

**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 2024

**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 2024

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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 2024, 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 material 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 2024, 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 Establishment of Capital Markets Authority, and its related instructions, as amended, during the six months period ended 30 June 2024, 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: 12 August 2024**

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 2024

| | Note | Three months ended 30 June | | Six months ended 30 June | |
|---|------|-------------------------------|--------------------|-----------------------------|--------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | KD | KD | KD | KD |
| Revenue | | | | | |
| Revenue from sales and services | | 1,024,551 | 815,337 | 2,143,877 | 1,861,076 |
| Unrealized gain / (loss) from change in fair value of financial assets at fair value through profit or loss | | 85,539 | (159,755) | 760,421 | (770,526) |
| Realized loss from sale of financial assets at fair value through profit or loss | | - | (13,519) | - | (13,519) |
| Dividend income | | 515,665 | 391,503 | 522,944 | 404,041 |
| Group's share of results from associates | 4 | (83,341) | (414,013) | 1,310,042 | (600,592) |
| Interest income | | 3,636 | 8,134 | 3,923 | 8,721 |
| Other income | | 19,580 | 9,842 | 22,885 | 15,354 |
| Total revenue | | 1,565,630 | 637,529 | 4,764,092 | 904,555 |
| Expenses and other charges | | | | | |
| Cost of sales and services | | (1,134,064) | (1,365,876) | (2,451,455) | (2,974,788) |
| General and administrative expenses | | (348,716) | (498,875) | (855,704) | (1,081,732) |
| Provision for expected credit losses | 6 | (333,023) | - | (1,385,217) | - |
| Portfolio management fees | | (7,496) | (8,444) | (14,691) | (16,214) |
| Finance cost | | (579,541) | (535,548) | (1,097,142) | (848,768) |
| Foreign exchange gain / (loss) | | 5,599 | (5,694) | (51,774) | (42,791) |
| Total expenses and other charges | | (2,397,241) | (2,414,437) | (5,855,983) | (4,964,293) |
| Net loss for the period | | (831,611) | (1,776,908) | (1,091,891) | (4,059,738) |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | (540,572) | (1,491,439) | (642,548) | (3,450,793) |
| Non-controlling interests | | (291,039) | (285,469) | (449,343) | (608,945) |
| Net loss for the period | | (831,611) | (1,776,908) | (1,091,891) | (4,059,738) |
| Basic and diluted loss per share attributable to the shareholders of the Parent Company (Fils) | | | | | |
| | 3 | <u>(0.89)</u> | <u>(2.45)</u> | <u>(1.05)</u> | <u>(5.66)</u> |

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 six months period ended 30 June 2024

| | Note | Three months ended | | Six months ended | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 30 June | | 30 June | |
| | | 2024 | 2023 | 2024 | 2023 |
| | | KD | KD | KD | KD |
| Net loss for the period | | (831,611) | (1,776,908) | (1,091,891) | (4,059,738) |
| Other comprehensive income / (loss) items: | | | | | |
| <u>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u> | | | | | |
| Exchange differences on translating of foreign operations | | (1,572) | 4,306 | 2,014 | 6,900 |
| Group's share of other comprehensive income of associates | 4 | 220,179 | 523,030 | 535,167 | 407,415 |
| <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") | | 55,532 | (98,096) | 79,476 | (65,212) |
| Total other comprehensive income for the period | | 274,139 | 429,240 | 616,657 | 349,103 |
| Total comprehensive loss for the period | | (557,472) | (1,347,668) | (475,234) | (3,710,635) |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | (276,159) | (1,061,546) | (36,581) | (3,099,813) |
| Non-controlling interests | | (281,313) | (286,122) | (438,653) | (610,822) |
| Total comprehensive loss for the period | | (557,472) | (1,347,668) | (475,234) | (3,710,635) |

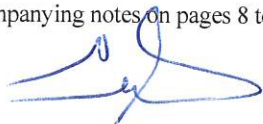
The accompanying notes on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2024

| | Note | 30 June 2024 KD | (Audited) 31 December 2023 KD | 30 June 2023 KD |
|---|------|-----------------------|--|-----------------------|
| Assets | | | | |
| Non-current assets: | | | | |
| Property, plant and equipment | | 10,848,016 | 11,067,670 | 11,040,733 |
| Intangible assets | | - | 8 | 6,240 |
| Investment in associates | 4 | 54,493,623 | 50,739,856 | 56,765,517 |
| Financial assets at fair value through other comprehensive income | 5 | 957,201 | 1,180,830 | 1,892,137 |
| Accounts receivable and other debit balances | 6 | 3,573,451 | 3,947,296 | 3,013,864 |
| Total non-current assets | | 69,872,291 | 66,935,660 | 72,718,491 |
| Current assets: | | | | |
| Inventories | | 3,449,258 | 1,979,779 | 2,769,580 |
| Accounts receivable and other debit balances | 6 | 14,492,941 | 15,220,581 | 18,389,171 |
| Financial assets at fair value through profit or loss | 7 | 21,176,433 | 20,416,012 | 19,690,394 |
| Cash and cash equivalents | 8 | 1,743,377 | 1,381,659 | 1,527,461 |
| Total current assets | | 40,862,009 | 38,998,031 | 42,376,606 |
| Total assets | | 110,734,300 | 105,933,691 | 115,095,097 |
| Equity and liabilities | | | | |
| Equity: | | | | |
| Capital | | 61,000,000 | 61,000,000 | 61,000,000 |
| Share premium | 11 | - | 17,374,869 | 17,374,869 |
| Statutory reserve | 11 | - | 1,590,532 | 1,590,532 |
| Fair value reserve of financial assets at FVOCI | | (5,528,494) | (6,302,163) | (5,848,983) |
| Foreign currency translation reserve | | 859,091 | 862,344 | 873,565 |
| Other reserves | | (68,881) | 23,027 | (8,721) |
| Accumulated losses | | (2,062,263) | (20,338,440) | (11,758,617) |
| Equity attributable to shareholders of the Parent Company | | 54,199,453 | 54,210,169 | 63,222,645 |
| Non-controlling interests | | (3,412,323) | (2,973,669) | (2,381,623) |
| Total equity | | 50,787,130 | 51,236,500 | 60,841,022 |
| Liabilities: | | | | |
| Non-current liabilities: | | | | |
| Employees' end of service benefits | | 1,715,726 | 1,644,616 | 1,589,374 |
| Term loans | 9 | 6,816,464 | 7,683,388 | 7,421,999 |
| Accounts payable and other credit balances | 10 | 1,798,247 | 1,798,247 | 4,855,000 |
| Total non-current liabilities | | 10,330,437 | 11,126,251 | 13,866,373 |
| Current liabilities: | | | | |
| Term loans | 9 | 18,352,099 | 16,801,990 | 16,856,794 |
| Bank overdraft | | 527,911 | 451,834 | 847,343 |
| Accounts payable and other credit balances | 10 | 30,736,723 | 26,317,116 | 22,683,565 |
| Total current liabilities | | 49,616,733 | 43,570,940 | 40,387,702 |
| Total liabilities | | 59,947,170 | 54,697,191 | 54,254,075 |
| Total equity and liabilities | | 110,734,300 | 105,933,691 | 115,095,097 |

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


Abdullah Mohammad Alhajeri
Chairman



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

Interim condensed consolidated statement of changes in equity (Unaudited)

For the six months period ended 30 June 2024

| | 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 2023 | 61,000,000 | 17,374,869 | 1,590,532 | (6,302,163) | 862,344 | 23,027 | (20,338,440) | 54,210,169 | (2,973,669) | 51,236,500 |
| Net loss for the period | - | - | - | - | - | - | (642,548) | (642,548) | (449,343) | (1,091,891) |
| Other comprehensive income / (loss): | | | | | | | | | | |
| Changes in fair value of financial assets at FVOCI | - | - | - | 68,788 | - | - | - | 68,788 | 10,688 | 79,476 |
| Exchange differences on translating of foreign operations | - | - | - | - | 2,014 | - | - | 2,014 | - | 2,014 |
| Group's share of other comprehensive income / (loss) of associates (Note 4) | - | - | - | 646,318 | (5,267) | (105,886) | - | 535,165 | 2 | 535,167 |
| Other comprehensive income / (loss) for the period | - | - | - | 715,106 | (3,253) | (105,886) | - | 605,967 | 10,690 | 616,657 |
| Total comprehensive income / (loss) for the period | - | - | - | 715,106 | (3,253) | (105,886) | (642,548) | (36,581) | (438,653) | (475,234) |
| Transfer to accumulated losses due to sale financial assets at FVOCI | - | - | - | 58,563 | - | - | (58,563) | - | - | - |
| Share of other reserves of associates (Note 4) | - | - | - | - | - | 13,978 | 11,887 | 25,865 | (1) | 25,864 |
| Transfer from share premium and statutory reserve to set off accumulated losses (Note 11) | - | - | - | - | - | - | 18,965,401 | - | - | - |
| As at 30 June 2024 | 61,000,000 | - | - | (5,528,494) | 859,091 | (68,881) | (2,062,263) | 54,199,453 | (3,412,323) | 50,787,130 |

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

Interim condensed consolidated statement of changes in equity (Unaudited)

For the six months period ended 30 June 2024

| | Equity attributable to shareholders of the Parent Company | | | | | | | | | | | | | | | | | | |
|---|---|---|---------------|---|-------------------|---|---|--------|--------------------------------------|--------|--------------------|---------|--------------|---|---------------------------|---|--------------|---|-------------|
| | Capital | | Share premium | | Statutory reserve | | Fair value reserve of financial assets at FVOCI | | Foreign currency translation reserve | | Accumulated losses | | Sub-total | | Non-controlling interests | | Total Equity | | |
| | KD | | KD | | KD | | KD | | KD | | KD | | KD | | 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 | - | - | - | - | - | - | - | - | - | - | - | - | (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 |

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 six months period ended 30 June 2024**

| | Six months ended 30 June | |
|---|-----------------------------|--------------------|
| | 2024 KD | 2023 KD |
| OPERATING ACTIVITIES | | |
| Net loss for the period | (1,091,891) | (4,059,738) |
| <i>Adjustments for:</i> | | |
| Unrealized (gain) / loss from change in fair value on financial assets at fair value through profit or loss | (760,421) | 770,526 |
| Realized loss from sale of financial assets at fair value through profit or loss | - | 13,519 |
| Dividend income | (522,944) | (404,041) |
| Group's share of results from associates | (1,310,042) | 600,592 |
| Interest income | (3,923) | (8,721) |
| Gain from sale of property, plant and equipment | (5,940) | - |
| Provision for expected credit losses | 1,385,217 | - |
| Depreciation and amortization | 206,161 | 211,700 |
| Finance cost | 1,097,142 | 848,768 |
| Foreign exchange loss | 51,774 | 42,791 |
| Provision for employees' end of service benefits | 71,977 | 121,355 |
| | <u>(882,890)</u> | <u>(1,863,249)</u> |
| Change in operating assets and liabilities: | | |
| Inventories | (1,469,479) | (1,008,125) |
| Financial assets at fair value through profit or loss | - | 221,966 |
| Accounts receivable and other debit balances | (297,772) | 466,569 |
| Accounts payable and other credit balances | 1,435,317 | 376,760 |
| <i>Cash flows used in operating activities</i> | <u>(1,214,824)</u> | <u>(1,806,079)</u> |
| Employees' end of service benefits paid | (3,606) | (462) |
| Net cash flows used in operating activities | <u>(1,218,430)</u> | <u>(1,806,541)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (21,435) | (5,146) |
| Proceeds from sale of property, plant and equipment | 36,658 | 8,170 |
| Financial assets at fair value through other comprehensive income | 303,105 | - |
| Interest income received | 3,923 | 8,721 |
| Dividend income received | 522,944 | 404,041 |
| Cash dividends received from associates | 1,092,927 | 1,210,796 |
| Net cash flows from investing activities | <u>1,938,122</u> | <u>1,626,582</u> |
| FINANCING ACTIVITIES | | |
| Term loans | 684,264 | 1,987,256 |
| Bank overdraft | 76,077 | (569,913) |
| Finance cost paid | (1,085,717) | (768,796) |
| Net cash flows (used in) / from financing activities | <u>(325,376)</u> | <u>648,547</u> |
| Net increase in cash and cash equivalents | 394,316 | 468,588 |
| Foreign currency translation adjustment | (32,598) | (18,043) |
| Cash and cash equivalents at the beginning of the period | 1,381,659 | 1,076,916 |
| Cash and cash equivalents at the end of the period (Note 8) | <u>1,743,377</u> | <u>1,527,461</u> |

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**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the six months period ended 30 June 2024**

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 12 August 2024.

2. Basis of presentation and material accounting policies

2.1 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting". The interim condensed consolidated financial information does not include all the information and disclosures required for preparation of complete annual consolidated financial statements in accordance with International Accounting Standards ("IFRS"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the interim condensed consolidated financial information statements have been included.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

Operating results for the six months period ended 30 June 2024 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further information, refer to the annual consolidated audited financial statements for the year ended 31 December 2023.

Standards, interpretation and amendments issued and adopted by the Group

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The new standards and amendments that are effective for annual reporting periods beginning on or after 1 January 2024. These amendments did not have material impact on the financial position or the performance of the Group.

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

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

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the six months period ended 30 June 2024

**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 | |
|--|-------------------------------|--------------------|-----------------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net loss for the period attributable to the shareholders of the Parent Company (KD) | <u>(540,572)</u> | <u>(1,491,439)</u> | <u>(642,548)</u> | <u>(3,450,793)</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>(0.89)</u> | <u>(2.45)</u> | <u>(1.05)</u> | <u>(5.66)</u> |

4. Investment in associates

| | 30 June | (Audited) 31 December | 30 June |
|---|-------------------|--------------------------|-------------------|
| | 2024 | 2023 | 2023 |
| | KD | KD | KD |
| Balance at the beginning of the period / year | 50,739,856 | 56,955,141 | 56,955,141 |
| Additions (a) | 2,975,621 | 1,320,600 | 1,137,500 |
| Cash dividends received from associates | (1,092,927) | (1,922,037) | (1,210,796) |
| Group's share of results from associates | 1,310,042 | (1,724,302) | (600,592) |
| Impairment loss | - | (4,763,932) | - |
| Group's share of other comprehensive income / (loss) from associates' cumulative changes in fair value | 646,318 | 79,810 | (90,161) |
| Group's share of other comprehensive (loss) / income from associates' foreign currency translation adjustment | (5,265) | 22,955 | 37,210 |
| Group's share of other comprehensive (loss) / income from associates' other reserves | (105,886) | 452,969 | 460,366 |
| Other reserves | 25,864 | 318,652 | 76,849 |
| Balance at end of the period / year | <u>54,493,623</u> | <u>50,739,856</u> | <u>56,765,517</u> |

- a) Additions during the period ended 30 June 2024 represent additions in J3 For Management & Development of Lands and Real Estate Company - W.L.L. paid by related parties amounting KD 2,975,621.

Investment in associates amounting to KD 38,659,239 (31 December 2023: KD 37,645,022, 30 June 2023: KD 40,150,817) are secured against certain term loans (Note 9). Also investment in associates amounting to KD 5,677,920 (31 December 2023: KD 5,898,025, 30 June 2023: KD 5,623,525) are secured against guarantee of a term loan provided to a related party (Note 13).

**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 2024

5. Financial assets at fair value through other comprehensive income

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|----------------------|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Quoted securities | 118,516 | 372,914 | 418,351 |
| Unquoted securities | 353,001 | 354,463 | 955,048 |
| Funds and portfolios | 485,684 | 453,453 | 518,738 |
| | <u>957,201</u> | <u>1,180,830</u> | <u>1,892,137</u> |

Financial assets at fair value through other comprehensive income amounting to KD 569,689 (31 December 2023: KD 531,157, 30 June 2023: KD 680,022) are secured against certain term loans (Note 9).

6. Accounts receivable and other debit balances

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|---|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Trade receivables | 8,150,844 | 8,544,377 | 9,900,679 |
| Due from related parties (Note 12) | 6,566,374 | 5,883,170 | 3,728,773 |
| Interest receivable | 3,000,000 | 3,000,000 | 3,000,000 |
| Advances to project under progress | 6,017,126 | 6,017,126 | 6,017,126 |
| Advances to supplier | 314,103 | 435,806 | 544,465 |
| Prepaid expenses and accrued income | 66,891 | 64,116 | 103,447 |
| Receivables from sale of investment in an associate | - | - | 801,065 |
| Other debit balances | 737,678 | 713,773 | 732,283 |
| | <u>24,853,016</u> | <u>24,658,368</u> | <u>24,827,838</u> |
| Provision for expected credit losses (a) | <u>(6,786,624)</u> | <u>(5,490,491)</u> | <u>(3,424,803)</u> |
| | <u>18,066,392</u> | <u>19,167,877</u> | <u>21,403,035</u> |

a) The movement on provision for expected credit losses is as follows:

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|---|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Balance at the beginning of the period / year | 5,490,491 | 3,424,803 | 3,424,803 |
| Charge for the period / year | 1,385,217 | 2,065,688 | - |
| Used during the period / year | (84,951) | - | - |
| Foreign currency translation | (4,133) | - | - |
| Balance at the end of the period / year | <u>6,786,624</u> | <u>5,490,491</u> | <u>3,424,803</u> |

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

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|---------------------|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Non-current portion | 3,573,451 | 3,947,296 | 3,013,864 |
| Current portion | 14,492,941 | 15,220,581 | 18,389,171 |
| | <u>18,066,392</u> | <u>19,167,877</u> | <u>21,403,035</u> |

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7. Financial assets at fair value through profit or loss

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|-------------------|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Quoted securities | 10,856,869 | 9,042,437 | 8,775,182 |
| Unquoted security | 10,231,258 | 11,285,240 | 10,826,791 |
| Mutual funds | 88,306 | 88,335 | 88,421 |
| | <u>21,176,433</u> | <u>20,416,012</u> | <u>19,690,394</u> |

As of 30 June 2024, the Group held certain equity securities of related parties with a carrying value of KD 2,828,591 (31 December 2023: KD 2,570,881, 30 June 2023: KD 2,153,500) (Note 12).

Financial assets at fair value through profit or loss amounting to KD 19,207,067 (31 December 2023: KD 18,265,036, 30 June 2023: KD 18,313,518) are secured against certain term loans (Note 9).

8. Cash and cash equivalents

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|---------------------------|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Cash on hand and at banks | 1,357,049 | 1,288,859 | 468,998 |
| Cash at portfolios | 386,328 | 92,800 | 1,040,310 |
| Restricted cash* | - | - | 18,153 |
| | <u>1,743,377</u> | <u>1,381,659</u> | <u>1,527,461</u> |

*This balance represents cash restricted against bank facilities.

9. Term loans

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|---|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Term loans obtained from local financial institutions and a related party and carry interest rate ranging from 1.5% to 4% per annum over the Central Bank of Kuwait discount rate | 16,848,682 | 16,786,809 | 17,068,714 |
| Term loans obtain from foreign financial institutions and carry interest rate of 11.5% per annum | 8,319,881 | 7,698,569 | 7,210,079 |
| | <u>25,168,563</u> | <u>24,485,378</u> | <u>24,278,793</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 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|---------------------|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Non-current portion | 6,816,464 | 7,683,388 | 7,421,999 |
| Current portion | <u>18,352,099</u> | <u>16,801,990</u> | <u>16,856,794</u> |
| | <u>25,168,563</u> | <u>24,485,378</u> | <u>24,278,793</u> |

10. Accounts payable and other credit balances

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|--|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Trade payables | 3,921,184 | 2,672,093 | 2,534,540 |
| Due to related parties (Note 12) | 23,267,490 | 19,868,208 | 19,543,573 |
| Accrued expenses and other liabilities | <u>5,346,296</u> | <u>5,575,062</u> | <u>5,460,452</u> |
| | <u>32,534,970</u> | <u>28,115,363</u> | <u>27,538,565</u> |

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

| | 30 June 2024 | (Audited) 31 December 2023 | 30 June 2023 |
|---------------------|-------------------------|---|-------------------------|
| | KD | KD | KD |
| Non-current portion | 1,798,247 | 1,798,247 | 4,855,000 |
| Current portion | <u>30,736,723</u> | <u>26,317,116</u> | <u>22,683,565</u> |
| | <u>32,534,970</u> | <u>28,115,363</u> | <u>27,538,565</u> |

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

The Parent Company's Shareholders' Annual General Assembly meeting held on 28 May 2024 approved the consolidated financial statements for the year ended 31 December 2023 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2023. Also, it approved to set off part of accumulated losses of KD 18,965,401 as of 31 December 2023 through share premium of KD 17,374,869 and statutory reserve of KD 1,590,532.

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.

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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 | |
| | 2024 | 2023 | 2024 | 2023 |
| | KD | KD | KD | KD |
| <u>Transactions included in interim condensed consolidated statement of profit or loss:</u> | | | | |
| Dividend income | 21,034 | 53,703 | 21,034 | 53,703 |
| Interest income | 38 | 53 | 58 | 112 |
| Portfolio management fees | 3,253 | 4,663 | 6,475 | 8,837 |
| Finance cost | 49,498 | 73,713 | 98,996 | 113,567 |

| | 30 June 2024 KD | (Audited) | |
|---|-----------------------|---|-----------------------|
| | | 31 December 2023 KD | 30 June 2023 KD |
| | | <u>Balances included in interim condensed consolidated statement of financial position</u> | |
| Financial assets at FVOCI | 83,060 | 58,608 | 830 |
| Due from related parties (Note 6) (net of provision for expected credit losses) | 3,585,470 | 3,953,483 | 3,728,773 |
| Financial assets at fair value through profit or loss (Note 7) | 2,828,591 | 2,570,881 | 2,153,500 |
| Cash with portfolios managers | 361,458 | 90,047 | 928,192 |
| Term loans | 500,000 | 500,000 | 500,000 |
| Due to related parties (Note 10) | 23,267,490 | 19,868,208 | 19,543,573 |

| | Three months ended | | Six months ended | |
|--|--------------------|---------|------------------|---------|
| | 30 June | | 30 June | |
| | 2024 | 2023 | 2024 | 2023 |
| | KD | KD | KD | KD |
| <u>Compensation of key management personnel</u> | | | | |
| Short term benefits | 125,532 | 115,429 | 274,273 | 233,890 |
| End of service benefits | 16,493 | 13,455 | 43,611 | 52,381 |

13. Capital commitments and contingencies

| | 30 June 2024 KD | (Audited) | |
|---------------------|-----------------------|-----------------------------------|-----------------------|
| | | 31 December 2023 KD | 30 June 2023 KD |
| | | <u>Capital commitments</u> | |
| Project commitments | 9,279,635 | 12,782,483 | 12,843,773 |
| Other commitments | 1,450,446 | 930,360 | 408,238 |
| | <u>10,730,081</u> | <u>13,712,843</u> | <u>13,252,011</u> |

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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 2,640,124 (31 December 2023: KD 2,779,624, 30 June 2023: KD 3,605,935) and to Public Authority for housing Welfare KD 3,120,180 (31 December 2023: KD 3,120,180, 30 June 2023: KD 3,120,180) and secure certain investments in associate (Note 4) against a term loan provided by a foreign financial institution to a related party as the loan amounting to KD 3,087,852 (31 December 2023: KD 3,184,945 30 June 2023: KD 3,191,151).
- 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" and the appeal was rejected by Counseling room on 30 May 2023. The management believes 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.