

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 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](http://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 31 March 2020, and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 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 31 March 2020

		<i>(Audited)</i> 31 March 2020 KD 000's	<i>(Audited)</i> 31 December 2019 <i>(Restated) *</i> KD 000's	<i>(Restated) *</i> 31 March 2019 KD 000's
<b>ASSETS</b>				
Cash in hand and at banks	4	1,424,895	1,581,969	1,849,605
Treasury bills, bonds and other debt securities		550,096	546,271	705,219
Loans and advances	5	5,075,597	5,072,573	4,587,749
Financial assets at fair value through profit or loss		284,159	288,622	250,166
Financial assets at fair value through other comprehensive income		358,688	322,286	270,976
Other assets		651,844	584,468	542,190
Properties held for trading		100,951	102,092	99,176
Investment in associates		345,017	352,069	349,259
Investment in a media joint venture	3	-	125,049	161,676
Investment properties		634,615	630,394	624,352
Property, plant and equipment		390,911	364,464	355,304
Intangible assets		658,369	317,932	328,095
<b>TOTAL ASSETS</b>		<b>10,475,142</b>	<b>10,288,189</b>	<b>10,123,767</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		1,445,153	1,425,361	1,607,567
Deposits from customers		5,285,076	5,336,058	5,115,320
Loans payable	6	805,303	704,979	690,629
Bonds	7	476,025	475,485	473,073
Medium term notes	8	766,330	752,413	602,777
Other liabilities		692,037	584,598	647,182
<b>Total liabilities</b>		<b>9,469,924</b>	<b>9,278,894</b>	<b>9,136,548</b>
<b>Equity</b>				
Equity attributable to equity holders of the Parent Company	9	262,576	251,167	244,233
Perpetual capital securities		153,332	153,332	146,440
Non controlling interest		589,310	604,796	596,546
<b>Total equity</b>		<b>1,005,218</b>	<b>1,009,295</b>	<b>987,219</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,475,142</b>	<b>10,288,189</b>	<b>10,123,767</b>



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 31 March 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 31 March 2020

	Notes	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2020</i>	<i>(Restated) *</i>
		<i>KD 000's</i>	<i>2019</i>
			<i>KD 000's</i>
<b>Income:</b>			
Interest income		93,884	99,072
Investment income	10	78,509	4,624
Fee and commission income		13,956	12,520
Share of results of associates		3,672	11,873
Share of results from a media joint venture		(6,101)	(11,311)
Digital satellite network services income		2,656	3,241
Hospitality and real estate income		33,889	26,333
Educational service income		7,466	7,283
Manufacturing and distribution income		3,231	5,280
Other income		6,833	6,409
Foreign exchange (loss) gain		(5,382)	1,626
		<u>232,613</u>	<u>166,950</u>
<b>Expenses:</b>			
Interest expense		64,759	72,537
Digital satellite network services expense		1,374	2,467
Hospitality and real estate expenses		28,414	18,671
Educational service expense		3,980	3,409
Manufacturing and distribution expenses		2,853	4,994
General and administrative expenses		47,911	45,854
Depreciation and amortisation		6,613	5,684
		<u>155,904</u>	<u>153,616</u>
<b>Operating profit before provisions</b>		<b>76,709</b>	<b>13,334</b>
Provision for credit losses	5	(33,179)	(930)
Provision for impairment of other financial and non-financial assets		(4,269)	(839)
		<u>39,261</u>	<u>11,565</u>
<b>Profit before taxation</b>		<b>39,261</b>	<b>11,565</b>
Taxation		(2,482)	(3,299)
		<u>36,779</u>	<u>8,266</u>
<b>Profit for the period</b>		<b>36,779</b>	<b>8,266</b>
<b>Profit (loss) attributable to:</b>			
Equity holders of the Parent Company		28,848	(4,809)
Non-controlling interest		7,931	13,075
		<u>36,779</u>	<u>8,266</u>
		<i>Fils</i>	<i>Fils</i>
<b>EARNINGS (LOSS) PER SHARE:</b>			
Basic - attributable to the equity holders of the Parent Company	11	<u>15.9</u>	<u>(5.8)</u>
Diluted - attributable to the equity holders of the Parent Company	11	<u>15.9</u>	<u>(5.8)</u>

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 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 31 March 2020

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>(Restated) *</i>
	<i>KD 000's</i>	<i>2019</i>
		<i>KD 000's</i>
<b>Profit for the period</b>	<b>36,779</b>	8,266
<b>Other comprehensive income (loss):</b>		
<i>Items that will not be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Net change in fair value of equity instruments at fair value through other comprehensive (loss) income	<b>(11,906)</b>	841
Share of other comprehensive (loss) income from associates	<b>(6,622)</b>	5,644
	<b>(18,528)</b>	6,485
<i>Items that are or may be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Debt instruments at fair value through other comprehensive income:		
- Net transfer to interim condensed consolidated income statement	<b>(1,385)</b>	(2,064)
- Net change in fair value during the period	<b>(6,911)</b>	1,663
- Changes in allowance for expected credit losses	<b>147</b>	1
Change in fair value of cash flow hedge	<b>1,020</b>	(1,689)
Foreign currency translation adjustment	<b>1,733</b>	(5,246)
	<b>(5,396)</b>	(7,335)
<b>Other comprehensive loss for the period</b>	<b>(23,924)</b>	(850)
<b>Total comprehensive income for the period</b>	<b>12,855</b>	7,416
<b>Profit (loss) attributable to:</b>		
Equity holders of the Parent Company	<b>10,788</b>	(6,663)
Non controlling interest	<b>2,067</b>	14,079
	<b>12,855</b>	7,416

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 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 31 March 2020

		<i>Three months ended</i>	
		<b>31 March</b>	
		<i>(Restated) *</i>	
		<b>2020</b>	<b>2019</b>
<i>Notes</i>		<b>KD 000's</b>	<b>KD 000's</b>
<b>OPERATING ACTIVITIES</b>			
	Profit before taxation	<b>39,261</b>	11,565
	<i>Adjustments to reconcile profit before taxation to net cash flows:</i>		
	Interest income	<b>(93,884)</b>	(99,072)
	Investment income	<b>(78,509)</b>	(4,624)
10	Share of results of associates	<b>(3,672)</b>	(11,873)
	Share of results from a media joint venture	<b>6,101</b>	11,311
	Interest expense	<b>64,759</b>	72,537
	Depreciation and amortisation	<b>6,613</b>	5,684
	Provision for credit losses	<b>33,179</b>	930
5	Provision for impairment of other financial & non-financial assets	<b>4,269</b>	839
	Foreign exchange income on loans payable and medium-term notes	<b>7,860</b>	2,445
	Provision for employee stock option plan	<b>59</b>	44
		<b>(13,964)</b>	(10,214)
	Changes in operating assets and liabilities:		
	Deposits with original maturities exceeding three months	<b>(2,739)</b>	(12,566)
	Treasury bills, bonds and other debt securities	<b>(3,825)</b>	21,240
	Loans and advances	<b>(77,283)</b>	46,648
	Financial assets at fair value through profit or loss	<b>3,856</b>	15,614
	Financial assets at fair value through other comprehensive income	<b>(57,923)</b>	(15,394)
	Other assets	<b>(1,481)</b>	(46,571)
	Properties held for trading	<b>(3,012)</b>	-
	Due to banks and other financial institutions	<b>19,792</b>	(451,438)
	Deposits from customers	<b>(50,982)</b>	227,717
	Other liabilities	<b>(17,558)</b>	5,352
	Dividends received	<b>1,331</b>	1,709
10	Interest received	<b>80,925</b>	106,835
	Interest paid	<b>(74,334)</b>	(81,739)
	Taxation paid	<b>(2,023)</b>	(4,701)
	Net cash used in operating activities	<b>(199,220)</b>	(197,508)
<b>INVESTING ACTIVITIES</b>			
	Additional subscription of shares in investment in a media joint venture	-	(2,882)
	Net movement in investment properties	<b>(16)</b>	(305)
	Net movement in investment in associates	<b>491</b>	-
	Dividends from associates	<b>602</b>	-
	Net cash from (used in) investing activities	<b>1,077</b>	(3,187)
<b>FINANCING ACTIVITIES</b>			
	Proceeds from (repayment of) loans payable, net	<b>34,830</b>	(4,582)
	Repayment of medium term notes, net	-	(63,707)
	Purchase of treasury shares	-	(59)
	Proceeds from sale of treasury shares	-	323
	Dividends paid to equity holders of the Parent Company	-	(46)
	Interest payment on perpetual capital securities	-	(5,510)
	Movement in non-controlling interest	<b>(587)</b>	161
	Net cash from (used in) financing activities	<b>34,243</b>	(73,420)
	Net foreign exchange difference	<b>4,087</b>	(7,614)
	<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(159,813)</b>	(281,729)
	Cash and cash equivalents at 1 January	<b>1,571,536</b>	2,114,689
	<b>CASH AND CASH EQUIVALENTS AT 31 March</b>	<b>1,411,723</b>	1,832,960
4			

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 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 31 March 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	-	-	-	-	-	-	-	-	-	28,848	28,848	-	7,931	36,779
Other comprehensive (loss) income	-	-	-	-	-	(21,749)	3,689	-	-	-	(18,060)	-	(5,864)	(23,924)
Total comprehensive (loss) income	-	-	-	-	-	(21,749)	3,689	-	-	28,848	10,788	-	2,067	12,855
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(258)	(258)
Employees' share based payment	-	-	-	-	-	-	-	59	-	-	59	-	-	59
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	507	-	-	-	(507)	-	-	-	-
Acquisition of a subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	(16,146)	(16,146)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	562	-	562	-	(1,149)	(587)
<b>As at 31 March 2020</b>	<b>200,000</b>	<b>52,913</b>	<b>(94,427)</b>	<b>106,821</b>	<b>106,546</b>	<b>(31,061)</b>	<b>(111,297)</b>	<b>1,838</b>	<b>(14,082)</b>	<b>45,325</b>	<b>262,576</b>	<b>153,332</b>	<b>589,310</b>	<b>1,005,218</b>

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

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

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

For the period ended 31 March 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	-	-	-	-	-	-	-	-	-	(4,809)	(4,809)	-	13,075	8,266
Other comprehensive income (loss)	-	-	-	-	-	1,522	(3,376)	-	-	-	(1,854)	-	1,004	(850)
Total comprehensive income (loss)	-	-	-	-	-	1,522	(3,376)	-	-	(4,809)	(6,663)	-	14,079	7,416
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(11,429)	(11,429)
Purchase of treasury shares	-	-	(59)	-	-	-	-	-	-	-	(59)	-	-	(59)
Sale of treasury shares	-	-	549	-	-	-	-	-	-	(226)	323	-	-	323
Employees' share based payment	-	-	-	-	-	-	-	44	-	-	44	-	-	44
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(3,473)	(3,473)	-	(2,037)	(5,510)
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,139	-	-	-	(1,139)	-	-	-	-
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(5,122)	-	(5,122)	-	8,801	3,679
As at 31 March 2019	<u>154,725</u>	<u>3,111</u>	<u>(85,621)</u>	<u>106,821</u>	<u>106,546</u>	<u>(3,610)</u>	<u>(100,422)</u>	<u>1,579</u>	<u>(19,294)</u>	<u>80,398</u>	<u>244,233</u>	<u>146,440</u>	<u>596,546</u>	<u>987,219</u>

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



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

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

As at 31 March 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 three months period ended 31 March 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 three months period ended 31 March 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 31 March 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 31 March 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 31 March 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 31 March 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 31 March 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 31 March 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.

#### (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 not identified significant impact on the carrying values of its non-financial assets as at 31 March 2020 due to 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 31 March 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:

	31 December 2019		31 March 2019	
	Previously reported KD 000's	Restated KD 000's	Previously reported KD 000's	Restated KD 000's
Asset held for sale	210,931	-	190,867	-
Share of results from a media joint venture	-	(68,002)	-	(11,311)
Investment in a media joint venture *	-	125,049	-	161,676

\* 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 KD 000's</i>
<b>Assets</b>	
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
	116,931
<b>Liabilities</b>	
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
	247,150
<b>Net liabilities assumed</b>	(130,219)
Fair value of previously held equity interest	232,120
Non-controlling interests in acquiree	(16,146)
	346,193
<b>Provisional Goodwill (included in intangible assets)</b>	<b>346,193</b>

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 31 March 2020

### 4 CASH IN HAND AND AT BANKS

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash and bank balances	<b>971,231</b>	813,773	920,382
Deposits with original maturities up to three months	<b>440,796</b>	757,962	913,168
Expected credit losses	<b>(304)</b>	(199)	(590)
	<b>1,411,723</b>	1,571,536	1,832,960
Cash and cash equivalents	<b>1,411,723</b>	1,571,536	1,832,960
Add: deposits with original maturities exceeding three months	<b>13,172</b>	10,433	16,645
	<b>1,424,895</b>	1,581,969	1,849,605

### 5 PROVISION FOR CREDIT LOSSES

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

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>ECL allowance</i>				
Balance as at 1 January 2020	<b>24,411</b>	<b>57,880</b>	<b>123,666</b>	<b>205,957</b>
Charge during the period	<b>15,443</b>	<b>5,131</b>	<b>10,715</b>	<b>31,289</b>
Amount written off during the period	-	-	<b>(395)</b>	<b>(395)</b>
Foreign exchange	<b>(39)</b>	<b>(1,180)</b>	<b>1,968</b>	<b>749</b>
<b>As at 31 March 2020</b>	<b>39,815</b>	<b>61,831</b>	<b>135,954</b>	<b>237,600</b>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>ECL allowance</i>				
Balance as at 1 January 2019	27,947	58,181	118,952	205,080
Charge during the period	365	(7,477)	7,838	726
Foreign exchange	(53)	(133)	(327)	(513)
<b>As at 31 March 2019</b>	<b>28,259</b>	<b>50,571</b>	<b>126,463</b>	<b>205,293</b>

During the period, the charge to the ECL allowance on non-cash credit related facilities is KD 1,890 thousand (31 March 2019: KD 204 thousand).

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

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Loans and advances	<b>4,163,879</b>	<b>861,310</b>	<b>288,008</b>	<b>5,313,197</b>
ECL allowance	<b>(39,815)</b>	<b>(61,831)</b>	<b>(135,954)</b>	<b>(237,600)</b>
<b>As at 31 March 2020</b>	<b>4,124,064</b>	<b>799,479</b>	<b>152,054</b>	<b>5,075,597</b>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Loans and advances	3,881,199	660,382	251,461	4,793,042
ECL allowance	(28,259)	(50,571)	(126,463)	(205,293)
<b>As at 31 March 2019</b>	<b>3,852,940</b>	<b>609,811</b>	<b>124,998</b>	<b>4,587,749</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2020

**6 LOANS PAYABLE**

	<b>31 March 2020 KD 000's</b>	<i>(Audited)</i> <b>31 December 2019 KD 000's</b>	<b>31 March 2019 KD 000's</b>
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	<b>935,891</b>	793,474	612,946
Loans with maturity above 1 year	<b>633,382</b>	605,516	629,513
	<b>1,569,273</b>	1,398,990	1,242,459
Less: inter-group borrowings	<b>(763,970)</b>	(694,011)	(551,830)
	<b>805,303</b>	704,979	690,629

**7 BONDS**

	<b>31 March 2020 KD 000's</b>	<i>(Audited)</i> <b>31 December 2019 KD 000's</b>	<b>31 March 2019 KD 000's</b>
<i>Issued by the Parent Company:</i>			
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	<b>13,921</b>	13,916	13,902
Floating rate bonds at 2.25% per annum plus CBK discount rate (Capped at 6.5% per annum) and maturing on 8 November 2023	<b>85,515</b>	85,485	85,396
Fixed interest of 5.25% per annum and maturing on 28 December 2024	<b>35,691</b>	35,676	35,634
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	<b>63,450</b>	63,424	63,350
<i>Issued by subsidiaries:</i>			
Fixed interest of 4.125% per annum and maturing on 30 December 2021	<b>99,758</b>	99,724	99,621
Fixed interest of 5.75% per annum and maturing on 19 April 2023	<b>32,150</b>	32,150	32,150
Floating interest of 2.50% per annum above the CBK discount rate and maturing on 19 April 2023	<b>27,850</b>	27,850	27,850
Fixed interest of 6% per annum and maturing on 26 July 2023	<b>14,900</b>	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	<b>25,100</b>	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	<b>69,404</b>	69,383	69,320
Fixed interest of 6% per annum and maturing on 9 March 2026	<b>29,886</b>	29,877	29,850
	<b>497,625</b>	497,485	497,073
Less: inter-group eliminations	<b>(21,600)</b>	(22,000)	(24,000)
	<b>476,025</b>	475,485	473,073

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

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

As at 31 March 2020

### 8 MEDIUM TERM NOTES

	<i>31 March</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>31 March</i> <i>2019</i> <i>KD 000's</i>
<b><i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i></b>			
Fixed rate notes amounting to US\$ 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.	<b>154,187</b>	151,365	151,728
Fixed rate notes amounting to US\$ 500 million having a term of 7 years maturing on 15 March 2023 and carrying a coupon interest rate of 5% per annum payable on a semi-annual basis. The notes are listed on the London Stock Exchange.	<b>154,275</b>	151,525	152,100
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.	<b>153,953</b>	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.	<b>151,002</b>	148,213	148,487
<b><i>Issued by subsidiaries through SPEs:</i></b>			
Fixed rate notes amounting to US\$ 500 million having a term of 5 years maturing on 14 September 2021 and carrying a coupon interest rate of 3.125% per annum. The notes are listed on the Irish Stock Exchange.	<b>153,839</b>	151,021	151,374
	<b>767,256</b>	753,323	603,689
Less: inter-group eliminations	<b>(926)</b>	(910)	(912)
	<b>766,330</b>	752,413	602,777

### 9 SHAREHOLDERS' EQUITY, TREASURY SHARES, RESERVES AND APPROPRIATIONS

#### a) Share capital

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

\* This comprises 1,502,369,362 shares (31 December 2019: 1,502,369,362 shares and 31 March 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 31 March 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 31 March 2020

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

b) **Share premium**  
The share premium is not available for distribution.

c) **Treasury shares**

	<b>31 March 2020</b>	<i>(Audited)</i> 31 December 2019	31 March 2019
Number of treasury shares	<b>187,630,160</b>	187,630,160	145,602,483
Percentage of capital	<b>9.38%</b>	9.38%	9.41%
Market value (KD 000's)	<b>31,897</b>	40,528	32,033

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

d) **Dividend**

Subsequent to the reporting date, 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 31 March</i>	
	<u>2020</u>	<u>2019</u>
	<i>KD 000's</i>	<i>KD 000's</i>
(Loss) gain on sale of financial assets at fair value through profit or loss	<b>(376)</b>	356
Unrealised (loss) gain on financial assets at fair value through profit or loss	<b>(231)</b>	359
Gain on sale of debt instruments at fair value through other comprehensive income	<b>1,466</b>	2,200
Gain on remeasurement of previously held equity interest (Note 3)	<b>75,893</b>	-
Dividend income	<b>1,331</b>	1,709
Gain on sale of investment in associates	<b>426</b>	-
	<b><u>78,509</u></b>	<u>4,624</u>

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

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

As at 31 March 2020

### 11 EARNINGS (LOSS) PER SHARE

#### **Basic:**

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

	<i>Three months ended 31 March</i>	
	<i>2020 KD 000's</i>	<i>(Restated) 2019 KD 000's</i>
<b>Basic earnings (loss) per share:</b>		
Profit (loss) for the period attributable to the equity holders of the Parent Company	<b>28,848</b>	(4,809)
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	-	(3,473)
Profit (loss) for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	<b>28,848</b>	(8,282)
	<i>Shares</i>	<i>Shares</i>
<b>Number of shares outstanding:</b>		
Issued and fully paid up capital	<b>2,000,000,000</b>	1,572,452,246
Weighted average number of treasury shares	<b>(187,630,160)</b>	(149,946,895)
Weighted average number of outstanding shares	<b>1,812,369,840</b>	1,422,505,351
	<i>Fils</i>	<i>Fils</i>
Basic earnings (loss) per share	<b>15.9</b>	(5.8)

#### **Diluted:**

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

	<i>Three months ended 31 March</i>	
	<i>2020 KD 000's</i>	<i>(Restated) 2019 KD 000's</i>
<b>Diluted earnings (loss) per share:</b>		
Profit (loss) for the period attributable to the equity holders of the Parent Company	<b>28,848</b>	(4,809)
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	-	(3,473)
Profit (loss) for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	<b>28,848</b>	(8,282)
	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	<b>1,812,369,840</b>	1,422,505,351
	<i>Fils</i>	<i>Fils</i>
Diluted earnings (loss) per share	<b>15.9</b>	(5.8)

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

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



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

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

As at 31 March 2020

### 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 3,315 thousand on the retranslation of this borrowing are transferred to interim condensed consolidated statement of comprehensive income to offset any losses on translation of the net investments in the foreign operations. There is no ineffectiveness during the period ended 31 March 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.

### 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>	<b>Total 31 March 2020</b>	<i>(Audited) 31 December 2019</i>	<i>31 March 2019</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<b>KD 000's</b>	<i>KD 000's</i>	<i>KD 000's</i>
<b><i>Interim condensed consolidated statement of financial position:</i></b>						
Loans and advances *	-	26,926	343,643	<b>370,569</b>	377,259	359,205
Other assets	2,239	5,799	734	<b>8,772</b>	4,704	6,164
Due to banks and other financial institutions *	-	12,066	31,082	<b>43,148</b>	37,643	31,078
Deposits from customers *	63,727	15,432	14,266	<b>93,425</b>	64,985	115,502
Medium term notes	-	3,086	-	<b>3,086</b>	3,031	3,042
Other liabilities	459	509	409	<b>1,377</b>	9,110	53,463
Perpetual capital securities	-	1,509	906	<b>2,415</b>	2,415	2,415
<b><i>Commitments and contingent liabilities:</i></b>						
Letter of credit	-	1,301	2,258	<b>3,559</b>	6,010	7,128
Guarantees	25	54,313	2,659	<b>56,997</b>	101,796	80,221
					<b><i>Three months ended 31 March</i></b>	
		<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>	<b>2020</b>	<b>2019</b>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<b>KD 000's</b>	<b>KD 000's</b>
<b><i>Transactions:</i></b>						
Interest income		1,324	281	2,651	<b>4,256</b>	3,871
Fee and commission income		22	381	462	<b>865</b>	734
Interest expense		1,869	174	56	<b>2,099</b>	1,614

\* 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 2020

### 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.

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>Three months ended 31 March</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	<b>122,778</b>	<b>6,011</b>	118,855	33,797
Asset management and investment banking	<b>474</b>	<b>(30,509)</b>	12,256	(16,382)
Insurance	<b>1,785</b>	<b>1,785</b>	1,722	1,722
Media *	<b>69,792</b>	<b>69,792</b>	(11,311)	(11,311)
Industrial	<b>7,829</b>	<b>2,326</b>	15,227	7,253
Hospitality and real estate	<b>35,118</b>	<b>1,618</b>	28,605	304
Others	<b>10,631</b>	<b>(2,800)</b>	12,209	177
Inter-segmental eliminations	<b>(15,794)</b>	<b>(8,962)</b>	(10,613)	(3,995)
Segment revenues and results	<b>232,613</b>	<b>39,261</b>	166,950	11,565

\* Media segment revenues and results as at 31 March 2020 includes gain on remeasurement of previously held equity interest of KD 75,893 thousand (Note 3).

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

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

As at 31 March 2020

### 14 SEGMENT INFORMATION (continued)

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

	<i>31 March 2020</i>	<i>(Audited) 31 December 2019 (Restated)</i>	<i>31 March 2019 (Restated)</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Assets:</b>			
Commercial banking	<b>8,653,259</b>	8,566,812	8,444,665
Asset management and investment banking	<b>849,929</b>	914,621	785,513
Insurance	<b>79,927</b>	82,068	71,031
Media	<b>454,074</b>	125,049	161,676
Industrial	<b>287,388</b>	298,266	302,172
Hospitality and real estate	<b>979,187</b>	974,513	969,331
Others	<b>355,717</b>	362,290	356,309
Inter-segmental eliminations	<b>(1,184,339)</b>	(1,035,430)	(966,930)
<b>Total assets</b>	<b>10,475,142</b>	10,288,189	10,123,767
<b>Liabilities:</b>			
Commercial banking	<b>7,543,983</b>	7,584,348	7,487,516
Asset management and investment banking	<b>1,568,485</b>	1,541,243	1,261,500
Media	<b>242,320</b>	-	-
Industrial	<b>145,157</b>	144,234	130,756
Hospitality and real estate	<b>660,453</b>	657,982	673,545
Others	<b>260,846</b>	255,218	262,774
Inter-segmental eliminations	<b>(951,320)</b>	(904,131)	(679,543)
<b>Total liabilities</b>	<b>9,469,924</b>	9,278,894	9,136,548

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

### 15 COMMITMENTS

The Group has the following commitments:

	<i>31 March 2020</i>	<i>(Audited) 31 December 2019</i>	<i>31 March 2019</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Credit related commitments:</b>			
Letters of credit	<b>286,273</b>	290,284	328,557
Guarantees & Acceptances	<b>980,281</b>	1,022,884	953,505
	<b>1,266,554</b>	1,313,168	1,282,062
<b>Undrawn lines of credit</b>	<b>709,702</b>	764,668	668,816
<b>Investment related commitments</b>	<b>99,332</b>	98,383	77,951
	<b>2,075,588</b>	2,176,219	2,028,829

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

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

As at 31 March 2020

### 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>31 March</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>31 March</i> <i>2019</i> <i>KD 000's</i>
<b>Derivatives held for trading:</b> <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	<b>1,051,181</b>	1,103,253	1,042,959
Interest rate swaps	<b>171,507</b>	178,844	216,134
Options	<b>76,477</b>	78,847	203,731
<b>Derivatives held for hedging:</b>			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	<b>256,066</b>	285,852	180,078
<i>Cash flow hedges:</i>			
Interest rate swaps	<b>302,654</b>	276,245	314,860

### 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 762,678 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.

#### **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:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2020

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
<b>31 March 2020</b>				
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	14,654	16	5,362	<b>20,032</b>
Debt securities	4,172	-	245	<b>4,417</b>
Managed funds	976	11,808	103,735	<b>116,519</b>
Forfeiting assets	-	-	143,191	<b>143,191</b>
	<u>19,802</u>	<u>11,824</u>	<u>252,533</u>	<u><b>284,159</b></u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	8,286	26,759	59,305	<b>94,350</b>
Debt securities	252,534	4,985	6,819	<b>264,338</b>
	<u>260,820</u>	<u>31,744</u>	<u>66,124</u>	<u><b>358,688</b></u>
				<i>Total fair value</i>
<b>31 December 2019</b>	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>KD 000's</i>
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	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 31 March 2020

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

#### Fair value hierarchy (continued)

31 March 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	6,764	-	7,212	13,976
Debt securities	3,447	-	-	3,447
Managed funds	-	66,772	69,435	136,207
Forfeiting assets	-	-	96,536	96,536
	<u>10,211</u>	<u>66,772</u>	<u>173,183</u>	<u>250,166</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	38,367	37,314	31,742	107,423
Debt securities	143,374	6,096	14,083	163,553
	<u>181,741</u>	<u>43,410</u>	<u>45,825</u>	<u>270,976</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%.