

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2014 (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 2014, 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 month 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. 25 of 2012, as amended, or of the articles of association and memorandum of incorporation of the Parent Company during the three month period ended 31 March 2014 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI

LICENCE NO. 68 A

EY

AL-AIBAN, AL-OSAIMI & PARTNERS

DR. SHUAIB A. SHUAIB

LICENCE NO. 33 A


RSM Albazie & Co.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2014

		(Audited)	(Restated)
	31 March	31 December	31 March
	2014	2013	2013
Notes	KD 000's	KD 000's	KD 000's
ASSETS			
Cash in hand and at banks	3	1,748,640	1,188,269
Treasury bills and bonds		587,830	480,207
Loans and advances		4,336,964	3,463,394
Financial assets at fair value through profit or loss		60,395	34,024
Financial assets available for sale		415,995	361,455
Financial assets held to maturity		16,628	7,435
Other assets		337,071	306,652
Properties held for trading		50,632	43,467
Investment in associates		392,720	330,035
Investment in a media joint venture	4	146,003	140,720
Investment properties		366,758	387,795
Property and equipment		232,741	222,825
Intangible assets		332,970	352,534
TOTAL ASSETS		9,025,347	7,318,812
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,807,471	1,034,615
Deposits from customers		4,713,115	3,925,117
Loans payable	5	236,929	235,985
Bonds	6	230,061	213,422
Medium term notes	7	540,254	405,063
Other liabilities		404,971	397,292
Total liabilities		7,932,801	6,211,494
Equity			
Equity attributable to equity holders of the Parent Company		539,852	544,920
Non controlling interest		552,694	562,398
Total equity		1,092,546	1,107,318
TOTAL LIABILITIES AND EQUITY		9,025,347	7,318,812



Faisal Hamad Al Ayyar
Vice Chairman

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 31 March 2014

		<i>Three months ended</i>	
		<i>31 March</i>	
		<i>(Restated)</i>	
		<i>2014</i>	<i>2013</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Notes			
Continuing operations:			
Income:			
		71,443	59,047
		8,215	3,215
	9	13,590	11,623
		9,476	7,348
		2,333	1,001
	4	5,493	5,115
		11,944	10,154
		8,096	9,495
		5,193	3,633
		1,313	4,648
		137,096	115,279
Expenses:			
		42,433	37,368
		3,393	2,952
		7,101	5,637
		7,456	8,532
		37,317	28,299
		5,134	4,415
		10,852	2,878
		271	330
		113,957	90,411
		23,139	24,868
Discontinued operations:			
		-	3,889
		23,139	28,757
		(2,769)	(3,659)
		20,370	25,098
Attributable to:			
		10,297	8,566
		10,073	16,532
		20,370	25,098
		<i>Fils</i>	<i>Fils</i>
EARNINGS PER SHARE:			
		7.14	6.04
	10	7.10	6.03
		7.10	6.03

The attached notes 1 to 15 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 2014

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period	20,370	25,098
<i>Other comprehensive income to be reclassified to consolidated income statement in subsequent periods:</i>		
Financial assets available for sale:		
- Net fair value income (loss)	6,181	(1,094)
- Net transfer to interim condensed consolidated income statement	(692)	(375)
Change in fair value of cashflow hedge	9	36
Foreign currency translation adjustment	(1,638)	7,961
Share of other comprehensive income from associates and joint venture	377	4,494
Net other comprehensive income to be reclassified to consolidated income statement in subsequent periods	4,237	11,022
Total comprehensive income for the period	24,607	36,120
Attributable to:		
Equity holders of the Parent Company	14,214	16,941
Non controlling interest	10,393	19,179
	24,607	36,120

The attached notes 1 to 15 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 2014

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	<i>2014</i>	<i>2013</i>
		<i>KD 000's</i>	<i>KD 000's</i>
OPERATING ACTIVITIES			
Profit before taxation from continuing operations		23,139	24,868
Profit before taxation from discontinued operations		-	3,889
		<hr/>	<hr/>
Profit before taxation		23,139	28,757
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(71,443)	(59,047)
Investment income	9	(8,215)	(3,215)
Share of results of associates		(9,476)	(7,348)
Share of results of a media joint venture		(2,333)	(1,001)
Interest expense		42,433	37,368
Depreciation and amortisation (from continuing and discontinuing operations)		5,134	5,354
Provision for credit losses		10,852	2,878
Impairment of investments		271	330
Foreign exchange loss on loans payable and medium term notes		1,091	5,367
Provision for employee stock option plan		(24)	34
		<hr/>	<hr/>
		(8,571)	9,477
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		(1,913)	3,794
Treasury bills and bonds		(4,183)	3,381
Loans and advances		(13,759)	112,523
Financial assets at fair value through profit or loss		(7,441)	4,015
Financial assets available for sale		19,298	(24,892)
Other assets		5,854	(27,532)
Due to banks and other financial institutions		225,444	1,014
Deposits from customers		(16,766)	62,739
Other liabilities		19,949	15,986
Dividends received		884	1,047
Interest received		76,784	70,677
Interest paid		(37,825)	(32,667)
Taxation paid		(3,662)	(7,469)
		<hr/>	<hr/>
Net cash from operating activities		254,093	192,093
INVESTING ACTIVITIES			
Purchase of investment properties, net		(4,197)	(6,446)
Proceeds from disposal of investment in associates, net		(635)	-
		<hr/>	<hr/>
Net cash used in investing activities		(4,832)	(6,446)
FINANCING ACTIVITIES			
Proceeds from (repayment of) loans, net		3,397	(6,746)
Proceeds from medium term notes		140,092	-
Purchase of treasury shares		(6,465)	(1,790)
Proceeds from sale of treasury shares		183	7,734
Dividends paid to equity holders of the Parent Company		-	(9)
Dividends paid to non controlling interest		-	(629)
Movement in non controlling interest		(12,564)	(3,365)
		<hr/>	<hr/>
Net cash from (used in) financing activities		124,643	(4,805)
Net foreign exchange difference		(717)	1,509
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		373,187	182,351
Cash and cash equivalents at 1 January		1,370,793	1,004,099
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 31 MARCH	3	1,743,980	1,186,450
		<hr/> <hr/>	<hr/> <hr/>

The attached notes 1 to 15 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 2014

Attributable to equity holders of the Parent Company

	<i>Share capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Voluntary reserve KD 000's</i>	<i>Cumulative changes in fair values KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>ESOP reserve KD 000's</i>	<i>Other reserve KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Total KD 000's</i>	<i>Non controlling interest KD 000's</i>	<i>Total equity KD 000's</i>
As at 1 January 2014	140,340	3,111	(11,434)	96,850	96,575	(4,450)	(22,279)	1,976	148	259,593	560,430	553,675	1,114,105
Profit for the period	-	-	-	-	-	-	-	-	-	10,297	10,297	10,073	20,370
Other comprehensive income (loss)	-	-	-	-	-	5,376	(1,459)	-	-	-	3,917	320	4,237
Total comprehensive income (loss)	-	-	-	-	-	5,376	(1,459)	-	-	10,297	14,214	10,393	24,607
Dividends for 2013 at 20 fils per share (note 8)	-	-	-	-	-	-	-	-	-	(27,532)	(27,532)	-	(27,532)
Purchase of treasury shares	-	-	(6,465)	-	-	-	-	-	-	-	(6,465)	-	(6,465)
Sale of treasury shares	-	-	183	-	-	-	-	-	-	-	183	-	183
Employees' share based payment	-	-	-	-	-	-	-	(24)	-	-	(24)	-	(24)
Dividends payable to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	(7,310)	(7,310)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(954)	-	(954)	(4,064)	(5,018)
As at 31 March 2014	140,340	3,111	(17,716)	96,850	96,575	926	(23,738)	1,952	(806)	242,358	539,852	552,694	1,092,546

The attached notes 1 to 15 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 2014

Attributable to equity holders of the Parent Company

	<i>Share Capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Voluntary reserve KD 000's</i>	<i>Cumulative changes in fair values KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>ESOP reserve KD 000's</i>	<i>Other reserve KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Total KD 000's</i>	<i>Non controlling interest KD 000's</i>	<i>Total equity KD 000's</i>
As at 31 December 2012 (as previously reported)	133,657	3,111	(22,325)	92,827	92,552	(6,569)	(14,563)	2,458	309	294,885	576,342	495,285	1,071,627
Effect of adoption of new standards and other restatements	-	-	-	-	-	5,719	(218)	-	(57)	(35,170)	(29,726)	53,826	24,100
As at 1 January 2013 (restated)	133,657	3,111	(22,325)	92,827	92,552	(850)	(14,781)	2,458	252	259,715	546,616	549,111	1,095,727
Profit for the period	-	-	-	-	-	-	-	-	-	8,566	8,566	16,532	25,098
Other comprehensive income	-	-	-	-	-	2,870	5,505	-	-	-	8,375	2,647	11,022
Total comprehensive income	-	-	-	-	-	2,870	5,505	-	-	8,566	16,941	19,179	36,120
Dividends for 2012 at 20 fils per share (note 8)	-	-	-	-	-	-	-	-	-	(26,061)	(26,061)	-	(26,061)
Issue of bonus shares (note 8)	6,683	-	-	-	-	-	-	-	-	(6,683)	-	-	-
Purchase of treasury shares	-	-	(1,790)	-	-	-	-	-	-	-	(1,790)	-	(1,790)
Sale of treasury shares	-	-	7,656	-	-	-	-	-	-	78	7,734	-	7,734
Employees' share based payment	-	-	-	-	-	-	-	34	-	-	34	-	34
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	(629)	(629)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	1,446	-	1,446	(5,263)	(3,817)
As at 31 March 2013	140,340	3,111	(16,459)	92,827	92,552	2,020	(9,276)	2,492	1,698	235,615	544,920	562,398	1,107,318

The attached notes 1 to 15 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 2014

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 on the Kuwait Stock Exchange. 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 month period ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 7 May 2014.

The principal activities of the Group are explained in note 12. The major shareholder of the Parent Company is Al Futtooh Holding Company K.S.C. (Closed).

The New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the “Companies Law”), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree).

The Executive Regulations of the new amended law was issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

2 SIGNIFICANT ACCOUNTING POLICIES

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 interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2013.

The Group has restated its comparative financial statements for the year ended 31 December 2013. Accordingly, the comparative consolidated statement of financial position as at 31 March 2013, the comparative consolidated statement of changes in equity and the consolidated income statement for the period ended 31 March 2013 have been restated in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors to reflect the adjustments made at 31 December 2013. These restatement are as follows:

- a) The Group reclassified its certain investment in associate and financial assets available for sale. These restatements resulted in decrease in ‘financial assets available for sale’ by KD 1,100 thousand, increase in ‘other assets’ by KD 219 thousand, decrease in ‘investment in associates’ by KD 219 thousand, decrease in ‘retained earnings’ by KD 418 thousand and decrease in ‘non controlling interest’ by KD 682 thousand. The restatement did not have any effect on the comparative consolidated income statement, comparative consolidated statement of comprehensive income and comparative consolidated statement of cash flows for the period ended 31 March 2013.
- b) The Group recognized deferred tax liabilities arising from an indirect overseas subsidiary in previous period. The restatement resulted in increase in ‘other liabilities’ by KD 6,900 thousand, decrease in ‘retained earnings’ by KD 3,612 thousand, decrease in ‘other reserves’ by KD 173 thousand, and decrease in ‘non controlling interest’ by KD 3,115 thousand. These restatements also resulted in decrease in ‘share of results of associates’ and ‘depreciation and amortisation’ by KD 132 thousand.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

- c) During the previous year, the Group reassessed its revenue recognition policy for the media joint venture. The restatement resulted in decrease in 'investment in a media joint venture' by KD 2,891 thousand, decrease in 'retained earnings' by KD 2,694 thousand and decrease in 'foreign currency translation reserve' by KD 197 thousand in the interim condensed consolidated statement of financial position as at 31 March 2013. The restatement did not have any effect on the comparative consolidated income statement, comparative consolidated statement of comprehensive income and comparative consolidated statement of cash flows for the three month period ended 31 March 2013.

The comparative consolidated statement of financial position as at 31 March 2013 has also been restated in accordance with IFRS 3: Business combinations ("IFRS 3") due to the effect of the Purchase Price Allocation ("PPA") of Burgan Bank Turkey ("BBT"), which requires retrospective adjustment of provisional amounts recognised at the acquisition date and revision to the fair value of the Group's share in BBT.

Further, certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications were made in order to more appropriately present certain items of consolidated statements of financial position and consolidated income statement. Such reclassifications do not affect previously reported total assets, total equity, total liabilities and profit reported for the year. The reclassifications are not material to the interim condensed consolidated financial information.

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.

Changes in accounting policy and disclosures

The accounting policies used in the preparation of these 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 2013, except for the adoption of the following new standards and interpretations effective as of 1 January 2014 during the period:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment is not relevant to the Group, as none of the entities in the Group qualify to be an investment entity under IFRS 10.

IAS 32: Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

These amendments are effective for annual periods beginning on or after 1 January 2014 and clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment has not resulted in any impact on the financial position or performance of the Group.

IAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. Though these amendments have not resulted in any additional disclosures currently, the same would continue to be considered for future disclosures.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments have not resulted in any impact on the financial position or performance of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

3 CASH IN HAND AND AT BANKS

	<i>31 March 2014</i>	<i>(Audited) 31 December 2013</i>	<i>31 March 2013</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash and bank balances	888,436	700,831	571,200
Deposits with original maturities up to three months	855,544	669,962	615,250
Cash and cash equivalents	1,743,980	1,370,793	1,186,450
Add: deposits with original maturities exceeding three months	4,660	2,747	1,819
	1,748,640	1,373,540	1,188,269

4 INVESTMENT IN A MEDIA JOINT VENTURE

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

The Group’s share of assets and liabilities as at 31 March 2014, 31 December 2013 and 31 March 2013 and income and expenses of PMGL for the period ended 31 March 2014 and 2013, which are accounted for using the equity method in the interim condensed consolidated financial information, are as follows:

	<i>31 March 2014</i>	<i>31 December 2013</i>	<i>31 March 2013</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Current assets	59,117	48,375	40,625
Non-current assets	408,630	409,009	399,548
Current liabilities	79,003	69,563	72,108
Non-current liabilities	43,561	45,733	31,625
Equity	345,183	342,088	336,440
Group’s share of investment	208,560	206,690	203,277
Less: inter-group eliminations	(62,557)	(62,557)	(62,557)
	146,003	144,133	140,720
		<i>Three months ended 31 March</i>	
		<i>2014</i>	<i>2013</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Income		41,873	31,336
Expenses		(38,012)	(29,679)
Profit for the year		3,861	1,657
Group’s share of the profit for the year		2,333	1,001

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

5 LOANS PAYABLE

	<i>31 March 2014 KD 000's</i>	<i>(Audited) 31 December 2013 KD 000's</i>	<i>31 March 2013 KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity above 1 year	40,000	40,000	40,000
	40,000	40,000	40,000
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	214,913	224,755	119,221
Islamic financing payables with maturity within 1 year	-	2,139	20,116
Loans with maturity above 1 year	318,362	293,350	362,467
	533,275	520,244	501,804
Less: inter-group borrowings	(336,346)	(326,712)	(305,819)
	236,929	233,532	235,985

6 BONDS

	<i>31 March 2014 KD 000's</i>	<i>(Audited) 31 December 2013 KD 000's</i>	<i>31 March 2013 KD 000's</i>
<i>Issued by the Parent Company:</i>			
Fixed interest of 4.75% per annum and maturing on 16 January 2016	48,500	48,500	48,500
Floating interest of 2.00% per annum above the CBK discount rate (capped at 1% above the fixed rate tranche per annum) and maturing on 16 January 2016	31,500	31,500	31,500
<i>Issued by subsidiaries:</i>			
Fixed interest of 6.75% per annum and matured on 22 June 2013	-	-	28,500
Floating interest of 3.75% per annum above the CBK discount rate and matured on 22 June 2013	-	-	11,500
Fixed interest of 5.65% per annum and maturing on 27 December 2022	40,714	40,703	40,666
Floating interest of 3.90% per annum above the CBK discount rate (capped at 6.65% per annum) and maturing on 27 December 2022	58,347	58,331	58,278
Fixed interest of 5.75% per annum and maturing on 24 June 2018	36,450	36,450	-
Floating interest of 3.25% per annum above the CBK discount rate and maturing on 24 June 2018	23,550	23,550	-
	239,061	239,034	218,944
Less: inter-group eliminations	(9,000)	(9,000)	(5,522)
	230,061	230,034	213,422

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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7 MEDIUM TERM NOTES

	<i>31 March</i> <i>2014</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD 000's</i>	<i>31 March</i> <i>2013</i> <i>KD 000's</i>
<i>Euro medium term notes (EMTN) issued by the Parent Company through an SPV:</i>			
Fixed rate notes amounting to US\$ 500 million having a term of 7 years maturing on 17 October 2016 and carrying a coupon interest rate of 8.875% payable on a semi annual basis. The notes are listed on the London Stock Exchange.	139,784	139,869	141,024
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.	139,607	139,832	141,108
Fixed rate notes amounting to US\$ 500 million having a term of 5 years maturing on 5 February 2019 and carrying a coupon interest rate of 4.8% payable on a semi annual basis. The notes are listed on the London Stock Exchange.	140,537	-	-
<i>Issued by subsidiaries through SPEs:</i>			
Floating rate subordinated debt note amounting to US\$ 100 million having a term of 10 years maturing on 12 October 2016 and carrying a coupon interest rate of 3 months LIBOR plus 190 bps per annum payable on a quarterly basis. The notes are listed on the Singapore Stock Exchange.	28,165	28,200	28,485
Fixed rate notes amounting to US\$ 400 million having a term of 10 years maturing on 29 September 2020 and carrying a coupon interest rate of 7.875% payable on a semi annual basis. The notes are listed on the London Stock Exchange.	109,599	109,692	110,532
	557,692	417,593	421,149
Less: inter-group eliminations	(17,438)	(17,111)	(16,086)
	540,254	400,482	405,063

8 SHAREHOLDERS' EQUITY, TREASURY SHARES, RESERVES AND APPROPRIATIONS

a) Shareholders' equity

At the extra ordinary general meeting of the shareholders held on 31 March 2014, the shareholders approved to amend the Parent Company's Memorandum of Incorporation and Articles of Association, to increase the authorised share capital of the Parent Company to 2,000,000 thousand shares of 100 fils each, after obtaining regulatory approvals. Subsequent to the reporting date, the regulatory approvals were obtained.

b) Treasury shares

	<i>31 March</i> <i>2014</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i>	<i>31 March</i> <i>2013</i>
Number of treasury shares	38,173,019	27,234,397	40,929,094
Percentage of capital	2.59%	1.94%	2.92%
Market value (KD 000's)	27,103	16,885	18,418

c) Reserves

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

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

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As at 31 March 2014

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

d) Dividend

On 31 March 2014, the General Assembly approved the distribution of cash dividend of 20 fils per share (for the year ended 31 December 2012: 20 fils per share) to the Parent Company's shareholders on record at the date of general assembly and stock dividend of 5% (for the year ended 31 December 2012: 5%) to the Parent Company's shareholders on record at the date of regulatory approval for distribution of bonus shares.

Subsequent to the period ended 31 March 2014, the Parent Company has completed the registration procedures for the issuance of bonus shares and accordingly notified the Kuwait Stock Exchange to adjust the issued and fully paid up share capital by an increase of 70,170,130 shares.

9 INVESTMENT INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Gain on sale of financial assets at fair value through profit or loss	3,580	1,231
Unrealised gain on financial assets at fair value through profit or loss	793	111
Gain on sale of financial assets available for sale	2,933	526
Dividend income	884	1,047
Loss on sale of investment in associates	(218)	-
Gain on sale of financial assets held to maturity	243	-
Gain on sale of investment properties	-	300
	8,215	3,215

10 EARNINGS PER SHARE

Basic:

Basic earnings per share is computed by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period, as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>(Restated)</i>
	<i>KD 000's</i>	<i>2013</i>
		<i>KD 000's</i>
<i>Basic earnings per share:</i>		
Profit for the period attributable to the equity holders of the Parent Company from continuing operations	10,297	4,677
Profit for the period attributable to the equity holders of the Parent Company from a discontinued operation	-	3,889
Profit for the period attributable to the equity holders of the Parent Company	10,297	8,566
	<i>Shares</i>	<i>Shares</i>
<i>Number of shares outstanding:</i>		
Weighted average number of paid up shares	1,473,572,703	1,473,572,703
Weighted average number of treasury shares	(31,005,988)	(54,913,017)
Weighted average number of outstanding shares	1,442,566,715	1,418,659,686
	<i>Fils</i>	<i>Fils</i>
Basic earnings per share	7.14	6.04
Basic earnings per share from continuing operations	7.14	3.30
Basic earnings per share from discontinued operation	-	2.74

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

10 EARNINGS PER SHARE (continued)

Diluted:

Diluted earnings per share is calculated by dividing the profit for the period attributable to the equity holders of the Parent Company 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>2014</i>	<i>(Restated)</i>
	<i>KD 000's</i>	<i>2013</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 operations	10,297	4,677
Profit for the period attributable to the equity holders of the Parent Company from a discontinued operation	-	3,889
Earnings for the purpose of diluted earnings per share	10,297	8,566
	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	1,442,566,715	1,418,659,686
Effect of share options on issue	7,838,603	890,983
	1,450,405,318	1,419,550,669
	<i>Fils</i>	<i>Fils</i>
Diluted earnings per share	7.10	6.03
Diluted earnings per share from continuing operations	7.10	3.29
Diluted earnings per share from discontinued operation	-	2.74

Basic and diluted earnings per share for the current and comparative period presented have been adjusted to reflect the effect of bonus shares issued subsequent to the reporting date (note 8).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

11 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 and joint ventures KD 000's</i>	<i>Others KD 000's</i>	<i>Total 31 March 2014 KD 000's</i>	<i>(Audited) 31 December 2013 KD 000's</i>	<i>31 March 2013 KD 000's</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Loans and advances *	-	174,098	164,375	338,473	262,997	88,594
Other assets	1	1,601	710	2,312	7,856	20,311
Due to banks and other financial institutions *	-	22,483	6,867	29,350	33,273	24,262
Deposits from customers *	-	12,537	10,443	22,980	37,614	53,167
Medium term notes	-	5,723	-	5,723	5,730	5,788
Other liabilities	9,970	356	103	10,429	8,342	29,703
<i>Transactions:</i>						
Interest income	1,473	1,715	844	4,032	7,460	1,580
Dividend income	-	-	547	547	457	456
Fee and commission income	-	174	576	750	3,593	632
Interest expense	-	29	37	66	1,208	167
<i>Commitments and contingent liabilities:</i>						
Letters of credit	-	-	15	15	-	2,849
Guarantees	25	4,371	2,859	7,255	5,744	5,592

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

12 SEGMENT INFORMATION

For management purposes, the Group is organised into six 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 investments of the Group in sectors such as education and healthcare.

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

Media - represents Group's activities in providing digital satellite network, internet and other related services.

Industrial - represents Group's activities in industrial project development, food, utilities, services 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 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 information regarding the Group's operating segments:

	<i>Three months ended 31 March</i>			
	<i>2014</i>		<i>2013</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	93,999	21,625	82,281	30,744
Asset management and investment banking	13,285	(5,266)	8,496	(7,333)
Insurance	1,383	1,383	1,028	1,028
Media	2,333	2,333	1,001	1,001
Industrial	13,966	5,361	12,876	2,311
Hospitality and real estate	12,834	354	11,864	1,796
Others	5,934	(169)	5,959	109
Inter-segmental eliminations	(6,638)	(2,482)	(8,226)	(4,788)
Segment revenues and results	137,096	23,139	115,279	24,868

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

12 SEGMENT INFORMATION (continued)

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

	<i>31 March</i> <i>2014</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD 000's</i>	<i>31 March</i> <i>2013</i> <i>KD 000's</i>
Assets:			
Commercial banking	7,841,343	7,549,388	6,205,774
Asset management and investment banking	683,979	678,347	638,096
Insurance	71,149	70,350	64,475
Media	146,003	144,133	140,720
Industrial	200,040	195,053	261,926
Hospitality and real estate	661,746	624,746	595,013
Others	97,709	98,216	80,997
Inter-segmental eliminations	(676,622)	(722,684)	(668,189)
Total assets	9,025,347	8,637,549	7,318,812
Liabilities:			
Commercial banking	7,053,967	6,784,046	5,434,352
Asset management and investment banking	920,886	848,936	725,469
Industrial	51,190	55,509	104,458
Hospitality and real estate	319,898	330,717	317,534
Others	65,600	66,006	65,948
Inter-segmental eliminations	(478,740)	(561,770)	(436,267)
Total liabilities	7,932,801	7,523,444	6,211,494

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

13 COMMITMENTS

The Group has the following commitments:

	<i>31 March</i> <i>2014</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD 000's</i>	<i>31 March</i> <i>2013</i> <i>KD 000's</i>
Credit related commitments:			
Letters of credit	443,409	463,269	408,766
Guarantees	773,392	806,389	698,821
	1,216,801	1,269,658	1,107,587
Undrawn lines of credit	312,194	305,191	319,661
Investment related commitments	144,110	104,816	125,055
	1,673,105	1,679,665	1,552,303

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

14 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.

	31 March 2014 KD 000's	<i>(Audited)</i> 31 December 2013 KD 000's	31 March 2013 KD 000's
Derivatives held for trading:			
<i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	725,221	595,837	386,737
Interest rate swaps	116,673	108,439	51,246
Options	341,547	431,846	376,554
Derivatives held for hedging:			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	155,250	161,948	184,686
Interest rate swaps	98,578	-	-
Cross currency swaps	210,249	210,510	171,568
<i>Cashflow hedges:</i>			
Interest rate swaps	49,289	49,350	49,849

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost, are not materially different from their carrying values.

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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15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair values of all financial instruments, except for certain available for sale investments which are carried at cost less impairment are not materially different from their carrying values. 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.

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>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
31 March 2014				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equities	22,219	17,195	-	39,414
Debt securities	3,583	-	-	3,583
Managed funds	3,946	778	12,674	17,398
 <i>Financial assets available for sale:</i>				
Equities	47,894	61,009	772	109,675
Debt securities	163,678	-	25,804	189,482
Managed funds	2,583	31,034	45,290	78,907
 31 December 2013				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equities	23,124	-	-	23,124
Debt securities	12,143	-	4,991	17,134
Managed funds	7,575	748	-	8,323
 <i>Financial assets available for sale:</i>				
Equities	60,602	-	66,542	127,144
Debt securities	168,399	-	26,838	195,237
Managed funds	13,339	65,142	3,916	82,397
 31 March 2013				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equities	11,674	-	-	11,674
Debt securities	15,429	-	-	15,429
Managed funds	3,927	2,892	103	6,922
 <i>Financial assets available for sale:</i>				
Equities	44,568	32,859	17	77,444
Debt securities	140,628	-	22,028	162,656
Managed funds	-	27,632	48,062	75,694

There were no material transfers between the levels during the period. The impact on the statement of financial position or the 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%.