

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2020 (UNAUDITED)



Building a better
working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena



RSM

RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000
F +965 22412761

www.rsm.global/kuwait

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 30 June 2020, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for three months and six months periods then ended, and the related interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the six 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 Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2020 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

NAYEF M. AL-BAZIE
LICENSE NO. 91-A
RSM ALBAZIE & CO.

13 August 2020
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		<i>(Audited)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
<i>Notes</i>	<i>KD 000's</i>	<i>(Restated) *</i>	<i>(Restated) *</i>
		<i>KD 000's</i>	<i>KD 000's</i>
ASSETS			
Cash in hand and at banks	4	1,403,446	1,581,969
Treasury bills, bonds and other debt securities		581,606	546,271
Loans and advances	5	4,874,169	5,072,573
Financial assets at fair value through profit or loss		264,466	288,622
Financial assets at fair value through other comprehensive income		411,373	322,286
Other assets		659,190	584,468
Properties held for trading		99,909	102,092
Investment in associates		347,361	352,069
Investment in a media joint venture	3	-	125,049
Investment properties		631,923	630,394
Property, plant and equipment		376,237	364,464
Intangible assets		656,717	317,932
TOTAL ASSETS		10,306,397	10,288,189
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,453,037	1,425,361
Deposits from customers		5,217,433	5,336,058
Loans payable	6	742,159	704,979
Bonds	7	476,165	475,485
Medium term notes	8	764,728	752,413
Other liabilities		711,385	584,598
Total liabilities		9,364,907	9,278,894
Equity			
Equity attributable to equity holders of the Parent Company	9	216,514	251,167
Perpetual capital securities		153,332	153,332
Non controlling interest		571,644	604,796
Total equity		941,490	1,009,295
TOTAL LIABILITIES AND EQUITY		10,306,397	10,288,189



Faisal Hamad Al Ayyar
Vice Chairman (Executive)

* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2019 and interim condensed consolidated financial information as at 30 June 2019 and reflect adjustments made as detailed in Note 2 and 3.

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 30 June 2020

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2020</i>	<i>(Restated) *</i>	<i>2020</i>	<i>(Restated) *</i>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Income:					
Interest income		72,656	106,410	166,540	205,482
Investment income	10	(2,512)	6,665	75,997	11,289
Fee and commission income		12,943	15,561	26,899	28,081
Share of results of associates		4,884	4,499	8,556	16,372
Share of results from a media joint venture		-	(20,293)	(6,101)	(31,604)
Media and digital satellite network services income		28,796	3,153	31,452	6,394
Hospitality and real estate income		22,095	31,257	55,984	57,590
Educational service income		7,410	7,429	14,876	14,712
Manufacturing and distribution income		1,929	6,703	5,160	11,983
Other income		5,619	8,213	12,452	14,622
Foreign exchange gain (loss)		5,103	3,217	(279)	4,843
		158,923	172,814	391,536	339,764
Expenses:					
Interest expense		63,768	73,470	128,527	146,007
Media and digital satellite network services expenses		34,535	2,326	35,909	4,793
Hospitality and real estate expenses		16,316	21,629	44,730	40,300
Educational service expense		4,073	5,488	8,053	8,897
Manufacturing and distribution expenses		1,630	6,140	4,483	11,134
General and administrative expenses		43,335	46,772	91,246	92,626
Depreciation and amortisation		5,575	6,102	12,188	11,786
		169,232	161,927	325,136	315,543
Operating (loss) profit before provisions		(10,309)	10,887	66,400	24,221
Provision for credit losses	5	(10,278)	(4,534)	(43,457)	(5,464)
Provision for impairment of other financial and non-financial assets		(156)	(800)	(4,425)	(1,639)
(Loss) profit before taxation		(20,743)	5,553	18,518	17,118
Taxation		(2,558)	(4,551)	(5,040)	(7,850)
(Loss) profit for the period		(23,301)	1,002	13,478	9,268
(Loss) profit attributable to:					
Equity holders of the Parent Company		(17,820)	(13,218)	11,028	(18,027)
Non-controlling interest		(5,481)	14,220	2,450	27,295
		(23,301)	1,002	13,478	9,268
		<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
(LOSS) EARNINGS PER SHARE:					
Basic - attributable to the equity holders of the Parent Company	11	(11.3)	(9.4)	4.6	(15.2)
Diluted - attributable to the equity holders of the Parent Company	11	(11.3)	(9.4)	4.6	(15.2)

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2019 and reflect adjustments made as detailed in Note 2 and 3.

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 30 June 2020

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2020</i> <i>KD 000's</i>	<i>(Restated) *</i> <i>2019</i> <i>KD 000's</i>	<i>2020</i> <i>KD 000's</i>	<i>(Restated) *</i> <i>2019</i> <i>KD 000's</i>
(Loss) profit for the period	(23,301)	1,002	13,478	9,268
Other comprehensive loss:				
<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 loss	(5,380)	(1,388)	(17,286)	(547)
Share of other comprehensive (loss) income from associates	(2,433)	(1,376)	(9,055)	4,268
	(7,813)	(2,764)	(26,341)	3,721
<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 (loss) income:				
- Net transfer to interim condensed consolidated income statement	(1,434)	(330)	(2,819)	(2,394)
- Net change in fair value during the period	12,134	(317)	5,223	1,346
- Changes in allowance for expected credit losses	125	11	272	12
Change in fair value of cash flow hedge	(1,247)	(427)	(227)	(2,116)
Foreign currency translation adjustment	(6,410)	(6,248)	(4,677)	(11,494)
	3,168	(7,311)	(2,228)	(14,646)
Other comprehensive loss for the period	(4,645)	(10,075)	(28,569)	(10,925)
Total comprehensive loss for the period	(27,946)	(9,073)	(15,091)	(1,657)
Loss attributable to:				
Equity holders of the Parent Company	(22,557)	(20,171)	(11,769)	(26,834)
Non controlling interest	(5,389)	11,098	(3,322)	25,177
	(27,946)	(9,073)	(15,091)	(1,657)

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2019 and reflect adjustments made as detailed in Note 2 and 3.

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(UNAUDITED)

For the period ended 30 June 2020

	Notes	<i>Six months ended</i> 30 June	
		2020 KD 000's	<i>(Restated) *</i> 2019 KD 000's
OPERATING ACTIVITIES			
Profit before taxation		18,518	17,118
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(166,540)	(205,482)
Investment income	10	(75,997)	(11,289)
Share of results of associates		(8,556)	(16,372)
Share of results from a media joint venture		6,101	31,604
Interest expense		128,527	146,007
Depreciation and amortisation		12,188	11,786
Provision for credit losses	5	43,457	5,464
Provision for impairment of other financial & non-financial assets		4,425	1,639
Foreign exchange income on loans payable and medium-term notes		6,746	267
Provision for employee stock option plan		117	226
		(31,014)	(19,032)
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		(19,939)	(14,162)
Treasury bills, bonds and other debt securities		(35,335)	30,608
Loans and advances		113,967	(231,453)
Financial assets at fair value through profit or loss		22,277	23,691
Financial assets at fair value through other comprehensive income		(106,571)	(27,033)
Other assets		(22,339)	(29,915)
Properties held for trading		3,729	(413)
Due to banks and other financial institutions		27,676	(726,938)
Deposits from customers		(118,625)	472,253
Other liabilities		5,146	19,219
Dividends received	10	1,843	4,749
Interest received		169,939	195,614
Interest paid		(153,734)	(153,833)
Taxation paid		(10,314)	(6,446)
Net cash used in operating activities		(153,294)	(463,091)
INVESTING ACTIVITIES			
Additional subscription of shares in investment in a media joint venture		-	(13,857)
Net movement in investment properties		(53)	508
Net movement in investment in associates		491	-
Dividends from associates		3,871	8,898
Net cash from (used in) investing activities		4,309	(4,451)
FINANCING ACTIVITIES			
(Repayment of) proceeds from loans payable, net		(28,420)	4,410
Repayment of medium term notes, net		-	(63,707)
Purchase of treasury shares		-	(1,053)
Proceeds from sale of treasury shares		-	323
Dividends paid to equity holders of the Parent Company		-	(16,664)
Interest payment on perpetual capital securities		(4,623)	(5,704)
Dividends paid to non-controlling interest		(11,689)	(16,306)
Movement in non-controlling interest		(1,991)	419
Net cash used in financing activities		(46,723)	(98,282)
Net foreign exchange difference		(2,754)	(12,994)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(198,462)	(578,818)
Cash and cash equivalents at 1 January		1,571,536	2,114,689
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	1,373,074	1,535,871

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2019 and reflect adjustments made as detailed in Note 2 and 3.

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 30 June 2020

Attributable to equity holders of the Parent Company

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Cumulative changes in fair values</i>	<i>Foreign currency translation reserve</i>	<i>ESOP reserve</i>	<i>Other reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Perpetual capital securities</i>	<i>Non controlling interest</i>	<i>Total equity</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
As at 31 December 2019 (as previously stated)	200,000	52,913	(94,427)	106,821	106,546	(9,819)	(114,986)	1,779	(14,644)	104,225	338,408	153,332	605,746	1,097,486
Restatements (Note 2 and 3)	-	-	-	-	-	-	-	-	-	(87,241)	(87,241)	-	(950)	(88,191)
As at 1 January 2020 (restated)	200,000	52,913	(94,427)	106,821	106,546	(9,819)	(114,986)	1,779	(14,644)	16,984	251,167	153,332	604,796	1,009,295
Profit for the period	-	-	-	-	-	-	-	-	-	11,028	11,028	-	2,450	13,478
Other comprehensive loss	-	-	-	-	-	(19,773)	(3,024)	-	-	-	(22,797)	-	(5,772)	(28,569)
Total comprehensive (loss) income	-	-	-	-	-	(19,773)	(3,024)	-	-	11,028	(11,769)	-	(3,322)	(15,091)
Dividends for 2019 at 10 fils per share (note 9)	-	-	-	-	-	-	-	-	-	(18,124)	(18,124)	-	-	(18,124)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(11,947)	(11,947)
Employees' share based payment	-	-	-	-	-	-	-	117	-	-	117	-	-	117
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	96	-	-	-	(96)	-	-	-	-
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(2,713)	(2,713)	-	(1,910)	(4,623)
Acquisition of a subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	(16,146)	(16,146)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(2,164)	-	(2,164)	-	173	(1,991)
As at 30 June 2020	200,000	52,913	(94,427)	106,821	106,546	(29,496)	(118,010)	1,896	(16,808)	7,079	216,514	153,332	571,644	941,490

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 30 June 2020

Attributable to equity holders of the Parent Company

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Cumulative changes in fair values</i>	<i>Foreign currency translation reserve</i>	<i>ESOP reserve</i>	<i>Other reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Perpetual capital securities</i>	<i>Non controlling interest</i>	<i>Total equity</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
As at 31 December 2018 (as previously stated)	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
Restatement (Note 3)	-	-	-	-	-	-	-	-	-	(17,880)	(17,880)	-	-	(17,880)
As at 1 January 2019 (restated)	154,725	3,111	(86,111)	106,821	106,546	(6,271)	(97,046)	1,535	(14,172)	90,045	259,183	146,440	587,132	992,755
(Loss) profit for the period	-	-	-	-	-	-	-	-	-	(18,027)	(18,027)	-	27,295	9,268
Other comprehensive loss	-	-	-	-	-	(679)	(8,128)	-	-	-	(8,807)	-	(2,118)	(10,925)
Total comprehensive (loss) income	-	-	-	-	-	(679)	(8,128)	-	-	(18,027)	(26,834)	-	25,177	(1,657)
Dividends for 2018 at 12 fils per share (note 9)	-	-	-	-	-	-	-	-	-	(16,818)	(16,818)	-	-	(16,818)
Purchase of treasury shares	-	-	(1,053)	-	-	-	-	-	-	-	(1,053)	-	-	(1,053)
Sale of treasury shares	-	-	549	-	-	-	-	-	-	(226)	323	-	-	323
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	2,208	-	-	-	(2,208)	-	-	-	-
Employees' share based payment	-	-	-	-	-	-	-	226	-	-	226	-	-	226
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(16,306)	(16,306)
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(3,594)	(3,594)	-	(2,110)	(5,704)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(5,040)	-	(5,040)	-	10,024	4,984
As at 30 June 2019	154,725	3,111	(86,615)	106,821	106,546	(4,742)	(105,174)	1,761	(19,212)	49,172	206,393	146,440	603,917	956,750

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 30 June 2020

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 six months period ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 13 August 2020.

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 2019. 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 2019.

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 six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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.

2.2 Restatement

During the current period one of the Group’s entities completed its assessment for “right of use asset” and “lease liability” as per IFRS 16 for the year ended 31 December 2019. This has been accounted for retrospectively in accordance with IAS 8: Accounting policies, changes in accounting estimates. Adjustments have been made to the comparative financial information which resulted in an increase in ‘other assets’ by KD 64,219 thousand and ‘other liabilities’ by KD 64,219 thousand as at 30 June 2019 and 1 January 2019. The restatement did not have material effect on the Group’s comparable information previously reported in the interim condensed consolidated income statement for the period ended 30 June 2019. Further, adjustments have also been made to the comparative financial information as at 31 December 2019, resulting in an increase in ‘other assets’ by KD 58,297 thousand, increase in ‘other liabilities’ by KD 60,606 thousand, decrease in ‘retained earnings’ by KD 1,359 thousand and decrease in ‘non-controlling interest’ by KD 950 thousand.

The above restatement did not have material effect on the Group’s comparable information previously reported in the interim condensed consolidated income statement for the period ended 30 June 2019. The restatements during the prior period also includes retrospective adjustment relating to investment in Panther Media Group Limited in accordance with IAS 28 “Investment in Associates and Joint Ventures” as disclosed in the note 3.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Use of Estimates and Judgments

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial information, significant judgement is exercised by management in applying the Group's accounting policies. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended 31 December 2019, with the exception of the impact of the COVID - 19 outbreak on the Group which is detailed below:

Impact of COVID-19

The recent spread of the coronavirus ("COVID-19") across various geographies globally, which was declared a pandemic by the World Health Organization during the period ended 30 June 2020, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. These support measures include lowering the discount rate by 1–2 % across the geographies in which the Group operates. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 30 June 2020.

(i) Credit risk management

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny.

The uncertainties caused by COVID-19, and the steep decline in oil prices have required the Group to consider the impact of higher volatility in the forward-looking macro-economic factors considered for the determination of expected credit losses ("ECLs") as at 30 June 2020. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate. Further, the Group has assessed the impact of the pandemic on ECL by testing various stress scenarios, including downgrading the risk rating of customers operating in the most negatively impacted industry sectors such as hospitality, real estate, banking and oil and gas.

One of the Group banking Subsidiaries, Burgan Bank, approved a payment holiday to retail customers due to Covid-19. The accounting impact of this transaction has been assessed and has been treated as per the requirements of IFRS 9 for modification of terms of arrangement which resulted in modification loss amounting to KD 8,499 thousand being recognized in the interim condensed consolidated income statement.

(ii) Liquidity risk management

In response to the COVID 19 outbreak, the Group is evaluating its liquidity and funding position. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

(iii) Fair value measurement of financial instruments

The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group is closely monitoring whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario. Further information on the Group's policy in relation to fair value measurements is disclosed in Note 2.6 in the annual consolidated financial statements for the year ended 31 December 2019.

(iv) Investment properties and properties held for trading ("non-financial assets")

As at the reporting date, the Group has considered potential impact on the carrying values of its non-financial assets as at 30 June 2020 taking into consideration the uncertainty involved in determining the effect on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at 31 December 2019. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the 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 30 June 2020

3 INVESTMENT IN PANTHER MEDIA GROUP LIMITED

As at 31 December 2019, Panther Media Group Limited 'PMGL' was classified as "Assets held for sale" in accordance with IFRS 5 "Non-Current assets held for sale and discontinued operations". During the prior period, a dispute arose between PMGL partners over ownership of certain shares issued in connection with capital calls made by the board of PMGL in which the Group has contributed. This dispute was finally resolved in March 2020 by an arbitration panel. As a result of this and contributions to further capital calls, the Group's effective ownership in PMGL increased from 60.5% to 87.6%. In view of these developments, the management of Parent Company concluded that it was able to exercise control over the PMGL and therefore, it became a subsidiary of the Group in March 2020.

The Group also discussed the above developments and prevailing circumstances with the investment banker and decided to update PMGL sale process timelines. As a result, the board of directors of the Group determined that the Group's investment in PMGL no longer meets the criteria of IFRS 5. Accordingly, in accordance with IAS 28: "Investment in Associates and Joint Ventures", the investment in PMGL has been retrospectively accounted using the equity method from the date of its classification as "Assets held for sale" (8 August 2018). The effect of the restatement on the comparative financial information is as follows:

	<i>31 December 2019</i>		<i>30 June 2019</i>	
	<i>Previously reported</i>	<i>Restated</i>	<i>Previously reported</i>	<i>Restated</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Asset held for sale	210,931	-	200,940	-
Share of results from a media joint venture	-	(68,002)	-	(31,604)
Investment in a media joint venture *	-	125,049	-	151,456

* The carrying value is also impacted by KD 17,880 thousand representing the share of loss recorded in retained earnings as at 1 January 2019.

On PMGL becoming a subsidiary, it was accounted for in accordance with IFRS 3: "Business combinations". Since the business combination was achieved in stages, the Group remeasured its previously held equity interest in PMGL at the acquisition date and recognized a gain of KD 75,893 thousand (Note 10).

The provisional fair values of assets acquired, and liabilities assumed, as well as the non-controlling interest (at the proportionate share of the acquiree's identifiable net liabilities assumed) are summarized as follows:

	<i>Provisional fair values</i>
	<i>KD 000's</i>
Assets	
Cash in hand and at banks	13,806
Property and equipment	16,564
Programme rights and contract assets (included in other assets)	35,908
Right-of-use assets (included in other assets)	27,002
Other assets	23,651
	<hr/>
	116,931
Liabilities	
Loans payable	111,191
Accounts payable, deferred income and accruals (included in other liabilities)	70,047
Lease liability (included in other liabilities)	37,233
Other liabilities	28,679
	<hr/>
	247,150
	<hr/>
Net liabilities assumed	(130,219)
Fair value of previously held equity interest	232,120
Non-controlling interests in acquiree	(16,146)
	<hr/>
Provisional Goodwill (included in intangible assets)	346,193
	<hr/>

Had the business combination taken place at the beginning of the year, revenue and profit attributable to non-controlling interest for the period of the Group would have been higher by KD 32,164 thousand and lower by KD 757 thousand respectively.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

4 CASH IN HAND AND AT BANKS

	(Audited)		
	30 June	31 December	30 June
	2020	2019	2019
	KD 000's	KD 000's	KD 000's
Cash and bank balances	964,260	813,773	803,331
Deposits with original maturities up to three months	409,125	757,962	733,105
Expected credit losses	(311)	(199)	(565)
	<u>1,373,074</u>	<u>1,571,536</u>	<u>1,535,871</u>
Cash and cash equivalents	1,373,074	1,571,536	1,535,871
Add: deposits with original maturities exceeding three months	30,372	10,433	18,241
	<u><u>1,403,446</u></u>	<u><u>1,581,969</u></u>	<u><u>1,554,112</u></u>

5 PROVISION FOR CREDIT LOSSES

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

	Stage 1	Stage 2	Stage 3	Total
	KD 000's	KD 000's	KD 000's	KD 000's
<i>ECL allowance</i>				
Balance as at 1 January 2020	24,411	57,880	123,666	205,957
Charge during the period	7,538	(3,883)	38,850	42,505
Amount written off during the period	-	-	(1,034)	(1,034)
Foreign exchange	(617)	(459)	2,506	1,430
As at 30 June 2020	<u><u>31,332</u></u>	<u><u>53,538</u></u>	<u><u>163,988</u></u>	<u><u>248,858</u></u>
	Stage 1	Stage 2	Stage 3	Total
	KD 000's	KD 000's	KD 000's	KD 000's
<i>ECL allowance</i>				
Balance as at 1 January 2019	27,947	58,181	118,952	205,080
(Reversal)/ charge during the period	(90)	(8,311)	12,151	3,750
Amount written off during the period	-	-	(2,665)	(2,665)
Foreign exchange	159	1,016	(4,006)	(2,831)
As at 30 June 2019	<u><u>28,016</u></u>	<u><u>50,886</u></u>	<u><u>124,432</u></u>	<u><u>203,334</u></u>

During the period the charge to the ECL allowance on non-cash credit related facilities is KD 952 thousand (30 June 2019: KD 1,714 thousand).

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

	Stage 1	Stage 2	Stage 3	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Loans and advances	3,969,411	816,994	336,622	5,123,027
ECL allowance	(31,332)	(53,538)	(163,988)	(248,858)
As at 30 June 2020	<u><u>3,938,079</u></u>	<u><u>763,456</u></u>	<u><u>172,634</u></u>	<u><u>4,874,169</u></u>
	Stage 1	Stage 2	Stage 3	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Loans and advances	4,177,253	651,630	235,767	5,064,650
ECL allowance	(28,016)	(50,886)	(124,432)	(203,334)
As at 30 June 2019	<u><u>4,149,237</u></u>	<u><u>600,744</u></u>	<u><u>111,335</u></u>	<u><u>4,861,316</u></u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

6 LOANS PAYABLE

	<i>30 June 2020 KD 000's</i>	<i>(Audited) 31 December 2019 KD 000's</i>	<i>30 June 2019 KD 000's</i>
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	841,132	793,474	743,082
Loans with maturity above 1 year	680,412	605,516	500,960
	1,521,544	1,398,990	1,244,042
Less: inter-group borrowings	(779,385)	(694,011)	(544,421)
	742,159	704,979	699,621

7 BONDS

	<i>30 June 2020 KD 000's</i>	<i>(Audited) 31 December 2019 KD 000's</i>	<i>30 June 2019 KD 000's</i>
<i>Issued by the Parent Company:</i>			
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	13,926	13,916	13,906
Floating rate bonds at 2.25% per annum plus CBK discount rate (Capped at 6.5% per annum) and maturing on 8 November 2023	85,545	85,485	85,425
Fixed interest of 5.25% per annum and maturing on 28 December 2024	35,705	35,676	35,648
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	63,476	63,424	63,374
<i>Issued by subsidiaries:</i>			
Fixed interest of 4.125% per annum and maturing on 30 December 2021	99,793	99,724	99,655
Fixed interest of 5.75% per annum and maturing on 19 April 2023	32,150	32,150	32,150
Floating interest of 2.50% per annum above the CBK discount rate and maturing on 19 April 2023	27,850	27,850	27,850
Fixed interest of 6% per annum and maturing on 26 July 2023	14,900	14,900	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	25,100	25,100	25,100
Floating interest of 3.95% per annum above the CBK discount rate (capped at 7% per annum) and maturing on 9 March 2026	69,425	69,383	69,341
Fixed interest of 6% per annum and maturing on 9 March 2026	29,895	29,877	29,859
	497,765	497,485	497,208
Less: inter-group eliminations	(21,600)	(22,000)	(24,000)
	476,165	475,485	473,208

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

8 MEDIUM TERM NOTES

	<i>30 June 2020 KD 000's</i>	<i>(Audited) 31 December 2019 KD 000's</i>	<i>30 June 2019 KD 000's</i>
<i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i>			
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% per annum payable on a semi-annual basis. The notes are listed on the London Stock Exchange. Subsequently these notes were repaid on 15 July 2020.	153,887	151,365	151,273
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.	153,900	151,525	151,575
Fixed rate notes amounting to US\$ 500 million having a term of 7 years maturing on 29 October 2026 and carrying a coupon interest rate of 4.229% per annum payable on a semi-annual basis. The notes are listed on the London Stock Exchange.	153,590	151,199	-
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.	150,735	148,213	148,069
<i>Issued by subsidiaries through SPEs:</i>			
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% per annum. The notes are listed on the Irish Stock Exchange.	153,539	151,021	150,924
	765,651	753,323	601,841
Less: inter-group eliminations	(923)	(910)	(909)
	764,728	752,413	600,932

9 SHAREHOLDERS' EQUITY, TREASURY SHARES, RESERVES AND APPROPRIATIONS

a) Share capital

	<i>30 June 2020 KD 000's</i>	<i>(Audited) 31 December 2019 KD 000's</i>	<i>30 June 2019 KD 000's</i>
Authorised share capital (shares of 100 fils each)	200,000	200,000	200,000
Issued and fully paid up capital (shares of 100 fils each) *	200,000	200,000	154,725

*This comprises 1,502,369,362 shares (31 December 2019: 1,502,369,362 shares and 30 June 2019: 1,049,620,700 shares) which are fully paid up in cash, whereas 497,630,638 shares (31 December 2019: 497,630,638 shares and 30 June 2019: 497,630,638 shares) were issued as bonus shares.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

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

b) Share premium

The share premium is not available for distribution.

c) Treasury shares

	<i>30 June 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 June 2019</i>
Number of treasury shares	187,630,160	187,630,160	150,333,801
Percentage of capital	9.38%	9.38%	9.72%
Market value (KD 000's)	32,648	40,528	33,073

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

d) Dividend

On 17 June 2020 the Annual General Assembly of shareholders approved the distribution of cash dividend of 10 fils per share for the year ended 31 December 2019 (for the year ended 31 December 2018: 12 fils per share) to the Parent Company's shareholders on record as at the record date.

e) Capital Increase

On 12 June 2019, the Board of Directors of the Parent Company passed a resolution to increase the Parent Company's capital through the issuance of 452,748,662 shares at an offer price of 210 fils per share which includes a nominal value of 100 fils per share and a share premium of 110 fils per share, after obtaining necessary approvals from regulatory bodies. The rights issue has been fully subscribed resulting in increase in share capital of KD 45,275 thousand and share premium of KD 49,802 thousand.

10 INVESTMENT INCOME

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020 KD 000's</i>	<i>2019 KD 000's</i>	<i>2020 KD 000's</i>	<i>2019 KD 000's</i>
(Loss) gain on sale of financial assets at fair value through profit or loss	(189)	542	(565)	898
Unrealised (loss) gain on financial assets at fair value through profit or loss	(1,083)	2,849	(1,314)	3,208
Gain on sale of debt instruments at fair value through other comprehensive income	1,408	330	2,874	2,530
Gain on remeasurement of previously held equity interest (Note 3)	-	-	75,893	-
Dividend income	512	3,040	1,843	4,749
Loss on sale of investment properties	-	(96)	-	(96)
Change in fair value of investment properties	(3,160)	-	(3,160)	-
Gain on sale of investment in associates	-	-	426	-
	(2,512)	6,665	75,997	11,289

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

11 (LOSS) EARNINGS PER SHARE

Basic:

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2020</i>	<i>(Restated)</i>	<i>2020</i>	<i>(Restated)</i>
	<i>KD 000's</i>	<i>2019</i>	<i>KD 000's</i>	<i>2019</i>
		<i>KD 000's</i>		<i>KD 000's</i>
Basic (loss) earnings per share:				
(Loss) profit for the period attributable to the equity holders of the Parent Company	(17,820)	(13,218)	11,028	(18,027)
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	(2,713)	(121)	(2,713)	(3,594)
(Loss) profit for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	(20,533)	(13,339)	8,315	(21,621)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding:				
Weighted average number of paid up shares	2,000,000,000	1,572,452,246	2,000,000,000	1,572,452,246
Weighted average number of treasury shares	(187,630,160)	(149,434,498)	(187,630,160)	(149,351,408)
Weighted average number of outstanding shares	1,812,369,840	1,423,017,748	1,812,369,840	1,423,100,838
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Basic (loss) earnings per share	(11.3)	(9.4)	4.6	(15.2)

Diluted:

Diluted (loss) earnings per share is calculated by dividing the (loss) profit for the period attributable to the equity holders of the Parent Company after interest payments 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

11 (LOSS) EARNINGS PER SHARE (continued)

Diluted: (continued)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020 KD 000's</i>	<i>(Restated) 2019 KD 000's</i>	<i>2020 KD 000's</i>	<i>(Restated) 2019 KD 000's</i>
<i>Diluted (loss) earnings per share:</i>				
(Loss) profit for the period attributable to the equity holders of the Parent Company	(17,820)	(13,218)	11,028	(18,027)
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	(2,713)	(121)	(2,713)	(3,594)
(Loss) profit for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	(20,533)	(13,339)	8,315	(21,621)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	1,812,369,840	1,423,017,748	1,812,369,840	1,423,100,838
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Diluted (loss) earnings per share	(11.3)	(9.4)	4.6	(15.2)

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

Basic and diluted (loss) earnings per share for 2019 has been adjusted to reflect the adjustments of the rights issue (Note 9).

12 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 3,127 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 30 June 2020.

Burgan Bank has entered into a forward foreign exchange contract 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

13 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</i>	<i>Associates</i>	<i>Others</i>	Total 30 June 2020	<i>(Audited) 31 December 2019</i>	<i>30 June 2019</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	KD 000's	<i>KD 000's</i>	<i>KD 000's</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Loans and advances *	-	32,782	333,860	366,642	377,259	386,500
Other assets	2,217	2,375	373	4,965	4,704	3,473
Due to banks and other financial institutions *	-	12,405	30,630	43,035	37,643	26,714
Deposits from customers *	59,621	16,739	28,713	105,073	64,985	161,402
Medium term notes	-	3,078	-	3,078	3,031	3,032
Other liabilities	463	508	428	1,399	9,110	53,785
Perpetual capital securities	-	1,509	906	2,415	2,415	2,415
<i>Commitments and contingent liabilities:</i>						
Letter of credit	-	7,066	2,259	9,325	6,010	7,381
Guarantees	25	52,929	2,534	55,488	101,796	101,827
					<i>Six months ended 30 June</i>	
	<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>	<i>2020</i>	<i>2019</i>	
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	
<i>Transactions:</i>						
Interest income	2,248	516	4,338	7,102	7,293	
Dividend income	-	-	-	-	1,598	
Fee and commission income	51	734	100	885	1,243	
Interest expense	3,525	328	109	3,962	3,074	

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

14 SEGMENT INFORMATION

For management purposes, the Group is 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.

Media - represents Group's activities in providing Media Pay TV services via satellite, cable and streaming.

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

14 SEGMENT INFORMATION (continued)

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

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 regarding the Group's operating segments:

	<i>Six months ended 30 June</i>			
	<i>2020</i>		<i>2019 (Restated)</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	215,757	10,789	256,452	74,379
Asset management and investment banking	12,897	(44,175)	28,750	(27,547)
Insurance	4,536	4,536	3,709	3,709
Media *	96,824	56,137	(31,604)	(31,604)
Industrial	11,111	2,039	23,945	7,389
Hospitality and real estate	52,463	(5,296)	60,008	1,868
Others	22,338	(1,666)	24,648	(269)
Inter-segmental eliminations	(24,390)	(3,846)	(26,144)	(10,807)
Segment revenues and results	391,536	18,518	339,764	17,118

* Media segment revenues and results as at 30 June 2020 includes gain on remeasurement of previously held equity interest of KD 75,893 thousand (Note 3).

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

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2020</i>	<i>31 December</i>	<i>2019</i>
	<i>KD 000's</i>	<i>(Restated)</i>	<i>(Restated)</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Assets:			
Commercial banking	8,684,530	8,566,812	8,399,943
Asset management and investment banking	808,340	914,621	759,762
Insurance	82,532	82,068	73,018
Media	441,567	125,049	151,456
Industrial	287,419	298,266	305,265
Hospitality and real estate	978,631	974,513	982,829
Others	355,060	362,290	348,929
Inter-segmental eliminations	(1,331,682)	(1,035,430)	(945,699)
Total assets	10,306,397	10,288,189	10,075,503
Liabilities:			
Commercial banking	7,621,223	7,584,348	7,433,090
Asset management and investment banking	1,563,014	1,541,243	1,388,733
Media	234,303	-	-
Industrial	146,437	144,234	141,648
Hospitality and real estate	664,412	657,982	681,883
Others	261,499	255,218	262,002
Inter-segmental eliminations	(1,125,981)	(904,131)	(788,603)
Total liabilities	9,364,907	9,278,894	9,118,753

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

15 COMMITMENTS

The Group has the following commitments:

	<i>30 June</i> <i>2020</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD 000's</i>	<i>30 June</i> <i>2019</i> <i>KD 000's</i>
Credit related commitments:			
Letters of credit	306,195	290,284	313,762
Guarantees & Acceptances	980,546	1,022,884	987,366
	1,286,741	1,313,168	1,301,128
Undrawn lines of credit	677,338	764,668	715,390
Investment related commitments	99,911	98,383	94,213
	2,063,990	2,176,219	2,110,731

16 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>30 June</i> <i>2020</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD 000's</i>	<i>30 June</i> <i>2019</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	1,297,377	1,103,253	1,060,074
Interest rate swaps	168,325	178,844	213,582
Options	40,855	78,847	102,609
Derivatives held for hedging:			
Fair value hedges:			
Forward foreign exchange contracts	178,752	285,852	193,639
Cash flow hedges:			
Interest rate swaps	279,640	276,245	314,269

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Fair value of financial instruments is not materially different from their carrying values except for medium term notes whose fair value amounts to KD 759,171 thousand (31 December 2019: KD 786,082 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

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>
30 June 2020				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	21,031	16	5,261	26,308
Debt securities	5,778	-	500	6,278
Managed funds	1,102	13,446	85,090	99,638
Forfeiting assets	-	-	132,242	132,242
	<u>27,911</u>	<u>13,462</u>	<u>223,093</u>	<u>264,466</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	29,488	36,341	28,931	94,760
Debt securities	304,776	5,018	6,819	316,613
	<u>334,264</u>	<u>41,359</u>	<u>35,750</u>	<u>411,373</u>
31 December 2019				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	15,124	-	5,390	20,514
Debt securities	5,085	-	250	5,335
Managed funds	1,059	14,924	107,315	123,298
Forfeiting assets	-	-	139,475	139,475
	<u>21,268</u>	<u>14,924</u>	<u>252,430</u>	<u>288,622</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	27,721	14,796	62,505	105,022
Debt securities	205,168	5,256	6,840	217,264
	<u>232,889</u>	<u>20,052</u>	<u>69,345</u>	<u>322,286</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2020

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

30 June 2019	<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>
<i>Assets measured at fair value</i>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	11,883	-	1,640	13,523
Debt securities	3,359	-	-	3,359
Managed funds	-	66,542	72,261	138,803
Forfeiting assets	-	-	89,795	89,795
	<u>15,242</u>	<u>66,542</u>	<u>163,696</u>	<u>245,480</u>
 <i>Financial assets at fair value through other comprehensive income:</i>				
Equities	30,553	37,461	38,038	106,052
Debt securities	161,099	6,109	6,999	174,207
	<u>191,652</u>	<u>43,570</u>	<u>45,037</u>	<u>280,259</u>

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%.