

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**30 JUNE 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 30 June 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 six 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**

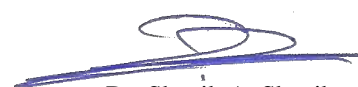
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

**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 six months period ended 30 June 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 six months period ended 30 June 2021, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait  
10 August 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 30 June 2021

|   |              | <b>30 June</b>    | <i>(Audited)</i><br><b>31 December</b> | <b>30 June</b>                         |
|---|--------------|-------------------|--|--|
|   | <i>Notes</i> | <b>2021</b>       | <b>2020</b>                            | <b>2020</b>                            |
|   |              | <b>KD 000's</b>   | <i>(Restated) *</i><br><b>KD 000's</b> | <i>(Restated) *</i><br><b>KD 000's</b> |
| <b>ASSETS</b>   |              |                   |  |  |
| Cash in hand and at banks   | 4            | <b>1,165,501</b>  | 1,346,865                              | 1,403,446                              |
| Treasury bills, bonds and other debt securities                   |              | <b>534,064</b>    | 500,770                                | 581,606                                |
| Loans and advances  |              | <b>4,797,121</b>  | 4,945,497                              | 4,874,169                              |
| Financial assets at fair value through profit or loss             |              | <b>274,780</b>    | 252,208                                | 264,466                                |
| Financial assets at fair value through other comprehensive income |              | <b>403,291</b>    | 391,927                                | 411,373                                |
| Other assets  |              | <b>904,816</b>    | 818,524                                | 659,190                                |
| Properties held for trading                                       |              | <b>124,225</b>    | 118,353                                | 99,909                                 |
| Investment in associates  |              | <b>346,361</b>    | 349,065                                | 347,361                                |
| Investment properties   |              | <b>509,793</b>    | 624,258                                | 631,923                                |
| Property, plant and equipment                                     |              | <b>378,991</b>    | 396,442                                | 376,237                                |
| Intangible assets   |              | <b>598,460</b>    | 607,339                                | 661,689                                |
| <b>TOTAL ASSETS</b>   |              | <b>10,037,403</b> | 10,351,248                             | 10,311,369                             |
| <b>LIABILITIES AND EQUITY</b>                                     |              |                   |  |  |
| <b>Liabilities</b>  |              |                   |  |  |
| Due to banks and other financial institutions                     |              | <b>894,202</b>    | 1,271,941                              | 1,453,037                              |
| Deposits from customers   |              | <b>5,384,549</b>  | 5,160,158                              | 5,217,433                              |
| Loans payable   | 6            | <b>756,868</b>    | 744,113                                | 742,159                                |
| Bonds   | 7            | <b>532,785</b>    | 631,977                                | 476,165                                |
| Medium term notes   | 8            | <b>597,288</b>    | 601,257                                | 764,728                                |
| Other liabilities   |              | <b>971,275</b>    | 1,048,409                              | 711,385                                |
| <b>Total liabilities</b>  |              | <b>9,136,967</b>  | 9,457,855                              | 9,364,907                              |
| <b>Equity</b>   |              |                   |  |  |
| Equity attributable to equity holders of the Parent Company       | 9            | <b>207,115</b>    | 195,905                                | 215,395                                |
| Perpetual capital securities                                      |              | <b>153,332</b>    | 153,332                                | 153,332                                |
| Non controlling interest  |              | <b>539,989</b>    | 544,156                                | 577,735                                |
| <b>Total equity</b>   |              | <b>900,436</b>    | 893,393                                | 946,462                                |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               |              | <b>10,037,403</b> | 10,351,248                             | 10,311,369                             |



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 30 June 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 30 June 2021

|  | Notes | Three months ended<br>30 June |                  | Six months ended<br>30 June |                  |
|--|-------|-------------------------------|------------------|-----------------------------|------------------|
|  |       | (Restated) *                  |                  | (Restated) *                |                  |
|  |       | 2021<br>KD 000's              | 2020<br>KD 000's | 2021<br>KD 000's            | 2020<br>KD 000's |
| <b>Income:</b>   |       |                               |                  |                             |                  |
| Interest income  |       | 77,370                        | 72,656           | 146,535                     | 166,540          |
| Investment income  | 10    | 38,131                        | (2,512)          | 47,458                      | 75,997           |
| Fee and commission income  |       | 15,235                        | 12,943           | 29,780                      | 26,899           |
| Share of results of associates                                     |       | 5,315                         | 4,884            | 10,930                      | 8,556            |
| Share of results from a media joint venture                        |       | -                             | -                | -                           | (6,101)          |
| Media and digital satellite network services income                |       | 24,342                        | 28,796           | 50,058                      | 31,452           |
| Hospitality and real estate income                                 |       | 21,451                        | 22,095           | 45,727                      | 55,984           |
| Educational service income   |       | 7,133                         | 7,410            | 14,245                      | 14,876           |
| Manufacturing and distribution income                              |       | 2,029                         | 1,929            | 4,318                       | 5,160            |
| Other income   |       | 10,553                        | 5,619            | 17,434                      | 12,452           |
| Foreign exchange gain (loss)                                       |       | 4,551                         | 5,103            | 9,345                       | (279)            |
|  |       | <b>206,110</b>                | <b>158,923</b>   | <b>375,830</b>              | <b>391,536</b>   |
| <b>Expenses:</b>   |       |                               |                  |                             |                  |
| Interest expense   |       | 52,185                        | 63,768           | 105,398                     | 128,527          |
| Media and digital satellite network services expense               |       | 24,933                        | 34,535           | 55,537                      | 35,909           |
| Hospitality and real estate expenses                               |       | 15,756                        | 16,316           | 33,819                      | 44,730           |
| Educational service expense  |       | 3,867                         | 4,073            | 7,518                       | 8,053            |
| Manufacturing and distribution expenses                            |       | 1,586                         | 1,630            | 3,448                       | 4,483            |
| General and administrative expenses                                |       | 47,817                        | 43,335           | 88,061                      | 91,246           |
| Depreciation and amortisation                                      |       | 7,004                         | 7,624            | 13,670                      | 14,237           |
|  |       | <b>153,148</b>                | <b>171,281</b>   | <b>307,451</b>              | <b>327,185</b>   |
| <b>Operating profit (loss) before provisions</b>                   |       | <b>52,962</b>                 | <b>(12,358)</b>  | <b>68,379</b>               | <b>64,351</b>    |
| Provision for credit losses  | 5     | (20,028)                      | (10,434)         | (40,647)                    | (47,882)         |
| Provision for impairment of investment                             |       | (15,780)                      | -                | (15,780)                    | -                |
|  |       | <b>17,154</b>                 | <b>(22,792)</b>  | <b>11,952</b>               | <b>16,469</b>    |
| <b>Profit (loss) before taxation</b>                               |       | <b>17,154</b>                 | <b>(22,792)</b>  | <b>11,952</b>               | <b>16,469</b>    |
| Taxation   |       | (2,232)                       | (2,558)          | (4,446)                     | (5,040)          |
|  |       | <b>14,922</b>                 | <b>(25,350)</b>  | <b>7,506</b>                | <b>11,429</b>    |
| <b>Profit (loss) attributable to:</b>                              |       |                               |                  |                             |                  |
| Equity holders of the Parent Company                               |       | 11,634                        | (19,629)         | 3,197                       | 9,219            |
| Non-controlling interest   |       | 3,288                         | (5,721)          | 4,309                       | 2,210            |
|  |       | <b>14,922</b>                 | <b>(25,350)</b>  | <b>7,506</b>                | <b>11,429</b>    |
|  |       | <i>Fils</i>                   | <i>Fils</i>      | <i>Fils</i>                 | <i>Fils</i>      |
| <b>EARNINGS (LOSS) PER SHARE:</b>                                  |       |                               |                  |                             |                  |
| Basic - attributable to the equity holders of the Parent Company   | 11    | 4.9                           | (12.3)           | 0.2                         | 3.6              |
| Diluted - attributable to the equity holders of the Parent Company | 11    | 4.9                           | (12.3)           | 0.2                         | 3.6              |

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 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  
COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2021

|  | <i>Three months ended</i> |                     | <i>Six months ended</i> |                     |
|--|---------------------------|---------------------|-------------------------|---------------------|
|  | <i>30 June</i>            |                     | <i>30 June</i>          |                     |
|  | <i>2021</i>               | <i>(Restated) *</i> | <i>2021</i>             | <i>(Restated) *</i> |
|  | <i>KD 000's</i>           | <i>2020</i>         | <i>KD 000's</i>         | <i>2020</i>         |
|  |                           | <i>KD 000's</i>     |                         | <i>KD 000's</i>     |
| <b>Profit (loss) for the period</b>  | <b>14,922</b>             | (25,350)            | <b>7,506</b>            | 11,429              |
| <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>813</b>                | (5,380)             | <b>1,536</b>            | (17,286)            |
| Share of other comprehensive loss from associates  | <b>(494)</b>              | (2,433)             | <b>(1,630)</b>          | (9,055)             |
|  | <b>319</b>                | (7,813)             | <b>(94)</b>             | (26,341)            |
| <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 (loss):  |                           |                     |                         |                     |
| - Net transfer to interim condensed consolidated income statement  | <b>(79)</b>               | (1,434)             | <b>(418)</b>            | (2,819)             |
| - Net change in fair value during the period   | <b>1,513</b>              | 12,134              | <b>(3,963)</b>          | 5,223               |
| - Changes in allowance for expected credit losses  | <b>(108)</b>              | 125                 | <b>(109)</b>            | 272                 |
| Change in fair value of cash flow hedge  | <b>1,964</b>              | (1,247)             | <b>4,091</b>            | (227)               |
| Foreign currency translation adjustment  | <b>(5,726)</b>            | (6,410)             | <b>(13,984)</b>         | (4,677)             |
|  | <b>(2,436)</b>            | 3,168               | <b>(14,383)</b>         | (2,228)             |
| <b>Other comprehensive loss for the period</b>   | <b>(2,117)</b>            | (4,645)             | <b>(14,477)</b>         | (28,569)            |
| <b>Total comprehensive income (loss) for the period</b>  | <b>12,805</b>             | (29,995)            | <b>(6,971)</b>          | (17,140)            |
| <b>Profit (loss) attributable to:</b>  |                           |                     |                         |                     |
| Equity holders of the Parent Company   | <b>11,921</b>             | (24,366)            | <b>104</b>              | (13,578)            |
| Non controlling interest   | <b>884</b>                | (5,629)             | <b>(7,075)</b>          | (3,562)             |
|  | <b>12,805</b>             | (29,995)            | <b>(6,971)</b>          | (17,140)            |

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

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(UNAUDITED)

For the period ended 30 June 2021

|  | Notes | Six months ended<br>30 June |                                 |
|--|-------|-----------------------------|---------------------------------|
|  |       | 2021<br>KD 000's            | (Restated)*<br>2020<br>KD 000's |
| <b>OPERATING ACTIVITIES</b>  |       |                             |                                 |
| Profit before taxation   |       | 11,952                      | 16,469                          |
| <i>Adjustments to reconcile profit before taxation to net cash flows:</i>  |       |                             |                                 |
| Interest income  |       | (146,535)                   | (166,540)                       |
| Investment income  | 10    | (47,458)                    | (75,997)                        |
| Share of results of associates   |       | (10,930)                    | (8,556)                         |
| Share of results from a media joint venture                                |       | -                           | 6,101                           |
| Interest expense   |       | 105,398                     | 128,527                         |
| Depreciation and amortisation  |       | 13,670                      | 14,237                          |
| Provision for credit losses  | 5     | 40,647                      | 47,882                          |
| Provision for impairment of investment                                     |       | 15,780                      | -                               |
| Foreign exchange gain (loss) on loans payable, bonds and medium-term notes |       | (1,637)                     | 6,746                           |
| Provision for employee stock option plan                                   |       | 112                         | 117                             |
|  |       | (19,001)                    | (31,014)                        |
| Changes in operating assets and liabilities:                               |       |                             |                                 |
| Deposits with original maturities exceeding three months                   |       | 25,343                      | (19,939)                        |
| Treasury bills, bonds and other debt securities                            |       | (25,938)                    | (35,335)                        |
| Loans and advances   |       | 115,751                     | 113,967                         |
| Financial assets at fair value through profit or loss                      |       | 396                         | 22,277                          |
| Financial assets at fair value through other comprehensive income          |       | (14,493)                    | (106,571)                       |
| Other assets   |       | (49,459)                    | (4,020)                         |
| Properties held for trading  |       | (5,871)                     | 3,729                           |
| Due to banks and other financial institutions                              |       | (377,818)                   | 27,676                          |
| Deposits from customers  |       | 265,037                     | (118,625)                       |
| Other liabilities  |       | (66,197)                    | 684                             |
| Dividends received   | 10    | 1,165                       | 1,843                           |
| Interest received  |       | 129,537                     | 151,619                         |
| Interest paid  |       | (113,241)                   | (149,271)                       |
| Taxation paid  |       | (1,707)                     | (10,314)                        |
| Net cash used in operating activities                                      |       | (136,496)                   | (153,294)                       |
| <b>INVESTING ACTIVITIES</b>  |       |                             |                                 |
| Net movement in investment properties                                      |       | 241                         | (53)                            |
| Net movement in investment in associates                                   |       | (4,845)                     | 491                             |
| Net cashflow from disposal of a subsidiary                                 | 13    | (2,117)                     | -                               |
| Dividends from associates  |       | 714                         | 3,871                           |
| Net cash (used in) from investing activities                               |       | (6,007)                     | 4,309                           |
| <b>FINANCING ACTIVITIES</b>  |       |                             |                                 |
| Proceeds from (repayment of) loans payable, net                            |       | 102,542                     | (28,420)                        |
| Repayment of bonds, net  |       | (99,382)                    | -                               |
| Dividends paid to equity holders of the Parent Company                     |       | (8,982)                     | -                               |
| Interest payment on perpetual capital securities                           |       | (4,456)                     | (4,623)                         |
| Dividends paid to non-controlling interest                                 |       | (5,023)                     | (11,689)                        |
| Movement in non-controlling interest                                       |       | 50,797                      | (1,991)                         |
| Net cash from (used in) financing activities                               |       | 35,496                      | (46,723)                        |
| Net foreign exchange difference  |       | (13,875)                    | (2,754)                         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                           |       | <b>(120,882)</b>            | <b>(198,462)</b>                |
| Cash and cash equivalents at 1 January                                     |       | 1,456,005                   | 1,571,536                       |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>                                | 4     | <b>1,335,123</b>            | <b>1,373,074</b>                |

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

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

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

For the period ended 30 June 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             |
| Profit for the period   | -                    | -                    | -                      | -                        | -                        | -  | -   | -                   | -                    | 3,197                    | 3,197           | -                                   | 4,309                           | 7,506               |
| Other comprehensive income (loss)   | -                    | -                    | -                      | -                        | -                        | 2,046                                    | (5,139)                                     | -                   | -                    | -                        | (3,093)         | -                                   | (11,384)                        | (14,477)            |
| Total comprehensive income (loss)   | -                    | -                    | -                      | -                        | -                        | 2,046                                    | (5,139)                                     | -                   | -                    | 3,197                    | 104             | -                                   | (7,075)                         | (6,971)             |
| Dividends for 2020 at 5 fils per share (note 9)                                       | -                    | -                    | -                      | -                        | -                        | -  | -   | -                   | -                    | (9,063)                  | (9,063)         | -                                   | -                               | (9,063)             |
| Dividends to non-controlling interests  | -                    | -                    | -                      | -                        | -                        | -  | -   | -                   | -                    | -                        | -               | -                                   | (5,023)                         | (5,023)             |
| Employees' share based payment  | -                    | -                    | -                      | -                        | -                        | -  | -   | 112                 | -                    | -                        | 112             | -                                   | -                               | 112                 |
| Transfer related to disposal group held for sale                                      | -                    | -                    | -                      | -                        | -                        | 190                                      | 126   | -                   | (316)                | -                        | -               | -                                   | -                               | -                   |
| Transfer to retained earnings on derecognition of equity investments carried at FVOCI | -                    | -                    | -                      | -                        | -                        | 751                                      | -   | -                   | -                    | (751)                    | -               | -                                   | -                               | -                   |
| Interest payment on perpetual capital securities                                      | -                    | -                    | -                      | -                        | -                        | -  | -   | -                   | -                    | (2,838)                  | (2,838)         | -                                   | (1,618)                         | (4,456)             |
| Ownership changes in subsidiaries   | -                    | -                    | -                      | -                        | -                        | -  | -   | -                   | (792)                | 23,687                   | 22,895          | -                                   | 9,549                           | 32,444              |
| <b>As at 30 June 2021</b>   | <b>200,000</b>       | <b>52,913</b>        | <b>(93,151)</b>        | <b>106,821</b>           | <b>76,546</b>            | <b>(16,300)</b>                          | <b>(136,151)</b>                            | <b>2,179</b>        | <b>(21,816)</b>      | <b>36,074</b>            | <b>207,115</b>  | <b>153,332</b>                      | <b>539,989</b>                  | <b>900,436</b>      |

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

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

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

For the period ended 30 June 2021

*Attributable to equity holders of the Parent Company*

|   | <i>Share capital</i><br><i>KD 000's</i> | <i>Share premium</i><br><i>KD 000's</i> | <i>Treasury shares</i><br><i>KD 000's</i> | <i>Statutory reserve</i><br><i>KD 000's</i> | <i>Voluntary reserve</i><br><i>KD 000's</i> | <i>Cumulative changes in fair values</i><br><i>KD 000's</i> | <i>Foreign currency translation reserve</i><br><i>KD 000's</i> | <i>ESOP reserve</i><br><i>KD 000's</i> | <i>Other reserve</i><br><i>KD 000's</i> | <i>Retained earnings</i><br><i>KD 000's</i> | <i>Total</i><br><i>KD 000's</i> | <i>Perpetual capital securities</i><br><i>KD 000's</i> | <i>Non controlling interest</i><br><i>KD 000's</i> | <i>Total equity</i><br><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 (restated)*   | -                                       | -                                       | -   | -   | -   | -   | -  | -                                      | -                                       | 9,219                                       | 9,219                           | -  | 2,210  | 11,429                                 |
| Other comprehensive loss  | -                                       | -                                       | -   | -   | -   | (19,773)  | (3,024)  | -                                      | -                                       | -   | (22,797)                        | -  | (5,772)  | (28,569)                               |
| Total comprehensive (loss) income   | -                                       | -                                       | -   | -   | -   | (19,773)  | (3,024)  | -                                      | -                                       | 9,219                                       | (13,578)                        | -  | (3,562)  | (17,140)                               |
| Dividends for 2019 at 10 fils per share (note 9)                                      | -                                       | -                                       | -   | -   | -   | -   | -  | -                                      | -                                       | (18,124)                                    | (18,124)                        | -  | -  | (18,124)                               |
| Dividends to non-controlling interests  | -                                       | -                                       | -   | -   | -   | -   | -  | -                                      | -                                       | -   | -                               | -  | (11,947)   | (11,947)                               |
| Employees' share based payment  | -                                       | -                                       | -   | -   | -   | -   | -  | 117                                    | -                                       | -   | 117                             | -  | -  | 117                                    |
| Transfer to retained earnings on derecognition of equity investments carried at FVOCI | -                                       | -                                       | -   | -   | -   | 96  | -  | -                                      | -                                       | (96)  | -                               | -  | -  | -                                      |
| Interest payment on perpetual capital securities                                      | -                                       | -                                       | -   | -   | -   | -   | -  | -                                      | -                                       | (2,713)                                     | (2,713)                         | -  | (1,910)  | (4,623)                                |
| Acquisition of a subsidiary (Note 3)  | -                                       | -                                       | -   | -   | -   | -   | -  | -                                      | -                                       | -   | -                               | -  | (9,125)  | (9,125)                                |
| Ownership changes in subsidiaries   | -                                       | -                                       | -   | -   | -   | -   | -  | -                                      | (1,474)                                 | -   | (1,474)                         | -  | (517)  | (1,991)                                |
| As at 30 June 2020 (restated)   | 200,000                                 | 52,913                                  | (94,427)                                  | 106,821                                     | 106,546                                     | (29,496)  | (118,010)  | 1,896                                  | (16,118)                                | 5,270                                       | 215,395                         | 153,332  | 577,735  | 946,462                                |

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

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

As at 30 June 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 six months period ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 10 August 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 six months period ended 30 June 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 30 June 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 30 June 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 30 June 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 30 June 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 during the period ended 30 June 2020 (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<br><i>KD 000's</i> | Fair value recognized on acquisition date<br><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>173,537</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>247,150</u>   |
| <b>Net liabilities assumed</b>   | (130,219)  | <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>296,608</u>   |
| <b>Goodwill (included in intangible assets) (b)</b>                            |  | <b>296,608</b>   |

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

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

As at 30 June 2021

### 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<br/>KD 000's</i> | <i>PPA Adjustments<br/>KD 000's</i> | <i>Restated<br/>KD 000's</i> |
|--|--|-------------------------------------|------------------------------|
| <i>30 June 2020</i>                              |  |                                     |                              |
| Assets:  |  |                                     |                              |
| Intangible assets                                | 656,717                                    | 4,972                               | 661,689                      |
| Equity:  |  |                                     |                              |
| Other reserve                                    | (16,808)                                   | 690                                 | (16,118)                     |
| Retained earnings                                | 7,079                                      | (1,809)                             | 5,270                        |
| Non-controlling interest                         | 571,644                                    | 6,091                               | 577,735                      |
| Interim condensed consolidated income statement: |  |                                     |                              |
| Depreciation and amortization                    | 12,188                                     | 2,049                               | 14,237                       |
| <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                      |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2021

4. CASH IN HAND AND AT BANKS

|  | <i>30 June<br/>2021<br/>KD 000's</i> | <i>(Audited)<br/>31 December<br/>2020<br/>KD 000's</i> | <i>30 June<br/>2020<br/>KD 000's</i> |
|--|--------------------------------------|--|--------------------------------------|
| Cash and bank balances   | <b>642,791</b>                       | 902,394  | 964,260                              |
| Deposits with original maturities up to three months   | <b>514,885</b>                       | 411,378  | 409,125                              |
| Expected credit losses   | <b>(2,778)</b>                       | (2,853)  | (311)                                |
|  | <b>1,154,898</b>                     | 1,310,919  | 1,373,074                            |
| Cash and cash equivalents  |                                      |  |                                      |
| Add: deposits with original maturities exceeding three months  | <b>10,603</b>                        | 35,946   | 30,372                               |
| <b>Cash in hand and at banks as per interim condensed consolidated statement of financial position</b> | <b>1,165,501</b>                     | 1,346,865  | 1,403,446                            |
| Cash and cash equivalents attributable to disposal group held for sale                                 | <b>180,225</b>                       | 145,086  | -                                    |
| Less: deposits with original maturities exceeding three months   | <b>(10,603)</b>                      | (35,946)   | (30,372)                             |
| <b>Cash and cash equivalents as per interim condensed consolidated cash flow statement</b>             | <b>1,335,123</b>                     | 1,456,005  | 1,373,074                            |

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<br/>KD 000's</i> | <i>Stage 2<br/>KD 000's</i> | <i>Stage 3<br/>KD 000's</i> | <i>Total<br/>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>(11,737)</b>             | <b>(13,508)</b>             | <b>67,548</b>               | <b>42,303</b>             |
| Amount written off during the period  | -                           | -                           | <b>(38,830)</b>             | <b>(38,830)</b>           |
| Foreign exchange                      | <b>(322)</b>                | <b>1,347</b>                | <b>(3,008)</b>              | <b>(1,983)</b>            |
| <b>As at 30 June 2021</b>             | <b>27,883</b>               | <b>33,907</b>               | <b>175,562</b>              | <b>237,352</b>            |
|                                       |                             |                             |                             |                           |
| <b>ECL allowance</b>                  |                             |                             |                             |                           |
| Balance as at 1 January 2020          | 24,411                      | 57,880                      | 123,666                     | 205,957                   |
| Charge / (recovery) during the period | 7,538                       | (3,883)                     | 38,850                      | 42,505                    |
| Amount written off during the period  | -                           | -                           | (1,034)                     | (1,034)                   |
| Foreign exchange                      | (617)                       | (459)                       | 2,506                       | 1,430                     |
| <b>As at 30 June 2020</b>             | <b>31,332</b>               | <b>53,538</b>               | <b>163,988</b>              | <b>248,858</b>            |

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

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

As at 30 June 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><br><i>KD 000's</i> | <i>Stage 2</i><br><i>KD 000's</i> | <i>Stage 3</i><br><i>KD 000's</i> | <i>Total</i><br><i>KD 000's</i> |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| Loans and advances        | 4,019,323                         | 674,804                           | 340,346                           | 5,034,473                       |
| ECL allowance             | (27,883)                          | (33,907)                          | (175,562)                         | (237,352)                       |
| <b>As at 30 June 2021</b> | <b>3,991,440</b>                  | <b>640,897</b>                    | <b>164,784</b>                    | <b>4,797,121</b>                |
|                           | <i>Stage 1</i><br><i>KD 000's</i> | <i>Stage 2</i><br><i>KD 000's</i> | <i>Stage 3</i><br><i>KD 000's</i> | <i>Total</i><br><i>KD 000's</i> |
| Loans and advances        | 3,969,411                         | 816,994                           | 336,622                           | 5,123,027                       |
| ECL allowance             | (31,332)                          | (53,538)                          | (163,988)                         | (248,858)                       |
| <b>As at 30 June 2020</b> | <b>3,938,079</b>                  | <b>763,456</b>                    | <b>172,634</b>                    | <b>4,874,169</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 298 thousand (30 June 2020: charge of KD 386 thousand), ECL recovery on other debt securities amounting to KD 28 thousand (30 June 2020: charge of KD 3,695 thousand), ECL charge on other assets amounting to KD 2,483 thousand (30 June 2020: charge of KD 344 thousand) and ECL recovery on non-cash facilities amounting to KD 3,813 thousand (30 June 2020: charge of KD 952 thousand).

### 6. LOANS PAYABLE

|                                      | <i>30 June</i><br><i>2021</i><br><i>KD 000's</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2020</i><br><i>KD 000's</i> | <i>30 June</i><br><i>2020</i><br><i>KD 000's</i> |
|--------------------------------------|--|--|--|
| <b><i>By the Parent Company:</i></b> |  |  |  |
| Loans with maturity within 1 year    | 20,000   | -  | -  |
| <b><i>By the subsidiaries:</i></b>   |  |  |  |
| Loans with maturity within 1 year    | 285,198  | 481,574  | 841,132  |
| Loans with maturity above 1 year     | 1,281,497  | 1,060,869  | 680,412  |
|                                      | <b>1,586,695</b>                                 | 1,542,443  | 1,521,544  |
| Less: inter-group borrowings         | <b>(829,827)</b>                                 | (798,330)  | (779,385)  |
|                                      | <b>756,868</b>                                   | 744,113  | 742,159  |

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

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

As at 30 June 2021

### 7. BONDS

|  | <b>30 June<br/>2021</b> | <i>(Audited)</i><br><b>31 December<br/>2020</b> | <b>30 June<br/>2020</b> |
|--|-------------------------|---|-------------------------|
|  | <b>KD 000's</b>         | <b>KD 000's</b>                                 | <b>KD 000's</b>         |
| <b><i>Issued by the Parent Company:</i></b>  |                         |   |                         |
| Fixed interest of 5.25% per annum and maturing on 28 December 2024   | <b>35,765</b>           | 35,734  | 35,705                  |
| Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024                        | <b>63,581</b>           | 63,527  | 63,476                  |
| Fixed rate bond at 5.50% per annum and maturing on 8 November 2023   | <b>13,947</b>           | 13,936  | 13,926                  |
| 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>85,672</b>           | 85,608  | 85,545                  |
| <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  | 29,895                  |
| 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  | 69,425                  |
| Fixed interest of 4.125% per annum and maturing on 30 December 2021  | <b>99,931</b>           | 99,862  | 99,793                  |
| 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>4,677</b>            | 4,712   | -                       |
| Fixed rate of 2.75% per annum and maturing on 15 December 2031   | <b>149,711</b>          | 150,755   | -                       |
|  | <b>553,284</b>          | 653,514   | 497,765                 |
| Less: inter-group eliminations   | <b>(20,499)</b>         | (21,537)  | (21,600)                |
|  | <b>532,785</b>          | 631,977   | 476,165                 |

\* During the period ended 30 June 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 30 June 2021

### 8. MEDIUM TERM NOTES

|   | <b>30 June<br/>2021<br/>KD 000's</b> | <i>(Audited)</i><br><b>31 December<br/>2020<br/>KD 000's</b> | <b>30 June<br/>2020<br/>KD 000's</b> |
|---|--------------------------------------|--|--------------------------------------|
| <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>147,834</b>                       | 148,709  | 150,735                              |
| 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. | -                                    | -  | 153,887                              |
| 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>150,525</b>                       | 151,625  | 153,900                              |
| 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>150,261</b>                       | 151,337  | 153,590                              |
| <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>150,463</b>                       | 151,416  | 153,539                              |
|   | <b>599,083</b>                       | 603,087  | 765,651                              |
| Less: inter-group eliminations  | <b>(1,795)</b>                       | (1,830)  | (923)                                |
|   | <b>597,288</b>                       | 601,257  | 764,728                              |



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

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

As at 30 June 2021

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

#### a) Share capital

|  | <b>30 June<br/>2021</b> | <i>(Audited)</i><br>31 December<br>2020 | 30 June<br>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 30 June 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 30 June 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>30 June<br/>2021</b> | <i>(Audited)</i><br>31 December<br>2020 | 30 June<br>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>30,167</b>           | 29,792                                  | 32,648          |

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

#### d) Dividend

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

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 30 June 2021

### 10. INVESTMENT INCOME

|   | <i>Three months ended</i> |                 | <i>Six months ended</i> |                 |
|---|---------------------------|-----------------|-------------------------|-----------------|
|   | <i>30 June</i>            |                 | <i>30 June</i>          |                 |
|   | <i>2021</i>               | <i>2020</i>     | <i>2021</i>             | <i>2020</i>     |
|   | <i>KD 000's</i>           | <i>KD 000's</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      | <b>1,899</b>              | (189)           | <b>2,676</b>            | (565)           |
| Unrealised gain (loss) on financial assets at fair value through profit or loss   | <b>8,089</b>              | (1,083)         | <b>15,682</b>           | (1,314)         |
| Gain on sale of debt instruments at fair value through other comprehensive income | <b>17</b>                 | 1,408           | <b>513</b>              | 2,874           |
| Gain on remeasurement of previously held equity interest (Note 3)                 | -                         | -               | -                       | 75,893          |
| Dividend income   | <b>735</b>                | 512             | <b>1,165</b>            | 1,843           |
| Gain on sale of investment properties   | -                         | -               | <b>31</b>               | -               |
| Change in fair value of investment properties                                     | -                         | (3,160)         | -                       | (3,160)         |
| Gain on derecognition of a subsidiary (Note 13)                                   | <b>27,391</b>             | -               | <b>27,391</b>           | -               |
| Gain on sale of investment in associates  | -                         | -               | -                       | 426             |
|   | <b>38,131</b>             | (2,512)         | <b>47,458</b>           | 75,997          |

### 11. EARNINGS (LOSS) PER SHARE

#### *Basic:*

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

|   | <i>Three months ended</i> |                   | <i>Six months ended</i> |                   |
|---|---------------------------|-------------------|-------------------------|-------------------|
|   | <i>30 June</i>            |                   | <i>30 June</i>          |                   |
|   | <i>2021</i>               | <i>(Restated)</i> | <i>2021</i>             | <i>(Restated)</i> |
|   | <i>KD 000's</i>           | <i>2020</i>       | <i>KD 000's</i>         | <i>2020</i>       |
|   |                           | <i>KD 000's</i>   |                         | <i>KD 000's</i>   |
| <i>Basic earnings (loss) per share:</i>   |                           |                   |                         |                   |
| Profit (loss) for the period attributable to the equity holders of the Parent Company   | <b>11,634</b>             | (19,629)          | <b>3,197</b>            | 9,219             |
| Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company                              | <b>(2,838)</b>            | (2,713)           | <b>(2,838)</b>          | (2,713)           |
| Profit (loss) for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities | <b>8,796</b>              | (22,342)          | <b>359</b>              | 6,506             |
|   | <i>Shares</i>             | <i>Shares</i>     | <i>Shares</i>           | <i>Shares</i>     |
| <i>Number of shares outstanding:</i>  |                           |                   |                         |                   |
| Issued and fully paid-up capital  | <b>2,000,000,000</b>      | 2,000,000,000     | <b>2,000,000,000</b>    | 2,000,000,000     |
| Weighted average number of treasury shares  | <b>(187,371,442)</b>      | (187,630,160)     | <b>(187,371,442)</b>    | (187,630,160)     |
| Weighted average number of outstanding shares   | <b>1,812,628,558</b>      | 1,812,369,840     | <b>1,812,628,558</b>    | 1,812,369,840     |
|   | <i>Fils</i>               | <i>Fils</i>       | <i>Fils</i>             | <i>Fils</i>       |
| Basic earnings (loss) per share   | <b>4.9</b>                | (12.3)            | <b>0.2</b>              | 3.6               |

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

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

As at 30 June 2021

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

**Diluted:**

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

|   | <i>Three months ended</i><br><i>30 June</i> |   | <i>Six months ended</i><br><i>30 June</i> |   |
|---|---|---|---|---|
|   | <i>2021</i><br><i>KD 000's</i>              | <i>(Restated)</i><br><i>2020</i><br><i>KD 000's</i> | <i>2021</i><br><i>KD 000's</i>            | <i>(Restated)</i><br><i>2020</i><br><i>KD 000's</i> |
| <b><i>Diluted earnings(loss) per share:</i></b>   |   |   |   |   |
| Profit (loss) for the period attributable to the equity holders of the Parent Company   | <b>11,634</b>                               | (19,629)  | <b>3,197</b>                              | 9,219   |
| Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company                              | <b>(2,838)</b>                              | (2,713)   | <b>(2,838)</b>                            | (2,713)   |
| Profit (loss) for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities | <b>8,796</b>                                | (22,342)  | <b>359</b>                                | 6,506   |
|   | <i>Shares</i>                               | <i>Shares</i>                                       | <i>Shares</i>                             | <i>Shares</i>                                       |
| Weighted average number of outstanding shares   | <b>1,812,628,558</b>                        | 1,812,369,840                                       | <b>1,812,628,558</b>                      | 1,812,369,840                                       |
|   | <i>Fils</i>                                 | <i>Fils</i>   | <i>Fils</i>                               | <i>Fils</i>   |
| Diluted earnings (loss) per share   | <b>4.9</b>                                  | (12.3)  | <b>0.2</b>                                | 3.6   |

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.

### 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 1,646 thousand on the retranslation of this borrowing are transferred to interim condensed consolidated statement of comprehensive income to offset any losses on translation of the net investments in the foreign operations. There is no ineffectiveness during the period ended 30 June 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 30 June 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<br/>shareholder</i> | <i>Associates</i>            | <i>Others</i>     | <b>Total<br/>30 June<br/>2021</b> | <i>(Audited)</i><br><b>31 December<br/>2020</b> | <b>30 June<br/>2020</b> |
|---|------------------------------|------------------------------|-------------------|-----------------------------------|---|-------------------------|
|   | <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  | 133,600                      | 55,200                       | 90,972            | <b>279,772</b>                    | 409,161   | 411,019                 |
| Other assets  | 43                           | 2,508                        | 621               | <b>3,172</b>                      | 2,304   | 4,965                   |
| Due to banks and other financial institutions                                 | -                            | 15,418                       | 44,133            | <b>59,551</b>                     | 33,971  | 43,035                  |
| Deposits from customers   | 6,014                        | 13,958                       | 17,102            | <b>37,074</b>                     | 41,141  | 53,385                  |
| Medium term notes   | -                            | 3,011                        | -                 | <b>3,011</b>                      | 3,033   | 3,078                   |
| Other liabilities   | 107,248                      | 9                            | 339               | <b>107,596</b>                    | 212,398   | 185,187                 |
| 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  | 9,325                   |
| Guarantees  | 25                           | 53,553                       | 5,192             | <b>58,770</b>                     | 58,545  | 55,488                  |
|   |                              |                              |                   |                                   | <b>Six months ended<br/>30 June</b>             |                         |
|   |                              | <i>Major<br/>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>                   | <i>KD 000's</i>                                 | <i>KD 000's</i>         |
| <b><i>Transactions:</i></b>   |                              |                              |                   |                                   |   |                         |
| Interest income   |                              | 1,983                        | 690               | 1,499                             | <b>4,172</b>                                    | 7,102                   |
| Fee and commission income   |                              | 35                           | 935               | 83                                | <b>1,053</b>                                    | 885                     |
| Investment income (a)   |                              | 27,391                       | -                 | -                                 | <b>27,391</b>                                   | -                       |
| Interest expense  |                              | 3,188                        | 255               | 56                                | <b>3,499</b>                                    | 3,962                   |

- a) During the current period, the Group entered into an agreement to sell 45.1% equity interest in Al Ansar United Real Estate Company, one of the subsidiaries of the Group to a related party and accordingly recognised a gain of KD 27,391 thousand (Note 10).

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

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

As at 30 June 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 and 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 profit before taxation regarding the Group's operating segments:

|   | <i>Six months ended 30 June</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>(Restated) KD 000's</i> |
| Commercial banking                      | <b>215,864</b>                  | <b>35,285</b>          | 215,757                 | 10,789                     |
| Asset management and investment banking | <b>29,012</b>                   | <b>(15,521)</b>        | 12,897                  | (44,175)                   |
| Insurance                               | <b>5,436</b>                    | <b>5,436</b>           | 4,536                   | 4,536                      |
| Media and satellite services *          | <b>53,182</b>                   | <b>(21,843)</b>        | 101,887                 | 53,590                     |
| Industrial                              | <b>7,684</b>                    | <b>(14,867)</b>        | 11,111                  | 2,039                      |
| Hospitality and real estate             | <b>73,147</b>                   | <b>26,867</b>          | 52,463                  | (5,296)                    |
| Others                                  | <b>15,828</b>                   | <b>663</b>             | 17,275                  | (1,168)                    |
| Inter-segmental eliminations            | <b>(24,323)</b>                 | <b>(4,068)</b>         | (24,390)                | (3,846)                    |
| Segment revenues and results            | <b>375,830</b>                  | <b>11,952</b>          | 391,536                 | 16,469                     |

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

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

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

As at 30 June 2021

### 14. SEGMENT INFORMATION (continued)

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

|   | <i>30 June<br/>2021</i> | <i>(Audited)<br/>31 December<br/>2020</i> | <i>30 June<br/>2020</i>        |
|---|-------------------------|---|--------------------------------|
|   | <i>KD 000's</i>         | <i>(Restated)<br/>KD 000's</i>            | <i>(Restated)<br/>KD 000's</i> |
| <b>Assets:</b>                          |                         |   |                                |
| Commercial banking                      | <b>8,446,957</b>        | 8,627,251                                 | 8,684,530                      |
| Asset management and investment banking | <b>788,555</b>          | 821,656                                   | 808,340                        |
| Insurance                               | <b>90,441</b>           | 84,810                                    | 82,532                         |
| Media and satellite services            | <b>432,878</b>          | 455,260                                   | 524,229                        |
| Industrial                              | <b>273,469</b>          | 276,061                                   | 287,419                        |
| Hospitality and real estate             | <b>864,361</b>          | 975,313                                   | 978,631                        |
| Others                                  | <b>291,796</b>          | 276,420                                   | 277,370                        |
| Inter-segmental eliminations            | <b>(1,151,054)</b>      | (1,165,523)                               | (1,331,682)                    |
| <b>Total assets</b>                     | <b>10,037,403</b>       | 10,351,248                                | 10,311,369                     |
| <b>Liabilities:</b>                     |                         |   |                                |
| Commercial banking                      | <b>7,511,729</b>        | 7,683,953                                 | 7,621,223                      |
| Asset management and investment banking | <b>1,437,656</b>        | 1,577,206                                 | 1,563,014                      |
| Media and satellite services            | <b>303,718</b>          | 297,454                                   | 298,367                        |
| Industrial                              | <b>149,848</b>          | 142,754                                   | 146,437                        |
| Hospitality and real estate             | <b>594,373</b>          | 666,687                                   | 664,412                        |
| Others                                  | <b>205,992</b>          | 193,051                                   | 197,435                        |
| Inter-segmental eliminations            | <b>(1,066,349)</b>      | (1,103,250)                               | (1,125,981)                    |
| <b>Total liabilities</b>                | <b>9,136,967</b>        | 9,457,855                                 | 9,364,907                      |

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 AND CONTINGENCIES

The Group has the following commitments and contingencies:

|   | <i>30 June<br/>2021</i> | <i>(Audited)<br/>31 December<br/>2020</i> | <i>30 June<br/>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>295,904</b>          | 280,290                                   | 306,195                 |
| Guarantees & Acceptances                            | <b>978,334</b>          | 981,708                                   | 980,546                 |
|   | <b>1,274,238</b>        | 1,261,998                                 | 1,286,741               |
| <b>Undrawn lines of credit</b>                      | <b>836,894</b>          | 755,412                                   | 677,338                 |
| <b>Investment related commitments</b>               | <b>45,299</b>           | 46,330                                    | 99,911                  |
|   | <b>2,156,431</b>        | 2,063,740                                 | 2,063,990               |

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

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

As at 30 June 2021

### 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.

|  | <b>30 June</b>   | <i>(Audited)</i><br><b>31 December</b> | <b>30 June</b>  |
|--|------------------|--|-----------------|
|  | <b>2021</b>      | <b>2020</b>                            | <b>2020</b>     |
|  | <b>KD 000's</b>  | <b>KD 000's</b>                        | <b>KD 000's</b> |
| <b>Derivatives held for trading:</b>     |                  |  |                 |
| <i>(including non-qualifying hedges)</i> |                  |  |                 |
| Forward foreign exchange contracts       | <b>1,224,933</b> | 1,241,899                              | 1,297,377       |
| Interest rate swaps                      | <b>113,725</b>   | 147,122                                | 168,325         |
| Options                                  | <b>68,643</b>    | 33,996                                 | 40,855          |
|  | <b>=====</b>     | <b>=====</b>                           | <b>=====</b>    |
| <b>Derivatives held for hedging:</b>     |                  |  |                 |
| <i>Fair value hedges:</i>                |                  |  |                 |
| Forward foreign exchange contracts       | <b>265,455</b>   | 241,018                                | 178,752         |
|  | <b>=====</b>     | <b>=====</b>                           | <b>=====</b>    |
| <i>Cash flow hedges:</i>                 |                  |  |                 |
| Interest rate swaps                      | <b>280,312</b>   | 287,625                                | 279,640         |
|  | <b>=====</b>     | <b>=====</b>                           | <b>=====</b>    |

### 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 604,566 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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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2021

### 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:

| <b>30 June 2021</b>   | <i>Level 1</i><br><i>KD 000's</i> | <i>Level 2</i><br><i>KD 000's</i> | <i>Level 3</i><br><i>KD 000's</i> | <i>Total fair value</i><br><i>KD 000's</i> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|--|
| <b>Assets measured at fair value</b>                                      |                                   |                                   |                                   |  |
| <i>Financial assets at fair value through profit or loss:</i>             |                                   |                                   |                                   |  |
| Equity securities   | 18,165                            | -                                 | 8,546                             | <b>26,711</b>                              |
| Debt securities   | 3,885                             | -                                 | -                                 | <b>3,885</b>                               |
| Managed funds   | 1,690                             | 12,836                            | 85,562                            | <b>100,088</b>                             |
| Forfeiting assets   | -                                 | -                                 | 144,096                           | <b>144,096</b>                             |
| <i>Financial assets at fair value through other comprehensive income:</i> |                                   |                                   |                                   |  |
| Equities  | 13,087                            | 5,203                             | 59,585                            | <b>77,875</b>                              |
| Debt securities   | 311,355                           | 6,029                             | 8,000                             | <b>325,384</b>                             |
| Managed funds   | -                                 | -                                 | 32                                | <b>32</b>                                  |
| <br>  |                                   |                                   |                                   |  |
|   | <i>Level 1</i><br><i>KD 000's</i> | <i>Level 2</i><br><i>KD 000's</i> | <i>Level 3</i><br><i>KD 000's</i> | <i>Total fair value</i><br><i>KD 000's</i> |
| <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                                      |



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

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

As at 30 June 2021

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

|   | <i>Level 1</i>  | <i>Level 2</i>  | <i>Level 3</i>  | <i>Total fair value</i> |
|---|-----------------|-----------------|-----------------|-------------------------|
| 30 June 2020  | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i>         |
| Assets measured at fair value   |                 |                 |                 |                         |
| <i>Financial assets at fair value through profit or loss:</i>             |                 |                 |                 |                         |
| Equity securities   | 21,031          | 16              | 5,261           | 26,308                  |
| Debt securities   | 5,778           | -               | 500             | 6,278                   |
| Managed funds   | 1,102           | 13,446          | 85,090          | 99,638                  |
| Forfeiting assets   | -               | -               | 132,242         | 132,242                 |
| <i>Financial assets at fair value through other comprehensive income:</i> |                 |                 |                 |                         |
| Equities  | 29,488          | 36,341          | 28,931          | 94,760                  |
| Debt securities   | 304,776         | 5,018           | 6,819           | 316,613                 |

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%.