

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2020 (UNAUDITED)



**Building a better
working world**

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Projects Company Holding K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 September 2020, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for three months and nine months periods then ended, and the related interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the nine 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 nine months period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-months period ended 30 September 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.

12 November 2020
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2020

		<i>(Audited)</i> 30 September 2020 KD 000's	<i>(Audited)</i> 31 December 2019 <i>(Restated) *</i> KD 000's	30 September 2019 <i>(Restated) *</i> KD 000's
ASSETS				
Cash in hand and at banks	4	1,446,451	1,581,969	1,421,090
Treasury bills, bonds and other debt securities		561,061	546,271	586,988
Loans and advances	5	4,719,070	5,072,573	4,854,045
Financial assets at fair value through profit or loss	17	256,033	288,622	269,159
Financial assets at fair value through other comprehensive income	17	322,124	322,286	249,128
Other assets		685,122	584,468	564,099
Properties held for trading		98,466	102,092	102,169
Investment in associates		342,886	352,069	350,075
Investment in a media joint venture	3	-	125,049	140,038
Investment properties		632,874	630,394	626,471
Property, plant and equipment		406,928	364,464	362,113
Intangible assets		644,303	317,932	325,964
TOTAL ASSETS		10,115,318	10,288,189	9,851,339
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		1,114,757	1,425,361	1,327,679
Deposits from customers		5,652,286	5,336,058	5,090,789
Loans payable	6	658,533	704,979	698,746
Bonds	7	476,358	475,485	474,296
Medium term notes	8	607,555	752,413	602,957
Other liabilities		682,299	584,598	614,221
Total liabilities		9,191,788	9,278,894	8,808,688
Equity				
Equity attributable to equity holders of the Parent Company	9	203,178	251,167	282,198
Perpetual capital securities		153,332	153,332	153,832
Non controlling interest		567,020	604,796	606,621
Total equity		923,530	1,009,295	1,042,651
TOTAL LIABILITIES AND EQUITY		10,115,318	10,288,189	9,851,339



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 September 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 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 KD 000's	(Restated)* 2019 KD 000's	2020 KD 000's	(Restated)* 2019 KD 000's
Income:					
Interest income		74,616	102,099	241,156	307,581
Investment income	10	11,218	7,212	87,215	18,501
Fee and commission income		13,769	19,290	40,668	47,371
Share of results of associates		4,269	2,685	12,825	19,057
Share of results from a media joint venture		-	(12,129)	(6,101)	(43,733)
Media and digital satellite network services income		28,005	3,088	59,457	9,482
Hospitality and real estate income		22,089	34,311	78,073	91,901
Educational service income		5,668	6,278	20,544	20,990
Manufacturing and distribution income		1,935	6,439	7,095	18,422
Other income		3,705	190	16,157	14,812
Foreign exchange gain		10,134	2,124	9,855	6,967
		175,408	171,587	566,944	511,351
Expenses:					
Interest expense		52,749	72,495	181,276	218,502
Media and digital satellite network services expenses		32,525	2,180	68,434	6,973
Hospitality and real estate expenses		18,284	25,978	63,014	66,278
Educational service expense		3,923	3,083	11,976	11,980
Manufacturing and distribution expenses		1,647	5,636	6,130	16,770
General and administrative expenses		37,967	37,995	129,213	130,621
Depreciation and amortisation		4,244	6,541	16,432	18,327
		151,339	153,908	476,475	469,451
Operating profit before provisions		24,069	17,679	90,469	41,900
Provision for credit losses	5	(5,752)	(7,614)	(49,209)	(13,078)
(Provision for) reversal of impairment of other financial and non-financial assets		(10,915)	862	(15,340)	(777)
Profit before taxation		7,402	10,927	25,920	28,045
Taxation		(940)	(4,195)	(5,980)	(12,045)
Profit for the period		6,462	6,732	19,940	16,000
Profit (loss) attributable to:					
Equity holders of the Parent Company		4,083	(2,950)	15,111	(20,977)
Non-controlling interest		2,379	9,682	4,829	36,977
		6,462	6,732	19,940	16,000
		<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
EARNINGS (LOSS) PER SHARE:					
Basic - attributable to the equity holders of the Parent Company	11	2.2	(6.1)	6.8	(21.1)
Diluted - attributable to the equity holders of the Parent Company	11	2.2	(6.1)	6.8	(21.1)

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 September 2020

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</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>
Profit for the period	6,462	6,732	19,940	16,000
Other comprehensive (loss) income:				
<i>Items that will not be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Net change in fair value of equity instruments at fair value through other comprehensive income	(1,615)	(2,133)	(18,901)	(2,680)
Share of other comprehensive (loss) income from associates	(656)	2,207	(9,711)	6,475
	(2,271)	74	(28,612)	3,795
<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 change in fair value during the period	2,953	3,622	8,176	4,968
- Changes in allowance for expected credit losses	(72)	(55)	200	(43)
- Net transfer to interim condensed consolidated income statement	(5,874)	(3,001)	(8,693)	(5,395)
Change in fair value of cash flow hedge	1,304	(5,630)	1,077	(7,746)
Foreign currency translation adjustment	(14,285)	(910)	(18,962)	(12,404)
	(15,974)	(5,974)	(18,202)	(20,620)
Other comprehensive loss for the period	(18,245)	(5,900)	(46,814)	(16,825)
Total comprehensive (loss) income for the period	(11,783)	832	(26,874)	(825)
(Loss) income attributable to:				
Equity holders of the Parent Company	(12,082)	(4,140)	(23,851)	(30,974)
Non controlling interest	299	4,972	(3,023)	30,149
	(11,783)	832	(26,874)	(825)

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 CASH FLOW STATEMENT

(UNAUDITED)

For the period ended 30 September 2020

		<i>Nine months ended</i> 30 September	
	<i>Notes</i>	2020 KD 000's	<i>(Restated)*</i> 2019 KD 000's
OPERATING ACTIVITIES			
Profit before taxation		25,920	28,045
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(241,156)	(307,581)
Investment income	10	(87,215)	(18,501)
Share of results of associates		(12,825)	(19,057)
Share of results from a media joint venture		6,101	43,733
Interest expense		181,276	218,502
Depreciation and amortisation		16,432	18,327
Provision for credit losses		49,209	13,078
Provision for impairment of other financial and non-financial assets		15,340	777
Foreign exchange loss on loans payable and medium-term notes		4,529	892
Provision for employee stock option plan		176	338
		(42,213)	(21,447)
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		(13,522)	(8,159)
Treasury bills, bonds and other debt securities		(14,790)	139,471
Loans and advances		263,553	(231,796)
Financial assets at fair value through profit or loss		35,554	3,711
Financial assets at fair value through other comprehensive income		(10,482)	7,476
Other assets		(73,151)	(64,915)
Properties held for trading		5,805	(4,488)
Due to banks and other financial institutions		(310,604)	(731,326)
Deposits from customers		316,228	203,186
Other liabilities		7,398	(19,770)
Dividends received		2,517	5,266
Interest received		229,216	293,434
Interest paid		(220,075)	(229,255)
Taxation paid		(12,173)	(11,405)
Net cash from (used in) operating activities		163,261	(670,017)
INVESTING ACTIVITIES			
Additional subscription of shares in investment in a media joint venture		-	(13,857)
Net movement in investment properties		(118)	238
Net movement in investment in associates		491	-
Dividends from associates		9,535	8,947
Net cash from (used in) investing activities		9,908	(4,672)
FINANCING ACTIVITIES			
Proceeds from issue of rights shares	9	-	88,735
(Repayment of) proceeds from loans payable, net		(112,300)	3,535
Proceeds from bonds, net		450	950
Repayment of medium term notes, net		(153,900)	(63,707)
Purchase of treasury shares		(992)	(2,919)
Proceeds from sale of treasury shares		1,147	637
Repayment of Perpetual capital securities		-	(152,403)
Net Proceeds from issue of perpetual capital securities		-	149,950
Dividends paid to equity holders of the Parent Company		(17,785)	(16,769)
Interest payment on perpetual capital securities		(4,623)	(9,578)
Dividends paid to non controlling interest		(12,184)	(16,306)
Movement in non controlling interest		(5,687)	4,596
Net cash used in financing activities		(305,874)	(13,279)
Net foreign exchange difference		(16,335)	(17,869)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(149,040)	(705,837)
Cash and cash equivalents at 1 January		1,571,536	2,114,689
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	4	1,422,496	1,408,852

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 September 2020

	<i>Attributable to equity holders of the Parent Company</i>													
	<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>
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	-	-	-	-	-	-	-	-	-	15,111	15,111	-	4,829	19,940
Other comprehensive loss	-	-	-	-	-	(22,138)	(16,824)	-	-	-	(38,962)	-	(7,852)	(46,814)
Total comprehensive (loss) income	-	-	-	-	-	(22,138)	(16,824)	-	-	15,111	(23,851)	-	(3,023)	(26,874)
Dividends for 2019 at 10 fils per share (note 9)	-	-	-	-	-	-	-	-	-	(18,124)	(18,124)	-	-	(18,124)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(12,442)	(12,442)
Purchase of treasury shares	-	-	(992)	-	-	-	-	-	-	-	(992)	-	-	(992)
Sale of treasury shares	-	-	2,316	-	-	-	-	-	-	(1,169)	1,147	-	-	1,147
Employees' share based payment	-	-	-	-	-	-	-	176	-	-	176	-	-	176
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,666	-	-	-	(1,666)	-	-	-	-
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	-	-	-	-	-	-	-	-	(3,632)	-	(3,632)	-	(4,255)	(7,887)
As at 30 September 2020	200,000	52,913	(93,103)	106,821	106,546	(30,291)	(131,810)	1,955	(18,276)	8,423	203,178	153,332	567,020	923,530

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 September 2020

	Attributable to equity holders of the Parent Company												Perpetual capital securities KD 000's	Non controlling interest KD 000's	Total equity KD 000's
	Share capital KD 000's	Share premium KD 000's	Treasury shares KD 000's	Statutory reserve KD 000's	Voluntary reserve KD 000's	Cumulative changes in fair values KD 000's	Foreign currency translation reserve KD 000's	ESOP reserve KD 000's	Other reserve KD 000's	Retained earnings KD 000's	Total KD 000's				
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	-	-	-	-	-	-	-	-	-	(20,977)	(20,977)	-	36,977	16,000	
Other comprehensive loss	-	-	-	-	-	(514)	(9,483)	-	-	-	(9,997)	-	(6,828)	(16,825)	
Total comprehensive (loss) income	-	-	-	-	-	(514)	(9,483)	-	-	(20,977)	(30,974)	-	30,149	(825)	
Dividends for 2018 at 12 fils per share (note 9)	-	-	-	-	-	-	-	-	-	(16,818)	(16,818)	-	-	(16,818)	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(16,306)	(16,306)	
Issue of Right shares (note 9)	45,275	49,802	(6,342)	-	-	-	-	-	-	-	88,735	-	-	88,735	
Purchase of treasury shares	-	-	(2,919)	-	-	-	-	-	-	-	(2,919)	-	-	(2,919)	
Sale of treasury shares	-	-	983	-	-	-	-	-	-	(346)	637	-	-	637	
Employees' share based payment	-	-	-	-	-	-	-	338	-	-	338	-	-	338	
Issue of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	151,242	-	151,242	
Perpetual capital securities issuance cost	-	-	-	-	-	-	-	-	-	(811)	(811)	-	(481)	(1,292)	
Repayment of perpetual capital securities	-	-	-	-	-	-	-	-	-	(5,260)	(5,260)	(144,025)	(3,118)	(152,403)	
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(6,026)	(6,026)	-	(3,552)	(9,578)	
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	(110)	(110)	175	(65)	-	
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,950	-	-	-	(1,950)	-	-	-	-	
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(3,777)	-	(3,777)	-	12,862	9,085	
As at 30 September 2019	<u>200,000</u>	<u>52,913</u>	<u>(94,389)</u>	<u>106,821</u>	<u>106,546</u>	<u>(4,835)</u>	<u>(106,529)</u>	<u>1,873</u>	<u>(17,949)</u>	<u>37,747</u>	<u>282,198</u>	<u>153,832</u>	<u>606,621</u>	<u>1,042,651</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 30 September 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 nine months period ended 30 September 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 12 November 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 except as noted below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed and is included in the same line item in the interim condensed consolidated income statement.

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 nine months period ended 30 September 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 September 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 September 2019.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Restatement (continued)

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 September 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 September 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 September 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 September 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2020

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impact of COVID-19 (continued)

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 September 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.

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		30 September 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	-	201,651	-
Share of results from a media joint venture	-	(68,002)	-	(43,733)
Investment in a media joint venture *	-	125,049	-	140,038

*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).

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3 INVESTMENT IN PANTHER MEDIA GROUP LIMITED (continued)

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>
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
	<u>116,931</u>
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
	<u>247,150</u>
Net liabilities assumed	<u>(130,219)</u>
Fair value of previously held equity interest	232,120
Non-controlling interests in acquiree	(16,146)
	<u>346,193</u>
Provisional Goodwill (included in intangible assets)	<u><u>346,193</u></u>

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.

4 CASH IN HAND AND AT BANKS

	<i>(Audited)</i>		
	<i>30 September 2020 KD 000's</i>	<i>31 December 2019 KD 000's</i>	<i>30 September 2019 KD 000's</i>
Cash and bank balances	834,714	813,773	859,265
Deposits with original maturities up to three months	587,981	757,962	549,818
Expected credit losses	(199)	(199)	(231)
	<u>1,422,496</u>	1,571,536	1,408,852
Cash and cash equivalents	1,422,496	1,571,536	1,408,852
Add: deposits with original maturities exceeding three months	23,955	10,433	12,238
	<u>1,446,451</u>	<u>1,581,969</u>	<u>1,421,090</u>

5 PROVISION FOR CREDIT LOSSES

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

	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance				
Balance as at 1 January 2020	24,411	57,880	123,666	205,957
Charge /(reversal) during the period	2,636	(18,084)	65,745	50,297
Amount written off during the period	-	-	(5,142)	(5,142)
Foreign exchange	(89)	1,522	(2,055)	(622)
	<u>26,958</u>	<u>41,318</u>	<u>182,214</u>	<u>250,490</u>
As at 30 September 2020	<u><u>26,958</u></u>	<u><u>41,318</u></u>	<u><u>182,214</u></u>	<u><u>250,490</u></u>

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

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As at 30 September 2020

5 PROVISION FOR CREDIT LOSSES (continued)

	<i>Stage 1</i> <i>KD '000</i>	<i>Stage 2</i> <i>KD '000</i>	<i>Stage 3</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>ECL allowance</i>				
Balance as at 1 January 2019	27,947	58,181	118,952	205,080
Charge /(reversal) during the period	1,920	(1,664)	15,700	15,956
Amount written off during the period	-	-	(12,968)	(12,968)
Foreign exchange	(58)	(591)	143	(506)
As at 30 September 2019	<u>29,809</u>	<u>55,926</u>	<u>121,827</u>	<u>207,562</u>

During the period the reversal to the ECL allowance on non-cash credit related facilities is KD 1,088 thousand (30 September 2019: KD 2,878 thousand).

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

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	3,815,817	781,386	372,357	4,969,560
ECL allowance	(26,958)	(41,318)	(182,214)	(250,490)
As at 30 September 2020	<u>3,788,859</u>	<u>740,068</u>	<u>190,143</u>	<u>4,719,070</u>
	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	4,124,253	672,378	264,976	5,061,607
ECL allowances	(29,809)	(55,926)	(121,827)	(207,562)
As at 30 September 2019	<u>4,094,444</u>	<u>616,452</u>	<u>143,149</u>	<u>4,854,045</u>

6 LOANS PAYABLE

	<i>30 September</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 September</i> <i>2019</i> <i>KD 000's</i>
Loans with maturity within 1 year	728,552	793,474	740,137
Loans with maturity above 1 year	718,787	605,516	643,581
	<u>1,447,339</u>	<u>1,398,990</u>	<u>1,383,718</u>
Less: inter-group borrowings	(788,806)	(694,011)	(684,972)
	<u>658,533</u>	<u>704,979</u>	<u>698,746</u>

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

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As at 30 September 2020

7 BONDS

	<i>30 September 2020 KD 000's</i>	<i>(Audited) 31 December 2019 KD 000's</i>	<i>30 September 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	13,932	13,916	13,911
Floating rate bonds at 2.25% per annum plus CBK discount rate (Capped at 6.5% per annum) and maturing on 8 November 2023	85,576	85,485	85,454
Fixed interest of 5.25% per annum and maturing on 28 December 2024	35,720	35,676	35,662
Floating interest of 2.25% per annum above the CBK discount rate (Capped at 6.25% per annum) and maturing on 28 December 2024	63,502	63,424	63,399
<i>Issued by subsidiaries:</i>			
Fixed interest of 4.125% per annum and maturing on 30 December 2021	99,828	99,724	99,690
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	69,446	69,383	69,362
Fixed interest of 6% per annum and maturing on 9 March 2026	29,904	29,877	29,868
	497,908	497,485	497,346
Less: inter-group eliminations	(21,550)	(22,000)	(23,050)
	476,358	475,485	474,296

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2020

8 MEDIUM TERM NOTES

	<i>30 September</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 September</i> <i>2019</i> <i>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. These notes were repaid on 15 July 2020.	-	151,365	151,793
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.	153,000	151,525	152,025
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.	152,702	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.	149,955	148,213	148,605
<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.	152,815	151,021	151,446
	608,472	753,323	603,869
Less: inter-group eliminations	(917)	(910)	(912)
	607,555	752,413	602,957

9 SHAREHOLDERS' EQUITY, TREASURY SHARES AND RESERVES

a) Share capital

	<i>30 September</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 September</i> <i>2019</i> <i>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	200,000

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

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

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As at 30 September 2020

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

b) Share premium

The share premium is not available for distribution.

c) Treasury shares

	<i>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
Number of treasury shares	186,594,388	187,630,160	187,459,660
Percentage of capital	9.33%	9.38%	9.37%
Market value (KD 000's)	28,176	40,528	41,241

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 September</i>		<i>Nine months ended 30 September</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>
Gain on sale of financial assets at fair value through profit or loss	1,469	1,611	904	2,509
Unrealised gain on financial assets at fair value through profit or loss	3,375	2,088	2,061	5,296
Gain on sale of debt instruments at fair value through other comprehensive income	5,700	2,996	8,574	5,526
Gain on remeasurement of previously held equity interest (Note 3)	-	-	75,893	-
Dividend income	674	517	2,517	5,266
Loss on sale of investment properties	-	-	-	(96)
Change in fair value of investment properties	-	-	(3,160)	-
Gain on sale of investment in associates	-	-	426	-
	11,218	7,212	87,215	18,501

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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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 and other payments on perpetual capital securities by the weighted average number of shares outstanding during the period, as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2020	(Restated) 2019	2020	(Restated) 2019
	KD 000's	KD 000's	KD 000's	KD 000's
Basic earnings(loss) per share:				
Profit (loss) for the period attributable to the equity holders of the Parent Company	4,083	(2,950)	15,111	(20,977)
Less: interest payments and other payments on perpetual capital securities attributable to the equity holders of the Parent Company	-	(7,692)	(2,713)	(11,286)
Profit (loss) for the period attributable to the equity holders of the Parent Company after interest and other payments on perpetual capital securities	4,083	(10,642)	12,398	(32,263)
	2020	2019	2020	2019
	Shares	Shares	Shares	Shares
Number of shares outstanding:				
Weighted average number of paid up shares	2,000,000,000	1,920,996,611	2,000,000,000	1,689,910,420
Weighted average number of treasury shares	(187,226,236)	(176,262,460)	(187,494,536)	(158,420,334)
Weighted average number of outstanding shares	1,812,773,764	1,744,734,151	1,812,505,464	1,531,490,086
	Fils	Fils	Fils	Fils
Basic earnings (loss) per share	2.2	(6.1)	6.8	(21.1)

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 and other 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.

	Three months ended 30 September		Nine months ended 30 September	
	2020	(Restated) 2019	2020	(Restated) 2019
	KD 000's	KD 000's	KD 000's	KD 000's
Diluted earnings (loss) per share:				
Profit (loss) for the period attributable to the equity holders of the Parent Company	4,083	(2,950)	15,111	(20,977)
Less: interest payments and other payments on perpetual capital securities attributable to the equity holders of the Parent Company	-	(7,692)	(2,713)	(11,286)
Profit (loss) for the period attributable to the equity holders of the Parent Company after interest and other payments on perpetual capital securities	4,083	(10,642)	12,398	(32,263)

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

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11 EARNINGS (LOSS) PER SHARE (continued)

Diluted: (continued)

	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	1,812,773,764	1,744,734,151	1,812,505,464	1,531,490,086
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Diluted earnings (loss) per share	2.2	(6.1)	6.8	(21.1)

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).

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 2,690 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 September 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>	<i>Total</i>	<i>(Audited)</i>	
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>30 September 2020</i>	<i>31 December 2019</i>	<i>30 September 2019</i>
				<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Cash in hand and at banks	-	-	-	-	-	11,858
Loans and advances *	-	44,542	341,806	386,348	377,259	346,620
Other assets	26	2,289	151	2,466	4,704	4,382
Due to banks and other financial institutions *	-	11,237	47,653	58,890	37,643	37,022
Deposits from customers *	80,482	17,359	18,001	115,842	64,985	66,808
Medium term notes	-	3,060	-	3,060	3,031	3,041
Other liabilities	461	3	681	1,145	50,201	15,086
Perpetual capital securities	-	1,509	906	2,415	2,415	2,415
<i>Commitments and contingent liabilities:</i>						
Letter of credit	-	16,687	2,497	19,184	6,010	5,349
Guarantees	25	50,788	3,874	54,687	101,796	101,831

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13 RELATED PARTY TRANSACTIONS (continued)

	<i>Major shareholder</i> <i>KD 000's</i>	<i>Associates</i> <i>KD 000's</i>	<i>Others</i> <i>KD 000's</i>	<i>Nine months ended</i> <i>30 September</i>	
				<i>2020</i> <i>KD 000's</i>	<i>2019</i> <i>KD 000's</i>
<i>Transactions:</i>					
Interest income	3,302	806	6,173	10,281	10,486
Dividend income	-	-	-	-	1,598
Fee and commission income	67	560	376	1,003	1,937
Interest expense	5,202	448	144	5,794	3,752

* Related party balances pertain to operations of banking subsidiaries.

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>Nine months ended 30 September</i>			
	<i>2020</i>		<i>2019 (Restated)</i>	
	<i>Segment revenues</i> <i>KD 000's</i>	<i>Segment results</i> <i>KD 000's</i>	<i>Segment revenues</i> <i>KD 000's</i>	<i>Segment results</i> <i>KD 000's</i>
Commercial banking	369,206	85,265	390,617	102,200
Asset management and investment banking	35,324	(53,191)	39,380	(42,288)
Insurance	6,422	6,422	4,932	4,932
Media *	122,730	43,085	(43,733)	(43,733)
Industrial	15,039	2,038	31,553	6,734
Hospitality and real estate	76,550	(6,057)	95,064	2,526
Others	25,453	(3,045)	35,170	(1,601)
Inter-segmental eliminations	(83,780)	(48,597)	(41,632)	(725)
Segment revenues and results	566,944	25,920	511,351	28,045

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

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14 SEGMENT INFORMATION (continued)

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

	<i>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
	<i>KD 000's</i>	<i>(Restated) KD 000's</i>	<i>(Restated) KD 000's</i>
Assets:			
Commercial banking	8,383,476	8,566,812	8,246,732
Asset management and investment banking	625,598	914,621	742,292
Insurance	82,340	82,068	78,150
Media	429,910	125,049	140,038
Industrial	283,217	298,266	300,396
Hospitality and real estate	985,378	974,513	977,951
Others	349,759	362,290	346,817
Inter-segmental eliminations	(1,024,360)	(1,035,430)	(981,037)
Total assets	10,115,318	10,288,189	9,851,339
Liabilities:			
Commercial banking	7,470,347	7,584,348	7,251,491
Asset management and investment banking	1,384,823	1,541,243	1,307,233
Media	237,712	-	-
Industrial	146,324	144,234	133,158
Hospitality and real estate	666,085	657,982	670,038
Others	261,636	255,218	263,482
Inter-segmental eliminations	(975,139)	(904,131)	(816,714)
Total liabilities	9,191,788	9,278,894	8,808,688

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>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Credit related commitments:			
Letters of credit	253,351	290,284	245,609
Guarantees & Acceptances	983,312	1,022,884	1,012,118
	1,236,663	1,313,168	1,257,727
Undrawn lines of credit	698,038	764,668	762,226
Investment related commitments	63,274	98,383	117,808
	1,997,975	2,176,219	2,137,761

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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 September</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 September</i> <i>2019</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	1,258,381	1,103,253	1,153,543
Interest rate swaps	142,716	178,844	208,817
Options	24,525	78,847	66,648
Derivatives held for hedging:			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	175,040	285,852	215,586
<i>Cash flow hedges:</i>			
Interest rate swaps	280,871	276,245	300,645

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 612,215 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.

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As at 30 September 2020

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

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

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
30 September 2020				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	19,199	-	5,010	24,209
Debt securities	5,832	-	250	6,082
Managed funds	377	13,915	86,237	100,529
Forfeiting assets	-	-	125,213	125,213
	<u>25,408</u>	<u>13,915</u>	<u>216,710</u>	<u>256,033</u>
 <i>Financial assets at fair value through other comprehensive income:</i>				
Equities	18,858	16,133	51,913	86,904
Debt securities	223,412	4,988	6,820	235,220
	<u>242,270</u>	<u>21,121</u>	<u>58,733</u>	<u>322,124</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>

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As at 30 September 2020

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

30 September 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	13,112	-	1,184	14,296
Debt securities	5,043	-	-	5,043
Managed funds	319	14,593	121,925	136,837
Forfeiting assets	-	-	112,983	112,983
	<u>18,474</u>	<u>14,593</u>	<u>236,092</u>	<u>269,159</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	31,203	36,895	38,108	106,206
Debt securities	131,004	4,918	7,000	142,922
	<u>162,207</u>	<u>41,813</u>	<u>45,108</u>	<u>249,128</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%.