089,156	4,585,193
Expenses and other charges					
Cost of sales and services		(1,241,632)	(2,879,753)	(4,216,420)	(6,217,110)
General and administrative expenses		(536,413)	(509,999)	(1,618,145)	(1,542,759)
Portfolio management fees		(7,467)	(8,642)	(23,681)	(27,072)
Finance cost		(806,831)	(431,666)	(1,655,599)	(1,079,209)
Foreign exchange loss		(16,726)	(50,297)	(59,517)	(142,707)
Total expenses and other charges		(2,609,069)	(3,880,357)	(7,573,362)	(9,008,857)
Net profit / (loss) for the period		575,532	(2,350,656)	(3,484,206)	(4,423,664)
Attributable to:					
Shareholders of the Parent Company		769,917	(1,869,116)	(2,680,876)	(3,136,727)
Non-controlling interests		(194,385)	(481,540)	(803,330)	(1,286,937)
Net profit / (loss) for the period		575,532	(2,350,656)	(3,484,206)	(4,423,664)
Basic and diluted earnings / (loss) per share attributable to the shareholders of the Parent Company (Fils)					
	3	<u>1.26</u>	<u>(3.06)</u>	<u>(4.39)</u>	<u>(5.14)</u>

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 nine months period ended 30 September 2023

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		KD	KD	KD	KD
Net profit / (loss) for the period		<u>575,532</u>	<u>(2,350,656)</u>	<u>(3,484,206)</u>	<u>(4,423,664)</u>
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		13,298	52,103	20,198	125,701
Group's share of other comprehensive (loss) / income of associates	4	(100,712)	1,124,991	306,703	1,326,112
<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 loss ("FVOCI")		(10,886)	70,212	(76,098)	(161,456)
Total other comprehensive (loss) / income for the period		<u>(98,300)</u>	<u>1,247,306</u>	<u>250,803</u>	<u>1,290,357</u>
Total comprehensive income / (loss) for the period		<u>477,232</u>	<u>(1,103,350)</u>	<u>(3,233,403)</u>	<u>(3,133,307)</u>
Attributable to:					
Shareholders of the Parent Company		674,740	(622,940)	(2,425,073)	(1,837,795)
Non-controlling interests		(197,508)	(480,410)	(808,330)	(1,295,512)
Total comprehensive income / (loss) for the period		<u>477,232</u>	<u>(1,103,350)</u>	<u>(3,233,403)</u>	<u>(3,133,307)</u>

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

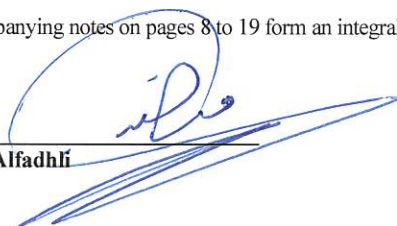
Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Interim condensed consolidated statement of financial position (Unaudited)

As at 30 September 2023

	Note	30 September 2023	(Restated) (Audited) 31 December 2022	(Restated) 30 September 2022	(Restated) 1 January 2022
		KD	KD	KD	KD
Assets					
Non-current assets:					
Property, plant and equipment		11,087,321	11,224,282	11,482,556	11,445,080
Intangible assets		3,124	12,472	43,265	135,645
Investment property		-	-	-	127,829
Investment in associates	4	57,060,540	56,955,141	59,751,559	53,413,644
Financial assets at fair value through other comprehensive income	5	1,881,251	1,957,349	2,388,592	2,550,218
Accounts receivable and other debit balances	6	3,489,708	3,486,547	3,385,978	6,762,573
Total non-current assets		73,521,944	73,635,791	77,051,950	74,434,989
Current assets:					
Inventories		2,074,437	1,761,455	1,973,873	1,105,361
Accounts receivable and other debit balances	6	17,833,576	18,417,762	19,473,784	19,543,907
Financial assets at fair value through profit or loss	7	20,122,729	20,696,405	20,740,287	22,239,374
Cash and cash equivalents	8	1,747,487	1,076,916	1,605,446	1,708,970
Total current assets		41,778,229	41,952,538	43,793,390	44,597,612
Total assets		115,300,173	115,588,329	120,845,340	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		(5,989,751)	(5,695,488)	(5,405,123)	(4,720,024)
Foreign currency translation reserve		926,553	829,456	1,180,361	490,269
Other reserves		(32,759)	(548,894)	(485,864)	(1,913,546)
Accumulated losses		(10,883,682)	(8,304,847)	(5,183,496)	(12,666,146)
Equity attributable to shareholders of the Parent Company		63,985,762	66,245,628	70,071,279	71,743,224
Non-controlling interests		(2,579,117)	(1,770,820)	(1,976,232)	(680,777)
Total equity		61,406,645	64,474,808	68,095,047	71,062,447
Liabilities:					
Non-current liabilities:					
Employees' end of service benefits		1,620,998	1,468,481	1,456,237	1,412,242
Term loans	9	7,445,327	1,773,611	3,663,471	5,199,250
Accounts payable and other credit balances	10	4,855,000	5,891,943	2,135,325	2,100,094
Total non-current liabilities		13,921,325	9,134,035	7,255,033	8,711,586
Current liabilities:					
Term loans	9	16,453,071	20,509,840	20,761,127	20,884,521
Bank overdraft		499,690	1,417,256	667,868	717,362
Accounts payable and other credit balances	10	23,019,442	20,052,390	24,066,265	17,656,685
Total current liabilities		39,972,203	41,979,486	45,495,260	39,258,568
Total liabilities		53,893,528	51,113,521	52,750,293	47,970,154
Total equity and liabilities		115,300,173	115,588,329	120,845,340	119,032,601

The accompanying notes on pages 8 to 19 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 nine months period ended 30 September 2023

	Equity attributable to shareholders of the Parent Company												
	Capital		Share premium		Statutory reserve		Fair value		Non-controlling interests		Total Equity		
	KD		KD		KD		reserve of financial assets at FVOCI	Foreign currency translation reserve	Other reserves	Accumulated losses	Sub-total	KD	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	-	-	-	-	-	-	(2,680,876)	(2,680,876)	(803,330)	(3,484,206)			
Other comprehensive (loss) / income:													
Changes in fair value of financial assets at FVOCI	-	-	-	(71,096)	-	-	-	-	(71,096)	(5,002)	(76,098)		
Exchange differences on translating of foreign operations	-	-	-	-	20,198	-	-	20,198	-	-	20,198		
Group's share of other comprehensive (loss) / income of associates (Note 4)	-	-	-	(223,167)	76,899	452,969	-	306,701	2	306,703			
Other comprehensive (loss) / income for the period	-	-	-	(294,263)	97,097	452,969	-	255,803	(5,000)	250,803			
Total comprehensive (loss) / income for the period	-	-	-	(294,263)	97,097	452,969	(2,680,876)	(2,425,073)	(808,330)	(3,233,403)			
Share of other reserves of associates (Note 4)	-	-	-	-	-	63,166	102,041	165,207	33	165,240			
As at 30 September 2023	61,000,000	17,374,869	1,590,532	(5,989,751)	926,553	(32,759)	(10,883,682)	63,985,762	(2,579,117)	61,406,645			

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 2023

	Equity attributable to shareholders of the Parent Company											
	Capital		Share premium		Statutory reserve		Voluntary reserve		Fair value		Non-controlling interests	Total Equity
	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)	
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	-	-	-	-	-	-	-	(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	1,326,112	
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 (Restated)	61,000,000	17,374,869	1,590,532	-	(5,405,123)	1,180,361	(485,864)	(5,183,496)	70,071,279	(1,976,232)	68,095,047	

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 nine months period ended 30 September 2023

	Nine months ended 30 September	
	2023	2022
	KD	KD
OPERATING ACTIVITIES		
Net loss for the period	(3,484,206)	(4,423,664)
<i>Adjustments for:</i>		
Unrealized loss from change in fair value on financial assets at fair value through profit or loss	336,931	1,315,190
Realized gain from sale of financial assets at fair value through profit or loss	(25,708)	(143,379)
Dividend income	(455,265)	(661,302)
Group's share of results from associates	(417,993)	(1,239,420)
Loss from sale of investment property	-	3,486
Interest income	(11,930)	(702)
Depreciation	307,532	327,699
Amortization	9,348	92,380
Finance cost	1,655,599	1,079,209
Foreign exchange loss	59,517	142,707
Provision for employees' end of service benefits	152,979	78,054
	<u>(1,873,196)</u>	<u>(3,429,742)</u>
Change in operating assets and liabilities:		
Inventories	(312,982)	(868,512)
Financial assets at fair value through profit or loss	262,453	327,276
Accounts receivable and other debit balances	545,226	(1,074,590)
Accounts payable and other credit balances	836,996	5,606,619
<i>Cash flows (used in) / from operating activities</i>	<u>(541,503)</u>	<u>561,051</u>
Employees' end of service benefits paid	(462)	(34,059)
Net cash flows (used in) / from operating activities	<u>(541,965)</u>	<u>526,992</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(129,776)	(125,715)
Proceeds from sale of property, plant and equipment	11,098	38,583
Purchase of investment in an associate	-	(86,582)
Proceeds from sale of investment property	-	124,343
Financial assets at fair value through other comprehensive income	-	170
Interest income received	11,930	702
Dividend income received	455,265	661,302
Cash dividends received from associates	1,922,037	1,860,802
Net cash flows from investing activities	<u>2,270,554</u>	<u>2,473,605</u>
FINANCING ACTIVITIES		
Term loans	1,591,229	(1,770,651)
Bank overdraft	(917,566)	(49,494)
Finance cost paid	(1,699,986)	(1,131,634)
Net cash flows used in financing activities	<u>(1,026,323)</u>	<u>(2,951,779)</u>
Net increase in cash and cash equivalents	702,266	48,818
Foreign currency translation adjustment	(31,695)	(152,342)
Cash and cash equivalents at the beginning of the period	<u>1,076,916</u>	<u>1,708,970</u>
Cash and cash equivalents at the end of the period (Note 8)	<u>1,747,487</u>	<u>1,605,446</u>

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 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 November 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 nine months period ended 30 September 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 earnings / (loss) per share attributable to the shareholders of the Parent Company

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

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

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

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Net profit / (loss) for the period attributable to the shareholders of the Parent Company (KD)	<u>769,917</u>	<u>(1,869,116)</u>	<u>(2,680,876)</u>	<u>(3,136,727)</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 earnings / (loss) per share attributable to the shareholders of the Parent Company (fils)	<u>1.26</u>	<u>(3.06)</u>	<u>(4.39)</u>	<u>(5.14)</u>

4. Investment in associates

	30 September 2023	(Restated) (Audited) 31 December 2022	(Restated) 30 September 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	5,467,278	2,849,420
Disposals	-	-	-	(2,148,900)
Cash dividends received from associates	(1,922,037)	(2,270,390)	(1,860,802)	-
Group's share of results from associates	417,993	1,831,550	1,239,420	3,173,351
Impairment loss	-	(2,643,578)	-	-
Group's share of other comprehensive (loss) / income from associates' cumulative changes in fair value	(223,167)	(682,845)	(532,332)	61,445
Group's share of other comprehensive income / (loss) from associates' foreign currency translation adjustment	76,901	264,223	564,505	(67,041)
Group's share of other comprehensive income from associates' other reserves	452,969	1,293,939	1,293,939	544,347
Other reserves	165,240	132,904	165,907	(246,158)
Adjustment due to loss from downstream transaction	-	-	-	289,003
Balance at end of the period / year	<u>57,060,540</u>	<u>56,955,141</u>	<u>59,751,559</u>	<u>53,413,644</u>

Investment in associates amounting to KD 40,577,734 (31 December 2022: KD 47,136,692, 30 September 2022: KD 46,631,683, 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
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

5. Financial assets at fair value through other comprehensive income

	(Audited)		
	30 September 2023	31 December 2022	30 September 2022
	KD	KD	KD
Quoted securities	412,303	412,437	404,170
Unquoted securities	947,763	946,583	999,704
Funds and portfolios	521,185	598,329	984,718
	<u>1,881,251</u>	<u>1,957,349</u>	<u>2,388,592</u>

Financial assets at fair value through other comprehensive income amounting to KD 600,988 (31 December 2022: KD 1,010,060, 30 September 2022: KD 1,378,647) are secured against certain term loans (Note 9).

6. Accounts receivable and other debit balances

	(Audited)		
	30 September 2023	31 December 2022	30 September 2022
	KD	KD	KD
Trade receivables	10,057,454	9,108,799	9,921,117
Due from related parties (Note 12)	4,204,626	4,543,914	4,158,103
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
Prepaid expenses and accrued income	124,439	109,648	178,358
Advances to project under progress	6,017,126	6,017,126	6,017,126
Advances to supplier	476,497	697,491	595,218
Other debit balances	867,945	651,069	1,125,810
	<u>24,748,087</u>	<u>25,329,112</u>	<u>26,196,797</u>
Provision for expected credit losses	<u>(3,424,803)</u>	<u>(3,424,803)</u>	<u>(3,337,035)</u>
	<u>21,323,284</u>	<u>21,904,309</u>	<u>22,859,762</u>

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

	(Audited)		
	30 September 2023	31 December 2022	30 September 2022
	KD	KD	KD
Non-current portion	3,489,708	3,486,547	3,385,978
Current portion	17,833,576	18,417,762	19,473,784
	<u>21,323,284</u>	<u>21,904,309</u>	<u>22,859,762</u>

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

**Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2023**

7. Financial assets at fair value through profit or loss

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Quoted securities	9,148,970	9,428,336	9,393,080
Unquoted security	10,884,921	11,149,026	11,229,588
Mutual funds	88,838	119,043	117,619
	<u>20,122,729</u>	<u>20,696,405</u>	<u>20,740,287</u>

At 30 September 2023, the Group held certain equity securities of related parties with a carrying value of KD 2,092,414 (31 December 2022: KD 2,815,532, 30 September 2022: KD 2,751,346) (Note 12).

Financial assets at fair value through profit or loss amounting to KD 18,698,153 (31 December 2022: KD 18,803,252 30 September 2022: KD 18,780,052) are pledged against certain term loans (Note 9).

8. Cash and cash equivalents

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Cash on hand and at banks	1,656,330	884,341	1,390,278
Cash at portfolios	91,157	162,529	49,179
Restricted cash*	-	30,046	165,989
	<u>1,747,487</u>	<u>1,076,916</u>	<u>1,605,446</u>

*This balance represents cash restricted against bank facilities.

9. Term loans

	30 September 2023	(Audited) 31 December 2022	30 September 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	16,895,099	17,243,119	19,654,045
Term loans obtained from foreign financial institutions and carry interest rates range from 6.25% to 11.25% per annum	7,003,299	5,040,332	4,770,553
	<u>23,898,398</u>	<u>22,283,451</u>	<u>24,424,598</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).

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

9. Term loans (Continued)

Term loans are represented in the following:

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Non-current portion	7,445,327	1,773,611	3,663,471
Current portion	<u>16,453,071</u>	<u>20,509,840</u>	<u>20,761,127</u>
	<u>23,898,398</u>	<u>22,283,451</u>	<u>24,424,598</u>

10. Accounts payable and other credit balances

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Trade payables	2,627,826	2,646,372	2,485,603
Due to related parties (a) (Note 12)	19,774,274	14,991,880	15,020,189
Fixed assets payable	-	3,068,537	3,113,542
Accrued expenses and other liabilities	<u>5,472,342</u>	<u>5,237,544</u>	<u>5,582,256</u>
	<u>27,874,442</u>	<u>25,944,333</u>	<u>26,201,590</u>

a) Due to related parties balance include an amount of KD 3,018,000 which 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 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Non-current portion	4,855,000	5,891,943	2,135,325
Current portion	<u>23,019,442</u>	<u>20,052,390</u>	<u>24,066,265</u>
	<u>27,874,442</u>	<u>25,944,333</u>	<u>26,201,590</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.

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

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		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	KD	KD	KD	KD
<u>Transactions included in interim condensed consolidated statement of profit or loss:</u>				
Dividend income	-	74,207	53,703	76,174
Interest income	204	197	316	243
Portfolio management fees	3,359	4,450	12,196	14,493
Finance cost	49,504	33,000	163,071	90,505

<u>Balances included in interim condensed consolidated statement of financial position</u>	30 September	(Audited)	
		31 December	30 September
		2022	2022
	KD	KD	KD
Financial assets at FVOCI	838	673	896
Due from related parties (Note 6)	4,204,626	4,543,914	4,158,103
Financial assets at fair value through profit or loss (Note 7)	2,092,414	2,815,532	2,751,346
Cash with portfolios managers	88,551	113,220	43,212
Term loans	500,000	500,000	500,000
Due to related parties (Note 10)	19,774,274	14,991,880	15,020,189

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	KD	KD	KD	KD
<u>Compensation of key management personnel</u>				
Short term benefits	97,582	130,410	331,472	462,427
End of service benefits	13,565	13,262	65,946	39,280

13. Capital commitments and contingencies

Capital commitments	30 September	(Audited)	
		31 December	30 September
		2022	2022
	KD	KD	KD
Project commitments	12,610,190	14,031,203	14,514,170
Other commitments	409,317	407,241	197,446
	13,019,507	14,438,444	14,711,616

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 2,835,774 (31 December 2022: KD 3,605,935, 30 September 2022: KD 3,605,935) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2022: KD 3,120,180, 30 September 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.

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

14. Segmental information (Continued)

The following table presents segment income and results information regarding the Group's business segments:

	<u>Investment</u>	<u>Others</u>	<u>Total</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Nine months ended 30 September 2023			
Segment revenue	<u>569,012</u>	<u>3,520,144</u>	<u>4,089,156</u>
Segment loss before finance cost, foreign exchange loss	<u>(389,060)</u>	<u>(1,380,030)</u>	<u>(1,769,090)</u>
Finance cost plus foreign exchange loss	<u>(898,404)</u>	<u>(816,712)</u>	<u>(1,715,116)</u>
Net loss	<u>(1,287,464)</u>	<u>(2,196,742)</u>	<u>(3,484,206)</u>
Segment assets	<u>82,021,359</u>	<u>33,278,814</u>	<u>115,300,173</u>
Segment liabilities (excluding term loans)	<u>(14,112,556)</u>	<u>(15,882,574)</u>	<u>(29,995,130)</u>
Segment net assets before term loans	<u>67,908,803</u>	<u>17,396,240</u>	<u>85,305,043</u>
Term loans	<u>(15,081,329)</u>	<u>(8,817,069)</u>	<u>(23,898,398)</u>
Net assets	<u>52,827,474</u>	<u>8,579,171</u>	<u>61,406,645</u>
	<u>Investment</u>	<u>Others</u>	<u>Total</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Nine months ended 30 September 2022			
Segment revenue	<u>798,300</u>	<u>3,786,893</u>	<u>4,585,193</u>
Segment loss before finance cost, foreign exchange loss	<u>(62,751)</u>	<u>(3,138,997)</u>	<u>(3,201,748)</u>
Finance cost plus foreign exchange loss	<u>(811,613)</u>	<u>(410,303)</u>	<u>(1,221,916)</u>
Net loss	<u>(874,364)</u>	<u>(3,549,300)</u>	<u>(4,423,664)</u>
Segment assets	<u>82,054,336</u>	<u>38,791,004</u>	<u>120,845,340</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>69,889,484</u>	<u>22,630,161</u>	<u>92,519,645</u>
Term loans	<u>(16,634,375)</u>	<u>(7,790,223)</u>	<u>(24,424,598)</u>
Net assets	<u>53,255,109</u>	<u>14,839,938</u>	<u>68,095,047</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:

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

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 September 2023	(Audited) 31 December 2022	30 September 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	1,881,251	1,957,349	2,388,592
<i>Financial assets at amortised cost:</i>			
Accounts receivable and other debit balances (excluding prepayments and advances)	14,705,222	15,080,044	16,069,060
Cash and cash equivalents	1,747,487	1,076,916	1,605,446
<i>Financial assets at fair value through profit or loss:</i>			
Financial assets at fair value through profit or loss	20,122,729	20,696,405	20,740,287
	<u>38,456,689</u>	<u>38,810,714</u>	<u>40,803,385</u>
Financial liabilities:			
<i>Financial liabilities at amortised cost:</i>			
Term loans	23,898,398	22,283,451	24,424,598
Accounts payable and other credit balances (excluding advances)	27,545,258	25,451,431	25,634,332
Bank overdraft	499,690	1,417,256	667,868
	<u>51,943,346</u>	<u>49,152,138</u>	<u>50,726,798</u>

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

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

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

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

30 September 2023	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	412,303	-	-	412,303
Funds and portfolio	-	521,185	-	521,185
Unquoted securities	-	-	947,763	947,763
Financial assets at fair value through profit or loss:				
Quoted securities	9,148,970	-	-	9,148,970
Mutual funds	-	88,838	-	88,838
Unquoted securities	-	207,031	10,677,890	10,884,921
	<u>9,561,273</u>	<u>817,054</u>	<u>11,625,653</u>	<u>22,003,980</u>
31 December 2022 (Audited)	Level 1	Level 2	Level 3	Total
	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>

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

15. Fair value measurement (Continued)

15.2 Fair value measurement of financial instruments (Continued)

30 September 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	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>

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:

	<u>1 January 2022</u>		
	<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)
	<u>30 September 2022</u>		
	<u>Before restatement</u>	<u>Restated amount</u>	<u>After restatement</u>
	KD	KD	KD
Investment in associates	61,830,435	(2,078,876)	59,751,559
Accumulated losses	(3,104,620)	(2,078,876)	(5,183,496)
	<u>31 December 2022</u>		
	<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)