

**KUWAIT PROJECTS COMPANY HOLDING  
K.S.C.P. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2019 (UNAUDITED)**



Building a better  
working world

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Projects Company Holding K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 March 2019, and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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 IAS 34.

### **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 the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the articles of association and memorandum of incorporation of the Parent Company during the three months period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER  
LICENCE NO. 207 A  
EY  
AL-AIBAN, AL-OSAIMI & PARTNERS

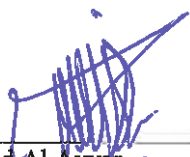
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# Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2019

		31 March 2019 KD 000's	(Audited) 31 December 2018 KD 000's	(Restated)* 31 March 2018 KD 000's
<b>ASSETS</b>				
Cash in hand and at banks	3	1,849,605	2,118,768	1,467,172
Treasury bills, bonds and other debt securities		705,219	726,459	825,876
Loans and advances	4	4,587,749	4,635,327	4,783,405
Financial assets at fair value through profit or loss		250,166	265,065	210,812
Financial assets at fair value through other comprehensive income		270,976	253,684	257,521
Other assets		477,971	467,941	454,515
Properties held for trading		99,176	97,709	91,722
Investment in associates		349,259	329,482	368,444
Investment in a media joint venture	17	-	-	178,327
Investment properties		624,352	625,409	530,885
Property, plant and equipment		355,304	334,670	316,238
Intangible assets		328,095	328,493	326,643
Assets held for sale	17	190,867	187,304	-
<b>TOTAL ASSETS</b>		<b>10,088,739</b>	<b>10,370,311</b>	<b>9,811,560</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		1,607,567	2,059,005	1,707,873
Deposits from customers		5,115,320	4,887,603	5,031,249
Loans payable	5	690,629	695,211	547,833
Bonds	6	473,073	472,974	330,316
Medium term notes	7	602,777	664,980	656,307
Other liabilities		582,963	579,903	516,598
<b>Total liabilities</b>		<b>9,072,329</b>	<b>9,359,676</b>	<b>8,790,176</b>
<b>Equity</b>				
Equity attributable to equity holders of the Parent Company	8	273,424	277,063	317,209
Perpetual capital securities		146,440	146,440	146,440
Non controlling interest		596,546	587,132	557,735
<b>Total equity</b>		<b>1,016,410</b>	<b>1,010,635</b>	<b>1,021,384</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,088,739</b>	<b>10,370,311</b>	<b>9,811,560</b>

  
 Faisal Hamad Al Ayyar  
 Vice Chairman (Executive)

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2018 and reflect adjustments made as detailed in Note 2.

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

**Kuwait Projects Company Holding K.S.C.P. and Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**(UNAUDITED)**  
For the period ended 31 March 2019

		<i>Three months ended</i>	
		<b>31 March</b>	
		<i>2019</i>	<i>2018</i>
<i>Notes</i>		<b>KD 000's</b>	<b>KD 000's</b>
<b>Continuing operations:</b>			
<b>Income:</b>			
	Interest income	<b>99,072</b>	109,858
9	Investment income	<b>4,624</b>	1,584
	Fee and commission income	<b>12,520</b>	11,730
	Share of results of associates	<b>11,873</b>	7,824
	Digital satellite network services income	<b>3,241</b>	3,621
	Hospitality and real estate income	<b>26,333</b>	22,568
	Educational service income	<b>7,283</b>	6,101
	Manufacturing and distribution income	<b>5,280</b>	5,921
	Other income	<b>6,409</b>	7,798
	Foreign exchange gain	<b>1,626</b>	3,932
	<b>Income</b>	<b>178,261</b>	180,937
<b>Expenses:</b>			
	Interest expense	<b>72,537</b>	68,105
	Digital satellite network services expense	<b>2,467</b>	3,002
	Hospitality and real estate expenses	<b>18,671</b>	15,498
	Educational service expenses	<b>3,409</b>	3,626
	Manufacturing and distribution expense	<b>4,994</b>	5,681
	General and administrative expenses	<b>45,854</b>	45,450
	Depreciation and amortisation	<b>5,684</b>	6,071
	<b>Expenses</b>	<b>153,616</b>	147,433
	<b>Operating profit from continuing operations before provisions</b>	<b>24,645</b>	33,504
4	Provision for credit losses	<b>(930)</b>	(861)
	Provision for impairment of other financial and non-financial assets	<b>(839)</b>	-
	<b>Profit before taxation from continuing operations</b>	<b>22,876</b>	32,643
	Taxation	<b>(3,299)</b>	(4,086)
	<b>Profit for the period from continuing operations</b>	<b>19,577</b>	28,557
<b>Discontinued operation:</b>			
17	Loss from discontinued operation	-	(9,984)
	<b>Profit for the period</b>	<b>19,577</b>	18,573
<b>Attributable to:</b>			
	Equity holders of the Parent Company	<b>6,502</b>	5,636
	Non-controlling interest	<b>13,075</b>	12,937
		<b>19,577</b>	18,573
		<i>Fils</i>	<i>Fils</i>
<b>EARNINGS PER SHARE:</b>			
	Basic - attributable to the equity holders of the Parent Company	<b>2.16</b>	1.53
	Diluted - attributable to the equity holders of the Parent Company	<b>2.16</b>	1.53
<b>EARNINGS PER SHARE FOR CONTINUING OPERATIONS:</b>			
	Basic - attributable to the equity holders of the Parent Company	<b>2.16</b>	8.61
	Diluted - attributable to the equity holders of the Parent Company	<b>2.16</b>	8.61

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2019

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD 000's</i>	<i>KD 000's</i>
<b>Profit for the period</b>	<b>19,577</b>	18,573
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Net change in fair value of equity instruments at fair value through other comprehensive income (loss)	<b>841</b>	(6,785)
Share of other comprehensive income from associates	<b>5,644</b>	1,565
	<b>6,485</b>	(5,220)
<i>Items that are or may be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Debt instruments at fair value through other comprehensive income:		
- Net transfer to interim condensed consolidated income statement	<b>(2,064)</b>	940
- Net change in fair value during the period	<b>1,663</b>	(1,264)
- Changes in allowance for expected credit losses	<b>1</b>	(111)
Change in fair value of cash flow hedge	<b>(1,689)</b>	1,720
Foreign currency translation adjustment	<b>(5,246)</b>	(4,947)
	<b>(7,335)</b>	(3,662)
<b>Other comprehensive loss for the period</b>	<b>(850)</b>	(8,882)
<b>Total comprehensive income for the period</b>	<b>18,727</b>	9,691
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>4,648</b>	1,049
Non controlling interest	<b>14,079</b>	8,642
	<b>18,727</b>	9,691

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

# Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(UNAUDITED)

For the period ended 31 March 2019

	Notes	Three months ended	
		2019 KD 000's	2018 KD 000's
<b>OPERATING ACTIVITIES</b>			
Profit before taxation from continuing operations		22,876	32,643
Loss from discontinued operation	17	-	(9,984)
		<u>22,876</u>	<u>22,659</u>
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(99,072)	(109,858)
Investment income	9	(4,624)	(1,584)
Share of results of associates		(11,873)	(7,824)
Interest expense		72,537	68,105
Depreciation and amortisation		5,684	6,071
Provision for credit losses	4	930	861
Provision for impairment of investments of other financial & non-financial assets		839	-
Share of results from discontinued operation	17	-	9,984
Foreign exchange income on loans payable and medium-term notes		2,445	(1,755)
Provision for employee stock option plan		44	28
		<u>(10,214)</u>	<u>(13,313)</u>
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		(12,566)	7
Treasury bills, bonds and other debt securities		21,240	40,066
Loans and advances		46,648	154,221
Financial assets at fair value through profit or loss		15,614	(2,514)
Financial assets at fair value through other comprehensive income		(15,394)	62,633
Other assets		(46,571)	11,611
Properties held for trading		-	223
Due to banks and other financial institutions		(451,438)	(306,198)
Deposits from customers		227,717	(97,951)
Other liabilities		5,352	(1,996)
Dividends received		1,709	1,116
Interest received		106,835	95,307
Interest paid		(81,739)	(74,615)
Taxation paid		(4,701)	(3,190)
		<u>(197,508)</u>	<u>(134,593)</u>
<b>INVESTING ACTIVITIES</b>			
Additional subscription of shares in assets held for sale / investment in a media joint venture		(2,882)	(11,138)
Net movement in investment properties		(305)	91
Net movement in investment in associates		-	7,630
		<u>(3,187)</u>	<u>(3,417)</u>
<b>FINANCING ACTIVITIES</b>			
(Repayment) proceeds from of loans payable, net		(4,582)	44,693
Repayment of medium term notes, net		(63,707)	-
Purchase of treasury shares		(59)	-
Proceeds from sale of treasury shares		323	-
Dividends paid to equity holders of the Parent Company		(46)	(97)
Interest payment on perpetual capital securities		(5,510)	(5,433)
Dividends paid to non controlling interest		-	(374)
Movement in non controlling interest		161	1,963
		<u>(73,420)</u>	<u>40,752</u>
Net cash (used in) from financing activities		<u>(73,420)</u>	<u>40,752</u>
Net foreign exchange difference		(7,614)	(4,674)
		<u>(281,729)</u>	<u>(101,932)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>2,114,689</u>	<u>1,559,316</u>
Cash and cash equivalents at 1 January			
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	3	<u>1,832,960</u>	<u>1,457,384</u>

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

# Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2019

*Attributable to equity holders of the Parent Company*

	<i>Share capital</i> <i>KD 000's</i>	<i>Share premium</i> <i>KD 000's</i>	<i>Treasury shares</i> <i>KD 000's</i>	<i>Statutory reserve</i> <i>KD 000's</i>	<i>Voluntary reserve</i> <i>KD 000's</i>	<i>Cumulative changes in fair values</i> <i>KD 000's</i>	<i>Foreign currency translation reserve</i> <i>KD 000's</i>	<i>ESOP reserve</i> <i>KD 000's</i>	<i>Other reserve</i> <i>KD 000's</i>	<i>Retained earnings</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>	<i>Perpetual capital securities</i> <i>KD 000's</i>	<i>Non controlling interest</i> <i>KD 000's</i>	<i>Total equity</i> <i>KD 000's</i>
As at 1 January 2019	154,725	3,111	(86,111)	106,821	106,546	(6,271)	(97,046)	1,535	(14,172)	107,925	277,063	146,440	587,132	1,010,635
Profit for the period	-	-	-	-	-	-	-	-	-	6,502	6,502	-	13,075	19,577
Other comprehensive income (loss)	-	-	-	-	-	1,522	(3,376)	-	-	-	(1,854)	-	1,004	(850)
Total comprehensive income (loss)	-	-	-	-	-	1,522	(3,376)	-	-	6,502	4,648	-	14,079	18,727
Purchase of treasury shares	-	-	(59)	-	-	-	-	-	-	-	(59)	-	-	(59)
Sale of treasury shares	-	-	549	-	-	-	-	-	-	(226)	323	-	-	323
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,139	-	-	-	(1,139)	-	-	-	-
Employees' share based payment	-	-	-	-	-	-	-	44	-	-	44	-	-	44
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(11,429)	(11,429)
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(3,473)	(3,473)	-	(2,037)	(5,510)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(5,122)	-	(5,122)	-	8,801	3,679
<b>As at 31 March 2019</b>	<b>154,725</b>	<b>3,111</b>	<b>(85,621)</b>	<b>106,821</b>	<b>106,546</b>	<b>(3,610)</b>	<b>(100,422)</b>	<b>1,579</b>	<b>(19,294)</b>	<b>109,589</b>	<b>273,424</b>	<b>146,440</b>	<b>596,546</b>	<b>1,016,410</b>

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

## Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the period ended 31 March 2019

	<i>Attributable to equity holders of the Parent Company</i>												<i>Perpetual capital securities</i> KD 000's	<i>Non controlling interest</i> KD 000's	<i>Total equity</i> KD 000's
	<i>Share capital</i> KD 000's	<i>Share premium</i> KD 000's	<i>Treasury shares</i> KD 000's	<i>Statutory reserve</i> KD 000's	<i>Voluntary reserve</i> KD 000's	<i>Cumulative changes in fair values</i> KD 000's	<i>Foreign currency translation reserve</i> KD 000's	<i>ESOP reserve</i> KD 000's	<i>Other reserve</i> KD 000's	<i>Retained earnings</i> KD 000's	<i>Total</i> KD 000's				
As at 1 January 2018 (restated)	147,357	3,111	(85,312)	106,821	106,546	737	(78,172)	1,597	(1,621)	238,211	439,275	146,440	626,367	1,212,082	
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	9,206	-	-	-	(129,877)	(120,671)	-	(71,651)	(192,322)	
Transition adjustment on adoption of IFRS 15 at 1 January 2018	-	-	-	-	-	-	-	-	-	957	957	-	46	1,003	
Balance as at 1 January 2018 (restated)	147,357	3,111	(85,312)	106,821	106,546	9,943	(78,172)	1,597	(1,621)	109,291	319,561	146,440	554,762	1,020,763	
Profit for the period	-	-	-	-	-	-	-	-	-	5,636	5,636	-	12,937	18,573	
Other comprehensive income (loss)	-	-	-	-	-	1,381	(5,968)	-	-	-	(4,587)	-	(4,295)	(8,882)	
Total comprehensive income (loss)	-	-	-	-	-	1,381	(5,968)	-	-	5,636	1,049	-	8,642	9,691	
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	(449)	-	-	-	449	-	-	-	-	
Employees' share based payment	-	-	-	-	-	-	-	28	-	-	28	-	-	28	
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(5,773)	(5,773)	
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(3,480)	(3,480)	-	(1,953)	(5,433)	
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	51	-	51	-	2,057	2,108	
As at 31 March 2018	147,357	3,111	(85,312)	106,821	106,546	10,875	(84,140)	1,625	(1,570)	111,896	317,209	146,440	557,735	1,021,384	

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.



# Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2019

### 1 CORPORATE INFORMATION

Kuwait Projects Company Holding K.S.C.P. (the “Parent Company”) is a public shareholding company registered and incorporated under the laws of the State of Kuwait on 2 August 1975, and listed in Boursa Kuwait. The address of the Parent Company’s registered office is P.O. Box 23982, Safat 13100 - State of Kuwait.

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively the “Group”) for the three months period ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2019.

The principal activities of the Parent Company comprise the following:

1. Owning stocks and shares in Kuwaiti or non-Kuwaiti companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
2. Lending money to companies in which it owns shares, guaranteeing them with third parties where the holding parent company owns 20% or more of the capital of the borrowing company.
3. Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights and franchising them to other companies or using them within or outside the state of Kuwait.
4. Owning real estate and moveable properties to conduct its operations within the limits as stipulated by law.
5. Employing excess funds available with the Parent Company by investing them in investment and real estate portfolios managed by specialized companies.

The major shareholder of the Parent Company is Al Futtooh Holding Company K.S.C. (Closed).

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of presentation

The interim condensed consolidated financial information of the Group have been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of IFRS 16: Leases (“IFRS 16”). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Further, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”) and all values are rounded to the nearest KD thousand except when otherwise indicated.

During the year ended 31 December 2018, the Group carried out Purchase Price Allocation (“PPA”) exercise for a business combination and accordingly restated the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of changes in equity for the period ended 31 March 2018. The restatement in accordance with IFRS 3 is to account for increase in the Group’s ‘Intangible assets’ by KD 354 thousand and ‘Non-controlling interest’ by KD 354 thousand. The restatement did not have any effect on the interim condensed consolidated income statement and the interim condensed consolidated cash flow statement for the period ended 31 March 2018.

Further, certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications were made in order to more appropriately present certain items of interim condensed consolidated statement of financial position and interim condensed consolidated cash flow statement. Such reclassifications do not affect previously reported assets, liabilities, equity and profit for the period, nor materially affect the interim condensed consolidated cash flow statement. The reclassifications are not material to the interim condensed consolidated financial statements.

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP**

**IFRS 16 ‘Leases’**

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

**a) Nature of the effect of adoption of IFRS 16**

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised, and the lease payments were recognised as rent expense in the statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under ‘Other current assets’ and ‘Trade and other payables’, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group adopted IFRS 16 using the modified retrospective method and accordingly, the comparative information is not restated with the date of initial application of 1 January 2019.

*Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- ▶ Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- ▶ Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- ▶ Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- ▶ Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application and;
- ▶ Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

## Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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#### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

###### IFRS 16 'Leases' (continued)

###### a) Nature of the effect of adoption of IFRS 16 (continued)

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/ (decrease)) is as follows:

	<i>KD</i>
<b>Assets</b>	
Right-of-use assets (included under other assets & property plant and equipment)	<b>23,516</b>
<b>Total assets</b>	<b>23,516</b>
<b>Liabilities</b>	
Lease liabilities (included under other liabilities)	<b>23,516</b>

###### b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

###### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

###### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)****IFRS 16 'Leases' (continued)****b) Summary of new accounting policies (continued)***Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

*Significant judgement in determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the Group.

**c) Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss**

The Group recognised a decrease in rental expense of KD 934 thousand and increase in depreciation expense of KD 1,144 thousand for the period ended 31 March 2019.

**3 CASH IN HAND AND AT BANKS**

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash and bank balances	<b>920,382</b>	1,053,464	839,049
Deposits with original maturities up to three months	<b>913,168</b>	1,061,772	618,335
Expected credit losses	<b>(590)</b>	(547)	-
	<b>1,832,960</b>	2,114,689	1,457,384
Cash and cash equivalents	<b>16,645</b>	4,079	9,788
Add: deposits with original maturities exceeding three months	<b>16,645</b>	4,079	9,788
	<b>1,849,605</b>	2,118,768	1,467,172

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**4 PROVISIONS FOR CREDIT LOSSES**

An analysis of changes in the ECL allowances in relation to loans and advances, as follows:

	<i>Stage 1</i> <i>KD '000</i>	<i>Stage 2</i> <i>KD '000</i>	<i>Stage 3</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>ECL allowance</i>				
Balance at 1 January	27,947	58,181	118,952	205,080
Charge during the period	365	(7,477)	7,838	726
Foreign exchange	(53)	(133)	(327)	(513)
<b>At 31 March 2019</b>	<b>28,259</b>	<b>50,571</b>	<b>126,463</b>	<b>205,293</b>

During the period the charge to ECL allowance on non-cash credit related facilities is KD 204 thousand.

Following is the stage wise break-up of the gross carrying amount of loans and advances:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	3,881,199	660,382	251,461	4,793,042
ECL allowances	28,259	50,571	126,463	205,293
<b>As at 31 March 2019</b>	<b>3,852,940</b>	<b>609,811</b>	<b>124,998</b>	<b>4,587,749</b>

**5 LOANS PAYABLE**

	<i>31 March</i> <i>2019</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD 000's</i>	<i>31 March</i> <i>2018</i> <i>KD 000's</i>
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	612,946	752,016	578,455
Loans with maturity above 1 year	629,513	509,871	462,068
	<b>1,242,459</b>	1,261,887	1,040,523
Less: inter-group borrowings	(551,830)	(566,676)	(492,690)
	<b>690,629</b>	695,211	547,833

Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

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**6 BONDS**

	<i>31 March 2019 KD 000's</i>	<i>(Audited) 31 December 2018 KD 000's</i>	<i>31 March 2018 KD 000's</i>
<b><i>Issued by the Parent Company:</i></b>			
Fixed interest of 5.25% per annum and maturing on 28 December 2024	<b>35,634</b>	35,620	35,582
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	<b>63,350</b>	63,325	63,255
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	<b>13,902</b>	13,898	-
Floating rate bonds at 2.25% plus CBK discount rate (Capped at 6.5%) per annum and maturing on 8 November 2023	<b>85,396</b>	85,367	-
<b><i>Issued by subsidiaries:</i></b>			
Floating interest of 3.25% per annum above the CBK discount rate and matured on 24 June 2018	-	-	23,550
Fixed interest of 5.75% per annum and matured on 24 June 2018	-	-	36,450
Fixed interest of 4.125% per annum and maturing 30 December 2021	<b>99,621</b>	99,624	-
Fixed interest of 5.65% per annum and maturing on 27 December 2022 *	-	-	35,220
Floating interest of 3.90% per annum above the CBK discount rate (capped at 6.65% per annum) and maturing on 27 December 2022 *	-	-	37,209
Fixed interest of 5.75% per annum and maturing on 19 April 2023	<b>32,150</b>	32,150	-
Fixed interest of 6% per annum and maturing on 26 July 2023	<b>14,900</b>	14,900	-
Floating interest of 2.75% per annum above the CBK discount rate (capped at 7% per annum) and maturing on 26 July 2023	<b>25,100</b>	25,100	-
Fixed interest of 6% per annum and maturing on 9 March 2026	<b>29,850</b>	29,841	29,814
Floating interest of 3.95% per annum above the CBK discount rate (capped at 7% per annum) and maturing on 9 March 2026	<b>69,320</b>	69,299	69,236
Floating interest of 2.50% per annum above the CBK discount rate and maturing on 19 April 2023	<b>27,850</b>	27,850	-
	<b>497,073</b>	496,974	330,316
Less: inter-group eliminations	<b>(24,000)</b>	(24,000)	-
	<b>473,073</b>	472,974	330,316

\* Subordinated bonds issued in 2012, callable at the option of the bank after 5 years from the date of issuance, have been prepaid during the prior period.

Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

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**7 MEDIUM TERM NOTES**

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b><i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i></b>			
Fixed rate notes amounting to US\$ 233 million (originally US\$ 500 million) having a term of 5 years carrying a coupon interest rate of 4.8% payable on a semi-annual basis matured and paid on 5 February 2019. The notes were listed on the London Stock Exchange.	-	70,602	69,723
Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 15 July 2020 and carrying a coupon interest rate of 9.375% payable on a semi-annual basis. The notes are listed on the London Stock Exchange.	<b>151,728</b>	151,213	149,254
Fixed rate notes amounting to US\$ 500 million having a term of 7 years maturing on 15 March 2023 and carrying a coupon interest rate of 5% per annum payable on a semi-annual basis. The notes are listed on the London Stock Exchange.	<b>152,100</b>	151,650	149,875
Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 23 February 2027 and carrying a coupon interest rate of 4.5% per annum payable on a semi-annual basis. The notes are listed on the London Stock Exchange.	<b>148,487</b>	147,956	145,953
<b><i>Issued by subsidiaries through SPEs:</i></b>			
Fixed rate notes amounting to US\$ 500 million having a term of 5 years maturing on 14 September 2021 and carrying a coupon interest rate of 3.125%. The notes are listed on the Irish Stock Exchange.	<b>151,374</b>	150,852	148,864
	<b>603,689</b>	672,273	663,669
Less: inter-group eliminations	<b>(912)</b>	(7,293)	(7,362)
	<b>602,777</b>	664,980	656,307

**8 SHAREHOLDERS' EQUITY, TREASURY SHARES, RESERVES AND APPROPRIATIONS**

**a) Share capital**

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Authorised share capital (shares of 100 fils each)	<b>200,000</b>	200,000	200,000
Issued and fully paid up capital (shares of 100 fils each) *	<b>154,725</b>	154,725	147,357

\* This comprises 1,049,620,700 shares (31 December 2018: 1,049,620,700 shares and 31 March 2018: 1,049,620,700 shares) which are fully paid up in cash, whereas 497,630,638 shares (31 December 2018: 497,630,638 shares and 31 March 2018: 423,952,003 shares) were issued as bonus shares.

**b) Share premium**

The share premium is not available for distribution.

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**8 SHAREHOLDERS' EQUITY, TREASURY SHARES, RESERVES AND APPROPRIATIONS  
(continued)**

**c) Treasury shares**

	<i>31 March</i> <i>2019</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i>	<i>31 March</i> <i>2018</i>
Number of treasury shares	<b>145,602,483</b>	146,921,701	131,027,237
Percentage of capital	<b>9.41%</b>	9.50%	8.89%
Market value (KD 000's)	<b>32,033</b>	30,560	37,343

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

**d) Dividend**

On 10 April 2019 the Annual General Assembly of shareholders approved the distribution of cash dividend of 12 fils per share for the year ended 31 December 2018 (for the year ended 31 December 2017: 10 fils per share) and stock dividend of Nil (for the year ended 31 December 2017: 5%) to the Parent Company's shareholders on record as at the record date.

**9 INVESTMENT INCOME**

	<i>Three months ended</i> <i>31 March</i>	
	<i>2019</i> <i>KD 000's</i>	<i>2018</i> <i>KD 000's</i>
Gain on sale of financial assets at fair value through profit or loss	<b>356</b>	512
Unrealised gain on financial assets at fair value through profit or loss	<b>359</b>	730
Gain (loss) on sale of debt instruments at fair value through other comprehensive income	<b>2,200</b>	(942)
Dividend income	<b>1,709</b>	1,116
Loss on sale of investment properties	-	(8)
Gain on sale of investment in associates	-	176
	<b>4,624</b>	1,584



Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

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**10 EARNINGS (LOSS) PER SHARE**

**Basic:**

Basic earnings (loss) per share is computed by dividing the profit (loss) for the period attributable to equity holders of the Parent Company after interest payment on perpetual capital securities by the weighted average number of shares outstanding during the period, as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD 000's</i>	<i>KD 000's</i>
<b>Basic earnings per share:</b>		
Profit for the period attributable to the equity holders of the Parent Company from continuing operations	<b>6,502</b>	15,620
Loss for the period attributable to the equity holders of the Parent Company from discontinued operation	-	(9,984)
	<u>6,502</u>	<u>5,636</u>
Profit for the period attributable to the equity holders of the Parent Company	<b>6,502</b>	5,636
Less: interest payment on perpetual capital securities attributable to the equity holders of the Parent Company	<b>(3,473)</b>	(3,480)
	<u>3,029</u>	<u>2,156</u>
	<i>Shares</i>	<i>Shares</i>
<b>Number of shares outstanding:</b>		
Issued and fully paid up capital	<b>1,547,251,338</b>	1,547,251,338
Weighted average number of treasury shares	<b>(146,390,771)</b>	(137,578,599)
	<u>1,400,860,567</u>	<u>1,409,672,739</u>
	<i>Fils</i>	<i>Fils</i>
Basic earnings per share	<b>2.16</b>	1.53
	<u>2.16</u>	<u>8.61</u>
Basic earnings per share from continuing operations	<b>2.16</b>	8.61
	<u>-</u>	<u>(7.08)</u>
Basic loss per share from discontinued operation	-	(7.08)

# Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2019

### 10 EARNINGS (LOSS) PER SHARE (continued)

#### *Diluted:*

Diluted earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to the equity holders of the Parent Company after interest payment on perpetual capital securities adjusted for the effect of decrease in profit due to exercise of potential ordinary shares of subsidiaries by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all employee's stock options. The Parent Company has outstanding share options, issued under the Employee Stock Options Plan (ESOP), which may have a dilutive effect on earnings.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD 000's</i>	<i>KD 000's</i>
<i>Diluted earnings per share:</i>		
Profit for the period attributable to the equity holders of the Parent Company from continuing operation	<b>6,502</b>	15,620
Loss for the period attributable to the equity holders of the Parent Company from a discontinued operation	-	(9,984)
	<hr/>	<hr/>
Profit for the period attributable to the equity holders of the Parent Company	<b>6,502</b>	5,636
Less: interest payment on perpetual capital securities attributable to the equity holders of the Parent Company	<b>(3,473)</b>	(3,480)
	<hr/>	<hr/>
Profit for the period attributable to the equity holders of the Parent Company after interest payment on perpetual capital securities	<b>3,029</b>	2,156
	<hr/>	<hr/>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	<b>1,400,860,567</b>	1,409,672,739
	<hr/>	<hr/>
	<i>Fils</i>	<i>Fils</i>
Diluted earnings per share	<b>2.16</b>	1.53
	<hr/>	<hr/>
Diluted earnings per share from continuing operations	<b>2.16</b>	8.61
	<hr/>	<hr/>
Diluted loss per share from discontinued operation	-	(7.08)
	<hr/>	<hr/>

The effect of stock options on issue has not been considered in the computation of diluted earnings (loss) per share as the result is anti-dilutive.

# Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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### 11 HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS

The Group designated its investments in foreign operations (i.e. investment in Panther Media Group Limited , United Gulf Holding Company B.S.C., Taka`ud Savings & Pensions Company B.S.C. and Pulsar Knowledge Centre) and EMTN as a hedge of a net investment in foreign operations. EMTN is being used to hedge the Group's exposure to the US\$ foreign exchange risk on these investments. During the period, gains or losses amounting to KD 941 thousand on the retranslation of this borrowing are transferred to interim condensed consolidated statement of comprehensive income to offset any losses on translation of the net investments in the foreign operations. There is no ineffectiveness during the period ended 31 March 2019.

Burgan Bank has entered into a forward foreign exchange contracts between Turkish lira (TRY) and United States Dollar (USD), rolled over on a monthly basis, which has been designated as a hedge of the Bank's net investment in its Turkish subsidiary. This transaction has created a net long position in USD. Gains or losses on the retranslation of the aforesaid contracts are transferred to interim condensed consolidated statement of comprehensive income to offset any gains or losses on translation of the net investments in the Turkish subsidiary. No ineffectiveness from hedges of net investments in foreign operations was recognised in profit or loss during the period.

### 12 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. major shareholder, 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 approved by the Group's management. Related party balances and transactions consist of the following:

	<i>Major shareholder KD 000's</i>	<i>Associates KD 000's</i>	<i>Others KD 000's</i>	<i><b>Total 31 March 2019 KD 000's</b></i>	<i>(Audited) 31 December 2018 KD 000's</i>	<i>31 March 2018 KD 000's</i>
<b><i>Interim condensed consolidated statement of financial position:</i></b>						
Loans and advances *	-	15,742	343,463	<b>359,205</b>	367,414	444,338
Other assets	2,183	3,726	255	<b>6,164</b>	3,640	44,900
Due to banks and other financial institutions *	-	12,283	18,795	<b>31,078</b>	35,528	53,087
Deposits from customers *	89,258	13,496	12,748	<b>115,502</b>	93,175	93,659
Medium term notes	-	3,042	-	<b>3,042</b>	3,033	2,998
Other liabilities	482	160	52,821	<b>53,463</b>	62,635	112,117
Perpetual capital securities	-	1,509	906	<b>2,415</b>	2,415	2,415
<b><i>Commitments and contingent liabilities:</i></b>						
Letter of credit	-	4,713	2,415	<b>7,128</b>	6,994	4,326
Guarantees	25	31,014	49,182	<b>80,221</b>	79,978	74,504
					<b><i>Three months ended 31 March</i></b>	
	<i>Major shareholder KD 000's</i>	<i>Associates KD 000's</i>	<i>Others KD 000's</i>	<i>2019 KD 000's</i>	<i>2018 KD 000's</i>	
<b><i>Transactions:</i></b>						
Interest income	1,516	267	2,088	<b>3,871</b>	4,387	
Fee and commission income	22	374	338	<b>734</b>	943	
Interest expense	1,310	187	117	<b>1,614</b>	821	

\* Related party balances pertain to operations of a banking subsidiary.

# Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

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### 13 SEGMENT INFORMATION

On 8 August 2018 the Board of Directors of the Parent Company approved initiating an active plan to divest its stake in Panther Media Group Limited, a media segment. Accordingly, for management purposes, the Group reorganised its media segment as discontinued operation in accordance with IFRS 5 (Note 17) and others are organised into six main business segments based on internal reporting provided to the chief operating decision maker as follows:

Commercial banking - represents Group's commercial banking activities which includes retail banking, corporate banking, and private banking and treasury products. These entities are regulated by the Central Banks of the respective countries.

Asset management and investment banking - represents Group's asset management and investment banking activities which includes asset management, corporate finance (advisory and capital markets services), investment advisory and research, and wealth management.

Insurance - represents Group's insurance activities and other related services.

Industrial - represents Group's activities in industrial project development, Petrochemical Industries, food, utilities, services, medical equipment and other related sectors.

Hospitality and real estate - represents Group's activities in the hospitality and real estate sector.

Others - represents other activities undertaken by the Group which includes management advisory, education and consultancy.

Transfer prices between operating segments are at a price approved by the management of the Group.

The following table presents revenue and profit before taxation from continuing operations information regarding the Group's operating segments:

	<i>Three months ended 31 March</i>			
	<i>2019</i>		<i>2018</i>	
	<i>Segment revenues</i>	<i>Segment results</i>	<i>Segment revenues</i>	<i>Segment results</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Commercial banking	<b>118,855</b>	<b>33,797</b>	128,978	38,521
Asset management and investment banking	<b>12,256</b>	<b>(16,382)</b>	11,431	(10,125)
Insurance	<b>1,722</b>	<b>1,722</b>	1,535	1,535
Industrial	<b>15,227</b>	<b>7,253</b>	13,038	4,764
Hospitality and real estate	<b>28,605</b>	<b>304</b>	27,859	4,941
Others	<b>12,209</b>	<b>177</b>	11,975	(1,424)
Inter-segmental eliminations	<b>(10,613)</b>	<b>(3,995)</b>	(13,879)	(5,569)
Segment revenues and results	<b>178,261</b>	<b>22,876</b>	180,937	32,643

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**13 SEGMENT INFORMATION (continued)**

The following table presents assets and liabilities of the Group's operating segments:

	<i>31 March 2019 KD 000's</i>	<i>(Audited) 31 December 2018 KD 000's</i>	<i>'Restated' 31 March 2018 KD 000's</i>
<b>Assets:</b>			
Commercial banking	8,444,665	8,708,774	8,233,449
Asset management and investment banking	785,513	795,279	757,104
Insurance	71,031	73,174	71,687
Media	-	-	178,327
Industrial	302,172	278,966	272,568
Hospitality and real estate	969,331	970,290	882,020
Others	292,090	291,009	270,562
Inter-segmental eliminations	(966,930)	(934,485)	(854,157)
Assets held for sale	190,867	187,304	-
<b>Total assets</b>	<b>10,088,739</b>	<b>10,370,311</b>	<b>9,811,560</b>
<b>Liabilities:</b>			
Commercial banking	7,487,516	7,754,344	7,430,798
Asset management and investment banking	1,261,500	1,294,011	1,097,512
Industrial	130,756	138,145	113,522
Hospitality and real estate	673,545	675,398	576,493
Others	198,555	205,692	199,842
Inter-segmental eliminations	(679,543)	(707,914)	(627,991)
<b>Total liabilities</b>	<b>9,072,329</b>	<b>9,359,676</b>	<b>8,790,176</b>

Inter-segmental eliminations represent the elimination of balances and transactions arising in the normal course of business between different segments of the Group.

**14 COMMITMENTS**

The Group has the following commitments:

	<i>31 March 2019 KD 000's</i>	<i>(Audited) 31 December 2018 KD 000's</i>	<i>31 March 2018 KD 000's</i>
<b>Credit related commitments:</b>			
Letters of credit	328,557	332,348	362,258
Guarantees & Acceptances	953,505	974,017	1,021,345
	<b>1,282,062</b>	<b>1,306,365</b>	<b>1,383,603</b>
<b>Undrawn lines of credit</b>	<b>668,816</b>	<b>656,263</b>	<b>738,495</b>
<b>Investment related commitments</b>	<b>77,951</b>	<b>88,173</b>	<b>119,645</b>
	<b>2,028,829</b>	<b>2,050,801</b>	<b>2,241,743</b>

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### 15 DERIVATIVES

The table below shows the notional amounts of derivatives outstanding as at the reporting date. The notional amount of a derivative is based upon the derivative's underlying asset, reference rate or index.

	<i>31 March 2019 KD 000's</i>	<i>(Audited) 31 December 2018 KD 000's</i>	<i>31 March 2018 KD 000's</i>
<b>Derivatives held for trading:</b> <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	<b>1,042,959</b>	938,513	1,129,255
Interest rate swaps	<b>216,134</b>	269,553	345,958
Options	<b>203,731</b>	220,446	675,227
<b>Derivatives held for hedging:</b>			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	<b>180,078</b>	293,282	229,770
Interest rate swaps	<b>-</b>	106,155	104,913
<i>Cash flow hedges:</i>			
Interest rate swaps	<b>314,860</b>	299,963	298,837

### 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Fair value of financial instruments are not materially different from their carrying values except for medium term notes whose fair value amounts to KD 612,019 thousand (31 December 2018: KD 655,883 thousand). For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fair value of quoted securities is derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

#### **Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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### 16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
<b>31 March 2019</b>				
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	6,764	-	7,212	<b>13,976</b>
Debt securities	3,447	-	-	<b>3,447</b>
Managed funds	-	66,772	69,435	<b>136,207</b>
Forfeiting assets	-	-	96,536	<b>96,536</b>
	<u>10,211</u>	<u>66,772</u>	<u>173,183</u>	<u><b>250,166</b></u>
 <i>Financial assets fair value through other comprehensive income:</i>				
Equities	38,367	37,314	31,742	<b>107,423</b>
Debt securities	143,374	6,096	14,083	<b>163,553</b>
	<u>181,741</u>	<u>43,410</u>	<u>45,825</u>	<u><b>270,976</b></u>
				<i>Total fair value</i>
<b>31 December 2018</b>	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>KD 000's</i>
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	10,846	-	7,723	18,569
Debt securities	2,832	-	-	2,832
Managed funds	-	60,562	77,770	138,332
Forfeiting assets	-	-	105,332	105,332
	<u>13,678</u>	<u>60,562</u>	<u>190,825</u>	<u>265,065</u>
 <i>Financial assets fair value through other comprehensive income:</i>				
Equities	32,709	34,790	53,874	121,373
Debt securities	118,291	6,020	8,000	132,311
	<u>151,000</u>	<u>40,810</u>	<u>61,874</u>	<u>253,684</u>

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### 16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
31 March 2018				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	5,644	-	16,638	22,282
Debt securities	4,872	-	-	4,872
Managed funds	-	48,357	59,301	107,658
Forfeiting assets	-	-	76,000	76,000
	10,516	48,357	151,939	210,812
 <i>Financial assets fair value through other comprehensive income:</i>				
Equities	28,044	23,516	81,218	132,778
Debt securities	107,388	-	17,355	124,743
	135,432	23,516	98,573	257,521

There were no material transfers between the levels during the period. The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of changes in equity is immaterial, if the relevant risk variables used to determine fair values for the unquoted securities are altered by 5%.

### 17 DISCONTINUED OPERATIONS

The Group owns 60.50% equity interest in Panther Media Group Limited ("PMGL") known as "OSN", a jointly controlled entity incorporated in Dubai and registered in the Dubai International Financial Centre, engaged in providing satellite encrypted pay television services across the Middle East and North Africa region.

The Group had accounted for its interest in PMGL using the equity method. On 8 August 2018, the Board of Directors of the Parent Company approved initiating an active plan to divest its entire interest in PMGL. The Group has engaged an international investment banker for this purpose. As a result, the investment in a media joint venture has been classified as "Assets held for sale" in accordance with IFRS 5 - Non-current Assets held for sale and discontinued operations ("IFRS 5") in the interim condensed consolidated statement of financial position for the period ended 31 March 2019.

The business of OSN represented the entirety of the Group's media operating segment. In accordance with IFRS 5. The results of PMGL for the period are presented below:

	31 March 2018 KD 000's
Income	41,623
Expenses	(58,147)
Loss for the period from discontinued operations	(16,524)
Total comprehensive loss for the period from discontinued operations	(16,591)
Group's share of loss for the period from discontinued operations	(9,984)
Group's share of total comprehensive loss for the period from discontinued operations	(10,024)



## Kuwait Projects Company Holding K.S.C.P. and Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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#### 17 DISCONTINUED OPERATIONS (continued)

The following table summarizes the carrying value of the Group's share of investment in a media joint venture and assets held for sale.

	<i>31 March 2019 *</i> <i>KD 000's</i>	<i>31 December 2018 *</i> <i>KD 000's</i>	<i>31 March 2018</i> <i>KD 000's</i>
Current assets	<b>91,028</b>	90,698	93,268
Non-current assets	<b>428,923</b>	427,372	423,552
Current liabilities	<b>(134,369)</b>	(133,884)	(128,562)
Non-current liabilities	<b>(58,487)</b>	(58,276)	(67,285)
<b>Equity</b>	<b>327,095</b>	325,910	320,973
<b>Group's carrying value as investment in a media joint venture</b>	-	-	178,327
<b>Group's carrying value as assets held for sale</b>	<b>190,867</b>	187,304	-

\* Represents activity until 08 August 2018, prior to the classification as assets held for sale & discontinued operations and subsequent movement in carrying value is due to foreign currency translation and capital contribution.