

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2021 (UNAUDITED)**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors  
Kuwait Projects Company Holding K.S.C.P.  
State of Kuwait

**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 2021 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. 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". 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 condensed consolidated 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 International Accounting Standard 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 account 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, and its Executive Regulations, as amended or by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the three months period ended 31 March 2021 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 Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2021, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait  
11 May 2021



Dr. Shuaib A. Shuaib  
License No. 33-A  
RSM Albazie & Co.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)

As at 31 March 2021

		(Audited)	31 March
	Notes	31 December 2020 (Restated)* KD 000's	31 March 2020 (Restated)* KD 000's
<b>ASSETS</b>			
Cash in hand and at banks	4	1,262,998	1,424,895
Treasury bills, bonds and other debt securities		512,235	550,096
Loans and advances		4,774,993	5,075,597
Financial assets at fair value through profit or loss		256,343	284,159
Financial assets at fair value through other comprehensive income		423,314	358,688
Other assets		798,456	651,844
Properties held for trading		122,282	100,951
Investment in associates		356,953	345,017
Investment properties		635,279	634,615
Property, plant and equipment		379,475	390,911
Intangible assets		603,204	665,390
<b>TOTAL ASSETS</b>		<b>10,125,532</b>	<b>10,482,163</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to banks and other financial institutions		1,161,649	1,445,153
Deposits from customers		5,171,240	5,285,076
Loans payable	6	764,835	805,303
Bonds	7	532,275	476,025
Medium term notes	8	599,799	766,330
Other liabilities		1,021,966	692,037
<b>Total liabilities</b>		<b>9,251,764</b>	<b>9,469,924</b>
<b>Equity</b>			
Equity attributable to equity holders of the Parent Company	9	182,778	262,576
Perpetual capital securities		153,332	153,332
Non controlling interest		537,658	596,331
<b>Total equity</b>		<b>873,768</b>	<b>1,012,239</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,125,532</b>	<b>10,482,163</b>

Faisal Hamad Al Ayyar  
Vice Chairman (Executive)

\* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2020 and interim condensed consolidated financial information as at 31 March 2020 and reflect adjustments made as detailed in Note 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 2021

		<i>Three months ended 31 March</i>	
		<i>2021</i>	<i>2020</i>
	<i>Notes</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Income:</b>			
Interest income		<b>69,165</b>	93,884
Investment income	10	<b>9,327</b>	78,509
Fee and commission income		<b>14,545</b>	13,956
Share of results of associates		<b>5,615</b>	3,672
Share of results from a media joint venture		-	(6,101)
Media and digital satellite network services income		<b>25,716</b>	2,656
Hospitality and real estate income		<b>24,276</b>	33,889
Educational service income		<b>7,112</b>	7,466
Manufacturing and distribution income		<b>2,289</b>	3,231
Other income		<b>6,881</b>	6,833
Foreign exchange gain (loss)		<b>4,794</b>	(5,382)
		<b>169,720</b>	232,613
<b>Expenses:</b>			
Interest expense		<b>53,213</b>	64,759
Media and digital satellite network services expense		<b>30,604</b>	1,374
Hospitality and real estate expenses		<b>18,063</b>	28,414
Educational service expense		<b>3,651</b>	3,980
Manufacturing and distribution expenses		<b>1,862</b>	2,853
General and administrative expenses		<b>40,244</b>	47,911
Depreciation and amortisation		<b>6,666</b>	6,613
		<b>154,303</b>	155,904
<b>Operating profit before provisions</b>		<b>15,417</b>	76,709
Provision for credit losses	5	<b>(20,619)</b>	(37,448)
<b>(Loss) profit before taxation</b>		<b>(5,202)</b>	39,261
Taxation		<b>(2,214)</b>	(2,482)
<b>(Loss) profit for the period</b>		<b>(7,416)</b>	36,779
<b>(Loss) profit attributable to:</b>			
Equity holders of the Parent Company		<b>(8,437)</b>	28,848
Non-controlling interest		<b>1,021</b>	7,931
		<b>(7,416)</b>	36,779
		<i>Fils</i>	<i>Fils</i>
<b>(LOSS) EARNINGS PER SHARE:</b>			
Basic - attributable to the equity holders of the Parent Company	11	<b>(4.7)</b>	15.9
Diluted - attributable to the equity holders of the Parent Company	11	<b>(4.7)</b>	15.9

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 2021

	<i>Three months ended</i> <i>31 March</i>	
	<i>2021</i> <i>KD 000's</i>	<i>2020</i> <i>KD 000's</i>
<b>(Loss) profit for the period</b>	<b>(7,416)</b>	36,779
<b>Other comprehensive 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 income (loss)	<b>723</b>	(11,906)
Share of other comprehensive loss from associates	<b>(1,136)</b>	(6,622)
	<b>(413)</b>	(18,528)
<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>(339)</b>	(1,385)
- Net change in fair value during the period	<b>(5,476)</b>	(6,911)
- Changes in allowance for expected credit losses	<b>(1)</b>	147
Change in fair value of cash flow hedge	<b>2,127</b>	1,020
Foreign currency translation adjustment	<b>(8,258)</b>	1,733
	<b>(11,947)</b>	(5,396)
<b>Other comprehensive loss for the period</b>	<b>(12,360)</b>	(23,924)
<b>Total comprehensive (loss) income for the period</b>	<b>(19,776)</b>	12,855
<b>(Loss) profit attributable to:</b>		
Equity holders of the Parent Company	<b>(11,817)</b>	10,788
Non-controlling interest	<b>(7,959)</b>	2,067
	<b>(19,776)</b>	12,855

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

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

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period ended 31 March 2021

		<i>Three months ended 31 March</i>	
	Notes	<i>2021 KD 000's</i>	<i>2020 KD 000's</i>
<b>OPERATING ACTIVITIES</b>			
(Loss) profit before taxation		(5,202)	39,261
<i>Adjustments to reconcile (loss) profit before taxation to net cash flows:</i>			
Interest income		(69,165)	(93,884)
Investment income	10	(9,327)	(78,509)
Share of results of associates		(5,615)	(3,672)
Share of results from a media joint venture		-	6,101
Interest expense		53,213	64,759
Depreciation and amortisation		6,666	6,613
Provision for credit losses	5	20,619	37,448
Foreign exchange (income) loss on loans payable and medium-term notes		(587)	7,860
Provision for employee stock option plan		56	59
		<u>(9,342)</u>	<u>(13,964)</u>
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		4,748	(2,739)
Treasury bills, bonds and other debt securities		(4,097)	(3,825)
Loans and advances		159,960	(77,283)
Financial assets at fair value through profit or loss		4,235	3,856
Financial assets at fair value through other comprehensive income		(36,653)	(57,923)
Other assets		12,133	(1,481)
Properties held for trading		61	(3,012)
Due to banks and other financial institutions		(110,403)	19,792
Deposits from customers		23,565	(50,982)
Other liabilities		(32,803)	(17,558)
Dividends received	10	430	1,331
Interest received		74,392	80,925
Interest paid		(63,844)	(74,334)
Taxation paid		(701)	(2,023)
Net cash from (used in) operating activities		<u>21,681</u>	<u>(199,220)</u>
<b>INVESTING ACTIVITIES</b>			
Net movement in investment properties		248	(16)
Net movement in investment in associates		-	491
Dividends from associates		29	602
Net cash from investing activities		<u>277</u>	<u>1,077</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans payable, net		20,805	34,830
Repayment of bonds, net	7	(100,420)	-
Movement in non-controlling interest		95	(587)
Net cash (used in) from financing activities		<u>(79,520)</u>	<u>34,243</u>
Net foreign exchange difference		(7,547)	4,087
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(65,109)</u>	<u>(159,813)</u>
Cash and cash equivalents at 1 January		1,456,005	1,571,536
<b>CASH AND CASH EQUIVALENTS AT 31 March</b>	4	<u>1,390,896</u>	<u>1,411,723</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2021

*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 2020 (as previously stated)	200,000	52,913	(93,151)	106,821	76,546	(19,287)	(131,138)	2,067	(21,398)	27,255	200,628	153,332	538,559	892,519
Restatement (Note 3) *	-	-	-	-	-	-	-	-	690	(5,413)	(4,723)	-	5,597	874
As at 1 January 2021 (restated)	200,000	52,913	(93,151)	106,821	76,546	(19,287)	(131,138)	2,067	(20,708)	21,842	195,905	153,332	544,156	893,393
(Loss) profit for the period	-	-	-	-	-	-	-	-	-	(8,437)	(8,437)	-	1,021	(7,416)
Other comprehensive income (loss)	-	-	-	-	-	58	(3,438)	-	-	-	(3,380)	-	(8,980)	(12,360)
Total comprehensive income (loss)	-	-	-	-	-	58	(3,438)	-	-	(8,437)	(11,817)	-	(7,959)	(19,776)
Employees' share based payment	-	-	-	-	-	-	-	56	-	-	56	-	-	56
Transfer related to disposal group held for sale	-	-	-	-	-	134	99	-	(233)	-	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	238	-	-	-	(238)	-	-	-	-
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(1,366)	-	(1,366)	-	1,461	95
<b>As at 31 March 2021</b>	<b>200,000</b>	<b>52,913</b>	<b>(93,151)</b>	<b>106,821</b>	<b>76,546</b>	<b>(18,857)</b>	<b>(134,477)</b>	<b>2,123</b>	<b>(22,307)</b>	<b>13,167</b>	<b>182,778</b>	<b>153,332</b>	<b>537,658</b>	<b>873,768</b>

\* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2020 and reflect adjustments made as detailed in Note 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) (continued)

For the period ended 31 March 2021

*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	-	-	-	-	-	-	-	-	-	(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)*	-	-	-	-	-	-	-	-	-	-	-	-	(9,125)	(9,125)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	562	-	562	-	(1,149)	(587)
As at 31 March 2020 (restated)	200,000	52,913	(94,427)	106,821	106,546	(31,061)	(111,297)	1,838	(14,082)	45,325	262,576	153,332	596,331	1,012,239

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2020 and reflect adjustments made as detailed in Note 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

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

As at 31 March 2021

### 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 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 11 May 2021.

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 PREPARATION

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 2020. 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 2020.

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 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2 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 2020.

**Impact of COVID-19**

The continuous spread of the coronavirus ("COVID-19") across various geographies globally, 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 2021.

*(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 2021. 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.

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

The Group has not identified significant impact on the carrying values of its non-financial assets as at 31 March 2021 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 2020. 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 2021

### 3. BUSINESS COMBINATION

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 year 2019, 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).

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).

PMGL was consolidated based on the provisional values assigned to the identifiable assets and liabilities as on the acquisition date, since management was in the process of determining the fair values of assets acquired and liabilities assumed. During the period ended 31 March 2021, the Group finalized the Purchase Price Allocation ("PPA") exercise of PMGL, and adjusted the provisional 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) as following:

	Previously reported provisional value <i>KD 000's</i>	Fair value recognized on acquisition date <i>KD 000's</i>
<b>Assets</b>		
Cash in hand and at banks	13,806	<b>13,806</b>
Property and equipment	16,564	<b>16,564</b>
Programme rights and contract assets (included in other assets)	35,908	<b>35,908</b>
Right-of-use assets (included in other assets)	27,002	<b>27,002</b>
Intangible assets (a)	-	<b>56,606</b>
Other assets	23,651	<b>23,651</b>
	<u>116,931</u>	<u><b>173,537</b></u>
<b>Liabilities</b>		
Loans payable	111,191	<b>111,191</b>
Accounts payable, deferred income and accruals (included in other liabilities)	70,047	<b>70,047</b>
Lease liability (included in other liabilities)	37,233	<b>37,233</b>
Other liabilities	28,679	<b>28,679</b>
	<u>247,150</u>	<u><b>247,150</b></u>
<b>Net liabilities assumed</b>	<b>(130,219)</b>	<b>(73,613)</b>
Fair value of previously held equity interest	232,120	<b>232,120</b>
Non-controlling interests in acquiree	(16,146)	<b>(9,125)</b>
	<u>346,193</u>	<u><b>296,608</b></u>

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

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

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### 3. BUSINESS COMBINATION (continued)

- (a) PPA adjustments amounting to KD 56,606 thousand represent the following additional intangible assets identified as part of business combination:
- Customer relationship with a fair value of KD 24,588 thousand and an average estimated useful life of 3 years; and
  - Trade name with a fair value of KD 32,018 thousand and an indefinite useful life.
- (b) The residual value was accounted for as Goodwill amounting to KD 296,608 thousand which was allocated to PMGL as one single Cash-Generating Unit (“CGU”). The goodwill represents the value of expected synergies and future inflow of resources from the acquisition.

The effect of the restatement is as follows:

Interim condensed consolidated statement of financial position:

<i>Category</i>	<i>As previously reported KD 000's</i>	<i>PPA Adjustments KD 000's</i>	<i>Restated KD 000's</i>
<i>31 March 2020</i>			
Assets:			
Intangible assets	658,369	7,021	665,390
Equity:			
Non-controlling interest	589,310	7,021	596,331
<i>31 December 2020 (Audited)</i>			
Assets:			
Intangible assets	606,465	874	607,339
Equity:			
Other reserve	(21,398)	690	(20,708)
Retained earnings	27,255	(5,413)	21,842
Non-controlling interest	538,559	5,597	544,156

The above restatement has no impact on the interim condensed consolidated income statement and cash flow statement for the period ended 31 March 2020.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2021

4. CASH IN HAND AND AT BANKS

	<i>31 March 2021 KD 000's</i>	<i>(Audited) 31 December 2020 KD 000's</i>	<i>31 March 2020 KD 000's</i>
Cash and bank balances	<b>792,975</b>	902,394	971,231
Deposits with original maturities up to three months	<b>441,638</b>	411,378	440,796
Expected credit losses	<b>(2,813)</b>	(2,853)	(304)
	<b>1,231,800</b>	1,310,919	1,411,723
Cash and cash equivalents	<b>1,231,800</b>	1,310,919	1,411,723
Add: deposits with original maturities exceeding three months	<b>31,198</b>	35,946	13,172
<b>Cash in hand and at banks as per interim condensed consolidated statement of financial position</b>	<b>1,262,998</b>	1,346,865	1,424,895
Cash and cash equivalents attributable to disposal group held for sale	<b>159,096</b>	145,086	-
Less: deposits with original maturities exceeding three months	<b>(31,198)</b>	(35,946)	(13,172)
<b>Cash and cash equivalents as per interim condensed consolidated cash flow statement</b>	<b>1,390,896</b>	1,456,005	1,411,723

5. PROVISION FOR CREDIT LOSSES

An analysis of changes in the ECL allowances in relation to loans and advances is 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>
<b>ECL allowance</b>				
Balance as at 1 January 2021	<b>39,942</b>	<b>46,068</b>	<b>149,852</b>	<b>235,862</b>
(Recovery) / charge during the period	<b>(7,933)</b>	<b>(12,469)</b>	<b>36,838</b>	<b>16,436</b>
Amount written off during the period	-	-	<b>(24,279)</b>	<b>(24,279)</b>
Foreign exchange	<b>127</b>	<b>923</b>	<b>(2,749)</b>	<b>(1,699)</b>
<b>As at 31 March 2021</b>	<b>32,136</b>	<b>34,522</b>	<b>159,662</b>	<b>226,320</b>
	<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>
<b>ECL allowance</b>				
Balance as at 1 January 2020	24,411	57,880	123,666	205,957
Charge during the period	15,443	5,131	10,715	31,289
Amount written off during the period	-	-	(395)	(395)
Foreign exchange	(39)	(1,180)	1,968	749
<b>As at 31 March 2020</b>	<b>39,815</b>	<b>61,831</b>	<b>135,954</b>	<b>237,600</b>

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

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

As at 31 March 2021

### 5. PROVISION FOR CREDIT LOSSES (continued)

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	3,931,027	658,455	411,831	5,001,313
ECL allowance	(32,136)	(34,522)	(159,662)	(226,320)
<b>As at 31 March 2021</b>	<b>3,898,891</b>	<b>623,933</b>	<b>252,169</b>	<b>4,774,993</b>
	<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	4,163,879	861,310	288,008	5,313,197
ECL allowance	(39,815)	(61,831)	(135,954)	(237,600)
<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>

Provision for credit losses recognised in the interim condensed consolidated income statement also includes expected credit losses ("ECL"), ECL recovery on cash in hand and at banks amounting to KD 133 thousand (31 March 2020: charge of KD 851 thousand), ECL charge on other debt securities amounting to KD 82 thousand (31 March 2020: charge of KD 2,968 thousand), ECL charge on other assets amounting to KD 1,212 thousand (31 March 2020: charge of KD 450 thousand) and ECL charge on non-cash facilities amounting to KD 3,022 thousand (31 March 2020: charge of KD 1,890 thousand).

### 6. LOANS PAYABLE

	<i>31 March</i> <i>2021</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>31 March</i> <i>2020</i> <i>KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity within 1 year	20,000	-	-
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	507,569	481,574	935,891
Loans with maturity above 1 year	1,095,503	1,060,869	633,382
	<b>1,623,072</b>	1,542,443	1,569,273
Less: inter-group borrowings	<b>(858,237)</b>	(798,330)	(763,970)
	<b>764,835</b>	744,113	805,303

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

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

As at 31 March 2021

### 7. BONDS

	<i>31 March 2021</i>	<i>(Audited) 31 December 2020</i>	<i>31 March 2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b><i>Issued by the Parent Company:</i></b>			
Fixed interest of 5.25% per annum and maturing on 28 December 2024	<b>35,749</b>	35,734	35,691
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	<b>63,555</b>	63,527	63,450
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	<b>13,941</b>	13,936	13,921
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>85,640</b>	85,608	85,515
<b><i>Issued by subsidiaries:</i></b>			
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 9 March 2026 *	-	29,913	29,886
Floating interest of 3.95% per annum above the CBK discount rate (capped at 7% per annum) and maturing on 9 March 2026 *	-	69,467	69,404
Fixed interest of 4.125% per annum and maturing on 30 December 2021	<b>99,897</b>	99,862	99,758
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
Fixed rate of 5% per annum and maturing on 15 October 2023	<b>4,698</b>	4,712	-
Fixed rate of 2.75% per annum and maturing on 15 December 2031	<b>150,345</b>	150,755	-
	<b>553,825</b>	653,514	497,625
Less: inter-group eliminations	<b>(21,550)</b>	(21,537)	(21,600)
	<b>532,275</b>	631,977	476,025

\* During the period ended 31 March 2021, one of the Group's subsidiaries ,Burgan Bank has fully redeemed and repaid KD 100 million subordinated bonds issued on 9 March 2016, callable at the option of the bank after 5 years from the date of issuance. The bonds had a ten-year tenor and a call option for redemption on any interest payment date falling on or after the fifth anniversary of the issue date.

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

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

As at 31 March 2021

### 8. MEDIUM TERM NOTES

	<i>31 March</i> <i>2021</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>31 March</i> <i>2020</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 23 February 2027 and carrying a coupon interest rate of 4.5% per annum payable on a semi-annual basis. These notes are listed on the London Stock Exchange.	<b>148,393</b>	148,709	151,002
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. These notes are listed on the London Stock Exchange. These notes were repaid on 15 July 2020.	-	-	154,187
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. These notes are listed on the London Stock Exchange.	<b>151,200</b>	151,625	154,275
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. These notes are listed on the London Stock Exchange.	<b>150,924</b>	151,337	153,953
<b><i>Issued by subsidiaries through SPEs:</i></b>			
Fixed rate notes amounting to US\$ 500 million having a term of 5 years maturing on 14 September 2021 and carrying a coupon interest rate of 3.125% per annum. These notes are listed on the Irish Stock Exchange.	<b>151,065</b>	151,416	153,839
	<b>601,582</b>	603,087	767,256
Less: inter-group eliminations	<b>(1,783)</b>	(1,830)	(926)
	<b>599,799</b>	601,257	766,330



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

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

As at 31 March 2021

### 9. SHAREHOLDER'S CAPITAL, SHARE PREMIUM, TREASURY SHARES AND APROPRIATIONS

#### a) Share capital

	<b>31 March 2021</b>	<i>(Audited)</i> 31 December 2020	31 March 2020
	<b>KD 000's</b>	KD 000's	KD 000's
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	200,000

\* This comprises 1,502,369,362 shares (31 December 2020: 1,502,369,362 shares and 31 March 2020: 1,502,369,362 shares) which are fully paid up in cash, whereas 497,630,638 shares (31 December 2020: 497,630,638 shares and 31 March 2020: 497,630,638 shares) were issued as bonus shares.

#### b) Share premium

The share premium is not available for distribution.

#### c) Treasury shares

	<b>31 March 2021</b>	<i>(Audited)</i> 31 December 2020	31 March 2020
Number of treasury shares (shares)	<b>187,371,442</b>	187,371,442	187,630,160
Percentage of capital	<b>9.37%</b>	9.37%	9.38%
Market value (KD 000's)	<b>30,542</b>	29,792	31,897

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

#### d) Dividend

Subsequent to the reporting date, on 15 April 2021, the shareholders Annual General Assembly approved the distribution of cash dividend of 5 fils per share for the year ended 31 December 2020 (for the year ended 31 December 2019: 10 fils per share) to the Parent Company's shareholders on record as at the record date.

#### e) Capital increase

Subsequent to the reporting date, on 15 April 2021, the shareholders Annual General Assembly approved to increase the Parent Company's authorised share capital to KD 300,000 thousand divided into 3,000,000 thousand shares of 100 fils each and authorizing the Board of Directors to call the increase in issued and paid-up capital, and outline its rules and guidelines, in full or in part, in one payment or in several, after obtaining necessary approvals from regulatory authorities.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2021

**10. INVESTMENT INCOME**

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Gain (loss) on sale of financial assets at fair value through profit or loss	777	(376)
Unrealised gain (loss) on financial assets at fair value through profit or loss	7,593	(231)
Gain on sale of debt instruments at fair value through other comprehensive income	496	1,466
Gain on remeasurement of previously held equity interest (Note 3)	-	75,893
Dividend income	430	1,331
Gain on sale of investment in associates	-	426
Gain on sale of investment properties	31	-
	<b>9,327</b>	<b>78,509</b>

**11. (LOSS) EARNINGS PER SHARE**

**Basic:**

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>
<b>Basic (loss) earnings per share:</b>		
(Loss) profit for the period attributable to the equity holders of the Parent Company	(8,437)	28,848
	<b>Shares</b>	<b>Shares</b>
<b>Number of shares outstanding:</b>		
Issued and fully paid-up capital	2,000,000,000	2,000,000,000
Weighted average number of treasury shares	(187,371,442)	(187,630,160)
Weighted average number of outstanding shares	<b>1,812,628,558</b>	<b>1,812,369,840</b>
	<b>Fils</b>	<b>Fils</b>
Basic (loss) earnings per share	<b>(4.7)</b>	<b>15.9</b>

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

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

As at 31 March 2021

### 11. (LOSS) EARNING PER SHARE (continued)

***Diluted:***

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

	<i>Three months ended 31 March</i>	
	<i>2021 KD 000's</i>	<i>2020 KD 000's</i>
<b><i>Diluted (loss) earnings per share:</i></b>		
(Loss) profit for the period attributable to the equity holders of the Parent Company	<b>(8,437)</b>	28,848
Weighted average number of outstanding shares	<b>Shares 1,812,628,558</b>	<b>Shares 1,812,369,840</b>
Diluted (loss) earnings per share	<b>Fils (4.7)</b>	<b>Fils 15.9</b>

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

### 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 649 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 2021.

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 the interim condensed consolidated income statement during the period.

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

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

As at 31 March 2021

### 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 2021</b>	<i>(Audited)</i> 31 December 2020	31 March 2020
	<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	132,600	46,923	242,733	<b>422,256</b>	409,161	409,732
Other assets	57	2,376	610	<b>3,043</b>	2,304	8,772
Due to banks and other financial institutions	-	14,274	27,693	<b>41,967</b>	33,971	43,148
Deposits from customers	5,232	16,486	21,497	<b>43,215</b>	41,141	34,223
Medium term notes	-	3,024	-	<b>3,024</b>	3,033	3,086
Other liabilities	191,378	2	385	<b>191,765</b>	212,398	187,679
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	-	15,451	1,122	<b>16,573</b>	21,292	3,559
Guarantees	25	53,553	5,192	<b>58,770</b>	58,545	56,997
					<b><i>Three months ended 31 March</i></b>	
	<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>	<b>2021</b>	<b>2020</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		957	325	1,791	<b>3,073</b>	4,256
Fee and commission income		23	492	50	<b>565</b>	865
Interest expense		1,589	81	33	<b>1,703</b>	2,099

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

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

As at 31 March 2021

### 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 & Satellite services – represents Group's activities in providing digital satellite services, 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.

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

The following table presents revenue and (loss) profit before taxation regarding the Group's operating segments:

	<i>Three months ended 31 March</i>			
	<i>2021</i>		<i>2020</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>100,014</b>	<b>11,549</b>	122,778	6,011
Asset management and investment banking	<b>9,881</b>	<b>(9,448)</b>	474	(30,509)
Insurance	<b>2,532</b>	<b>2,532</b>	1,785	1,785
Media and satellite services *	<b>28,812</b>	<b>(10,991)</b>	72,438	69,628
Industrial	<b>4,727</b>	<b>889</b>	7,829	2,326
Hospitality and real estate	<b>25,070</b>	<b>832</b>	35,118	1,618
Others	<b>7,648</b>	<b>(6)</b>	7,985	(2,636)
Inter-segmental eliminations	<b>(8,964)</b>	<b>(559)</b>	(15,794)	(8,962)
Segment revenues and results	<b>169,720</b>	<b>(5,202)</b>	232,613	39,261

\* Media and satellite services 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 2021

### 14. SEGMENT INFORMATION (continued)

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

	<i>31 March 2021</i>	<i>(Audited) 31 December 2020</i>	<i>31 March 2020</i>
	<i>KD 000's</i>	<i>(Restated) KD 000's</i>	<i>(Restated) KD 000's</i>
<b>Assets:</b>			
Commercial banking	<b>8,436,193</b>	8,627,251	8,653,259
Asset management and investment banking	<b>900,167</b>	821,656	849,929
Insurance	<b>88,291</b>	84,810	79,927
Media and satellite services	<b>446,003</b>	455,260	541,518
Industrial	<b>279,410</b>	276,061	287,388
Hospitality and real estate	<b>1,033,431</b>	975,313	979,187
Others	<b>280,092</b>	276,420	275,294
Inter-segmental eliminations	<b>(1,338,055)</b>	(1,165,523)	(1,184,339)
<b>Total assets</b>	<b>10,125,532</b>	10,351,248	10,482,163
<b>Liabilities:</b>			
Commercial banking	<b>7,497,205</b>	7,683,953	7,543,983
Asset management and investment banking	<b>1,594,101</b>	1,577,206	1,568,485
Media and satellite services	<b>303,276</b>	297,454	308,783
Industrial	<b>144,153</b>	142,754	145,157
Hospitality and real estate	<b>725,149</b>	666,687	660,453
Others	<b>196,690</b>	193,051	194,383
Inter-segmental eliminations	<b>(1,208,810)</b>	(1,103,250)	(951,320)
<b>Total liabilities</b>	<b>9,251,764</b>	9,457,855	9,469,924

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 2021</i>	<i>(Audited) 31 December 2020</i>	<i>31 March 2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Credit related commitments and contingencies</b>			
Letters of credit	<b>289,291</b>	280,290	286,273
Guarantees & Acceptances	<b>988,031</b>	981,708	980,281
	<b>1,277,322</b>	1,261,998	1,266,554
<b>Undrawn lines of credit</b>	<b>748,916</b>	755,412	709,702
<b>Investment related commitments</b>	<b>62,335</b>	46,330	99,332
	<b>2,088,573</b>	2,063,740	2,075,588

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

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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>31 March</i>	<i>(Audited)</i>	
	<i>2021</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD 000's</i>	<i>2020</i>	<i>2020</i>
		<i>KD 000's</i>	<i>KD 000's</i>
<b>Derivatives held for trading:</b>			
<i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	<b>1,194,060</b>	1,241,899	1,051,181
Interest rate swaps	<b>126,387</b>	147,122	171,507
Options	<b>55,950</b>	33,996	76,477
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
<b>Derivatives held for hedging:</b>			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	<b>204,834</b>	241,018	256,066
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
<i>Cash flow hedges:</i>			
Interest rate swaps	<b>287,314</b>	287,625	302,654
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

### 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 598,097 thousand (31 December 2020: KD 621,232 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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### 17. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
<b>31 March 2021</b>				
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	19,373	-	4,029	<b>23,402</b>
Debt securities	6,586	-	-	<b>6,586</b>
Managed funds	1,291	11,460	79,336	<b>92,087</b>
Forfeiting assets	-	-	134,268	<b>134,268</b>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	14,948	5,326	60,777	<b>81,051</b>
Debt securities	328,196	6,057	8,000	<b>342,253</b>
Managed funds	-	-	10	<b>10</b>
<b>31 December 2020 (Audited)</b>				
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	16,290	16	4,905	21,211
Debt securities	6,087	-	-	6,087
Managed funds	398	10,397	76,947	87,742
Forfeiting assets	-	-	137,168	137,168
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	14,998	3,732	59,104	77,834
Debt securities	299,265	5,658	8,000	312,923
Managed funds	-	-	1,170	1,170



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

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

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%.