

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

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

State of Kuwait
7 November, 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 September 2021

		<i>(Audited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>(Restated) *</i>	<i>(Restated) *</i>	<i>(Restated) *</i>
<i>Notes</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
ASSETS			
Cash in hand and at banks	4	1,167,528	1,346,865
Treasury bills, bonds and other debt securities		543,588	500,770
Loans and advances		4,823,510	4,945,497
Financial assets at fair value through profit or loss		261,605	252,208
Financial assets at fair value through other comprehensive income		397,053	391,927
Other assets		921,114	818,524
Properties held for trading		124,913	118,353
Investment in associates		353,741	349,065
Investment properties		510,181	624,258
Property, plant and equipment		378,986	396,442
Intangible assets		596,485	607,339
TOTAL ASSETS		10,078,704	10,351,248
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,080,248	1,271,941
Deposits from customers		5,334,373	5,160,158
Loans payable	6	775,337	744,113
Bonds	7	533,246	631,977
Medium term notes	8	448,160	601,257
Other liabilities		1,004,703	1,048,409
Total liabilities		9,176,067	9,457,855
Equity			
Equity attributable to equity holders of the Parent Company	9	213,445	195,905
Perpetual capital securities		153,332	153,332
Non controlling interest		535,860	544,156
Total equity		902,637	893,393
TOTAL LIABILITIES AND EQUITY		10,078,704	10,351,248



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 September 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 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 KD 000's	(Restated) * 2020 KD 000's	2021 KD 000's	(Restated) * 2020 KD 000's
Income:					
Interest income		75,176	74,616	221,711	241,156
Investment income	10	10,037	11,218	57,495	87,215
Fee and commission income		14,989	13,769	44,769	40,668
Share of results of associates		16,952	4,269	27,882	12,825
Share of results from a media joint venture		-	-	-	(6,101)
Media and digital satellite network services income		24,193	28,005	74,251	59,457
Hospitality and real estate income		22,860	22,089	68,587	78,073
Educational service income		5,269	5,668	19,514	20,544
Manufacturing and distribution income		1,466	1,935	5,784	7,095
Other income		5,625	3,705	23,059	16,157
Foreign exchange gain		2,521	10,134	11,866	9,855
		179,088	175,408	554,918	566,944
Expenses:					
Interest expense		54,014	52,749	159,412	181,276
Media and digital satellite network services expense		24,467	32,525	80,004	68,434
Hospitality and real estate expenses		16,296	18,284	50,115	63,014
Educational service expense		2,646	3,923	10,164	11,976
Manufacturing and distribution expenses		1,080	1,647	4,528	6,130
General and administrative expenses		46,240	37,967	134,301	129,213
Depreciation and amortisation		8,489	6,293	22,159	20,530
		153,232	153,388	460,683	480,573
Operating profit before provisions		25,856	22,020	94,235	86,371
Provision for credit losses	5	(6,612)	(16,667)	(47,259)	(64,549)
Provision for impairment of investment		-	-	(15,780)	-
Profit before taxation		19,244	5,353	31,196	21,822
Taxation		(3,621)	(940)	(8,067)	(5,980)
Profit for the period		15,623	4,413	23,129	15,842
Profit attributable to:					
Equity holders of the Parent Company		13,339	2,274	16,536	11,493
Non-controlling interest		2,284	2,139	6,593	4,349
		15,623	4,413	23,129	15,842
		<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
EARNINGS PER SHARE:					
Basic - attributable to the equity holders of the Parent Company	11	7.4	1.2	7.6	4.8
Diluted - attributable to the equity holders of the Parent Company	11	7.4	1.2	7.6	4.8

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 September 2021

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i> <i>KD 000's</i>	<i>(Restated) *</i> <i>2020</i> <i>KD 000's</i>	<i>2021</i> <i>KD 000's</i>	<i>(Restated) *</i> <i>2020</i> <i>KD 000's</i>
Profit for the period	15,623	4,413	23,129	15,842
Other comprehensive loss:				
<i>Items that will not be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Net change in fair value of equity instruments at fair value through other comprehensive loss	(3,848)	(1,615)	(2,312)	(18,901)
Share of other comprehensive loss from associates	(471)	(656)	(2,101)	(9,711)
	(4,319)	(2,271)	(4,413)	(28,612)
<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	(82)	(5,874)	(500)	(8,693)
- Net change in fair value during the period	(1,906)	2,953	(5,869)	8,176
- Changes in allowance for expected credit losses	(70)	(72)	(179)	200
Change in fair value of cash flow hedge	(998)	1,304	3,093	1,077
Foreign currency translation adjustment	(6,265)	(14,285)	(20,249)	(18,962)
	(9,321)	(15,974)	(23,704)	(18,202)
Other comprehensive loss for the period	(13,640)	(18,245)	(28,117)	(46,814)
Total comprehensive income (loss) for the period	1,983	(13,832)	(4,988)	(30,972)
Profit (loss) attributable to:				
Equity holders of the Parent Company	5,587	(13,891)	5,691	(27,469)
Non controlling interest	(3,604)	59	(10,679)	(3,503)
	1,983	(13,832)	(4,988)	(30,972)

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

For the period ended 30 September 2021

	Notes	<i>Nine months ended 30 September</i>	
		2021 KD 000's	<i>(Restated)*</i> 2020 KD 000's
OPERATING ACTIVITIES			
Profit before taxation		31,196	21,822
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(221,711)	(241,156)
Investment income	10	(57,495)	(87,215)
Share of results of associates		(27,882)	(12,825)
Share of results from a media joint venture		-	6,101
Interest expense		159,412	181,276
Depreciation and amortisation		22,159	20,530
Provision for credit losses	5	47,259	64,549
Provision for impairment of investment		15,780	-
Foreign exchange (gain) loss on loans payable, bonds and medium-term notes		(831)	4,529
Provision for employee stock option plan		(300)	176
		(32,413)	(42,213)
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		(10,976)	(13,522)
Treasury bills, bonds and other debt securities		(33,994)	(14,790)
Loans and advances		64,112	263,553
Financial assets at fair value through profit or loss		23,196	35,554
Financial assets at fair value through other comprehensive income		(5,399)	(10,482)
Other assets		(56,199)	(39,254)
Properties held for trading		(119)	5,805
Due to banks and other financial institutions		(191,674)	(310,604)
Deposits from customers		225,602	316,228
Other liabilities		(52,880)	(19,155)
Dividends received	10	1,489	2,517
Interest received		200,648	195,320
Interest paid		(163,114)	(193,523)
Taxation paid		(4,007)	(12,173)
Net cash (used in) from operating activities		(35,728)	163,261
INVESTING ACTIVITIES			
Net movement in investment properties		(388)	(118)
Net movement in investment in associates		(13,916)	491
Net cashflow from disposal of a subsidiary	13	(2,117)	-
Dividends from associates		5,938	9,535
Net cash (used in) from investing activities		(10,483)	9,908
FINANCING ACTIVITIES			
Proceeds from (repayment of) loans payable, net		121,011	(112,300)
(Repayment of) proceeds from bonds, net		(99,382)	450
Repayment of medium term notes, net		(150,955)	(153,900)
Purchase of treasury shares		-	(992)
Proceeds from sale of treasury shares		490	1,147
Dividends paid to equity holders of the Parent Company		(8,982)	(17,785)
Interest payment on perpetual capital securities		(4,456)	(4,623)
Dividends paid to non-controlling interest		(5,023)	(12,184)
Movement in non-controlling interest		50,937	(5,687)
Net cash used in financing activities		(96,360)	(305,874)
Net foreign exchange difference		(19,341)	(16,335)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(161,912)	(149,040)
Cash and cash equivalents at 1 January		1,456,005	1,571,536
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	4	1,294,093	1,422,496

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2020 and reflect adjustments made as detailed in Note 3.

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 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	-	-	-	-	-	-	-	-	-	16,536	16,536	-	6,593	23,129
Other comprehensive loss	-	-	-	-	-	(2,601)	(8,244)	-	-	-	(10,845)	-	(17,272)	(28,117)
Total comprehensive (loss) income	-	-	-	-	-	(2,601)	(8,244)	-	-	16,536	5,691	-	(10,679)	(4,988)
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)
Sale of treasury shares	-	-	1,841	-	-	-	-	-	-	(844)	997	-	(507)	490
Employees' share based payment	-	-	-	-	-	-	-	(300)	-	-	(300)	-	-	(300)
Transfer related to disposal group held for sale	-	-	-	-	-	192	27	-	(219)	-	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,532	-	-	-	(1,532)	-	-	-	-
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(2,838)	(2,838)	-	(1,618)	(4,456)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(634)	23,687	23,053	-	9,531	32,584
As at 30 September 2021	200,000	52,913	(91,310)	106,821	76,546	(20,164)	(139,355)	1,767	(21,561)	47,788	213,445	153,332	535,860	902,637

* 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 September 2020 and reflect adjustments made as detailed in Note 3.

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

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

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

For the period ended 30 September 2021

Attributable to equity holders of the Parent Company

	<i>Share Capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Voluntary reserve KD 000's</i>	<i>Cumulative changes in fair values KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>ESOP reserve KD 000's</i>	<i>Other reserve KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Total KD 000's</i>	<i>Perpetual capital securities KD 000's</i>	<i>Non controlling interest KD 000's</i>	<i>Total equity 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)*	-	-	-	-	-	-	-	-	-	11,493	11,493	-	4,349	15,842
Other comprehensive loss	-	-	-	-	-	(22,138)	(16,824)	-	-	-	(38,962)	-	(7,852)	(46,814)
Total comprehensive (loss) income	-	-	-	-	-	(22,138)	(16,824)	-	-	11,493	(27,469)	-	(3,503)	(30,972)
Dividends for 2019 at 10 fils per share (note 9)	-	-	-	-	-	-	-	-	-	(18,124)	(18,124)	-	-	(18,124)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(12,442)	(12,442)
Purchase of treasury shares	-	-	(992)	-	-	-	-	-	-	-	(992)	-	-	(992)
Sale of treasury shares	-	-	2,316	-	-	-	-	-	-	(1,169)	1,147	-	-	1,147
Employees' share based payment	-	-	-	-	-	-	-	176	-	-	176	-	-	176
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,666	-	-	-	(1,666)	-	-	-	-
Interest payment on perpetual capital securities	-	-	-	-	-	-	-	-	-	(2,713)	(2,713)	-	(1,910)	(4,623)
Acquisition of a subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	(9,125)	(9,125)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	(2,942)	-	(2,942)	-	(4,945)	(7,887)
As at 30 September 2020 (restated)	200,000	52,913	(93,103)	106,821	106,546	(30,291)	(131,810)	1,955	(17,586)	4,805	200,250	153,332	572,871	926,453

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 September 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 nine months period ended 30 September 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 07 November 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 nine months period ended 30 September 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 September 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 September 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 September 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 September 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 September 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 <i>KD 000's</i>	Fair value recognized on acquisition date <i>KD 000's</i>
Assets		
Cash in hand and at banks	13,806	13,806
Property and equipment	16,564	16,564
Programme rights and contract assets (included in other assets)	35,908	35,908
Right-of-use assets (included in other assets)	27,002	27,002
Intangible assets (a)	-	56,606
Other assets	23,651	23,651
	<u>116,931</u>	<u>173,537</u>
Liabilities		
Loans payable	111,191	111,191
Accounts payable, deferred income and accruals (included in other liabilities)	70,047	70,047
Lease liability (included in other liabilities)	37,233	37,233
Other liabilities	28,679	28,679
	<u>247,150</u>	<u>247,150</u>
Net liabilities assumed	(130,219)	(73,613)
Fair value of previously held equity interest	232,120	232,120
Non-controlling interests in acquiree	(16,146)	(9,125)
	<u>346,193</u>	<u>296,608</u>
Goodwill (included in intangible assets) (b)		296,608

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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 KD 000's</i>	<i>PPA Adjustments KD 000's</i>	<i>Restated KD 000's</i>
<i>30 September 2020</i>			
Assets:			
Intangible assets	644,303	2,923	647,226
Equity:			
Other reserve	(18,276)	690	(17,586)
Retained earnings	8,423	(3,618)	4,805
Non-controlling interest	567,020	5,851	572,871
Interim condensed consolidated income statement:			
Depreciation and amortisation	16,432	4,098	20,530
Non-controlling interest	4,829	(480)	4,349
<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 September 2021

4. CASH IN HAND AND AT BANKS

	<i>30 September 2021 KD 000's</i>	<i>(Audited) 31 December 2020 KD 000's</i>	<i>30 September 2020 KD 000's</i>
Cash and bank balances	784,403	902,394	834,714
Deposits with original maturities up to three months	339,077	411,378	587,981
Expected credit losses	(2,874)	(2,853)	(199)
	1,120,606	1,310,919	1,422,496
Cash and cash equivalents	1,120,606	1,310,919	1,422,496
Add: deposits with original maturities exceeding three months	46,922	35,946	23,955
Cash in hand and at banks as per interim condensed consolidated statement of financial position	1,167,528	1,346,865	1,446,451
Cash and cash equivalents attributable to disposal group held for sale	173,487	145,086	-
Less: deposits with original maturities exceeding three months	(46,922)	(35,946)	(23,955)
Cash and cash equivalents as per interim condensed consolidated cash flow statement	1,294,093	1,456,005	1,422,496

5. PROVISION FOR CREDIT LOSSES

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

	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance				
Balance as at 1 January 2021	39,942	46,068	149,852	235,862
(Recovery) / charge during the period	(12,013)	(15,766)	70,199	42,420
Amount written off during the period	-	-	(41,572)	(41,572)
Foreign exchange	(1,307)	787	(4,369)	(4,889)
As at 30 September 2021	26,622	31,089	174,110	231,821
	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance				
Balance as at 1 January 2020	24,411	57,880	123,666	205,957
Charge / (recovery) during the period	2,636	(18,084)	65,745	50,297
Amount written off during the period	-	-	(5,142)	(5,142)
Foreign exchange	(89)	1,522	(2,055)	(622)
As at 30 September 2020	26,958	41,318	182,214	250,490

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2021

5. PROVISION FOR CREDIT LOSSES (continued)

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

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	4,062,993	672,692	319,646	5,055,331
ECL allowance	(26,622)	(31,089)	(174,110)	(231,821)
As at 30 September 2021	4,036,371	641,603	145,536	4,823,510
	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	3,815,817	781,386	372,357	4,969,560
ECL allowance	(26,958)	(41,318)	(182,214)	(250,490)
As at 30 September 2020	3,788,859	740,068	190,143	4,719,070

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 261 thousand (30 September 2020: charge of KD 2,350 thousand), ECL recovery on other debt securities amounting to KD 188 thousand (30 September 2020: charge of KD 2,503 thousand), ECL charge on other assets amounting to KD 4,611 thousand (30 September 2020: charge of KD 10,487 thousand) and ECL charge on non-cash facilities amounting to KD 677 thousand (30 September 2020: recovery of KD 1,088 thousand).

6. LOANS PAYABLE

	<i>30 September</i> <i>2021</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>30 September</i> <i>2020</i> <i>KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity within 1 year	24,525	-	-
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	353,554	481,574	728,552
Loans with maturity above 1 year	1,282,009	1,060,869	718,787
	1,660,088	1,542,443	1,447,339
Less: inter-group borrowings	(884,751)	(798,330)	(788,806)
	775,337	744,113	658,533

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2021

7. BONDS

	<i>30 September</i> <i>2021</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>30 September</i> <i>2020</i> <i>KD 000's</i>
<i>Issued by the Parent Company:</i>			
Fixed interest of 5.25% per annum and maturing on 28 December 2024	35,780	35,734	35,720
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	63,609	63,527	63,502
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	13,952	13,936	13,932
Floating rate bonds at 2.25% per annum plus CBK discount rate (Capped at 6.5% per annum) and maturing on 8 November 2023	85,705	85,608	85,576
<i>Issued by subsidiaries:</i>			
Fixed interest of 5.75% per annum and maturing on 19 April 2023	32,150	32,150	32,150
Floating interest of 2.50% per annum above the CBK discount rate and maturing on 19 April 2023	27,850	27,850	27,850
Fixed interest of 6% per annum and maturing on 9 March 2026 *	-	29,913	29,904
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	69,446
Fixed interest of 4.125% per annum and maturing on 30 December 2021	99,965	99,862	99,828
Fixed interest of 6% per annum and maturing on 26 July 2023	14,900	14,900	14,900
Floating interest of 2.75% per annum above the CBK discount rate (capped at 7% per annum) and maturing on 26 July 2023	25,100	25,100	25,100
Fixed rate of 5% per annum and maturing on 15 October 2023	4,688	4,712	-
Fixed rate of 2.75% per annum and maturing on 15 December 2031	150,047	150,755	-
	553,746	653,514	497,908
Less: inter-group eliminations	(20,500)	(21,537)	(21,550)
	533,246	631,977	476,358

* During the period ended 30 September 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 September 2021

8. MEDIUM TERM NOTES

	30 September 2021	<i>(Audited)</i> 31 December 2020	30 September 2020
	KD 000's	KD 000's	KD 000's
<i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i>			
Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 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.	148,234	148,709	149,955
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.	150,825	151,625	153,000
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.	150,571	151,337	152,702
<i>Issued by subsidiaries through SPEs:</i>			
Fixed rate notes amounting to US\$ 500 million having a term of 5 years maturing on 14 September 2021 and carrying a coupon interest rate of 3.125% per annum. These notes are listed on the Irish Stock Exchange. These notes were repaid on 14 September 2021.	-	151,416	152,815
	449,630	603,087	608,472
Less: inter-group eliminations	(1,470)	(1,830)	(917)
	448,160	601,257	607,555

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2021

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

a) Share capital

	30 September 2021	<i>(Audited)</i> 31 December 2020	30 September 2020
	KD 000's	KD 000's	KD 000's
Authorised share capital (shares of 100 fils each)	200,000	200,000	200,000
Issued and fully paid-up capital (shares of 100 fils each) *	200,000	200,000	200,000

* This comprises 1,502,369,362 shares (31 December 2020: 1,502,369,362 shares and 30 September 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 September 2020: 497,630,638 shares) were issued as bonus shares.

b) Share premium

The share premium is not available for distribution.

c) Treasury shares

	30 September 2021	<i>(Audited)</i> 31 December 2020	30 September 2020
Number of treasury shares (shares)	184,197,671	187,371,442	186,594,388
Percentage of capital	9.21%	9.37%	9.33%
Market value (KD 000's)	29,103	29,792	28,176

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.

On 30 August 2021, the Parent Company has obtained the required approvals from the Capital Market Authority ("CMA") to increase the issued and paid-up share capital of the Parent Company from KD 200,000 thousand to KD 264,000 thousand by issuing 640,000,000 shares of offering value 125 fils each including nominal value 100 fils each and share premium 25 fils each.

Subsequent to the reporting date, the Parent Company obtained necessary approvals on the prospectus and corporate action timeline.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2021

10. INVESTMENT INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 KD 000's</i>	<i>2020 KD 000's</i>	<i>2021 KD 000's</i>	<i>2020 KD 000's</i>
Gain on sale of financial assets at fair value through profit or loss	88	1,469	2,764	904
Unrealised gain on financial assets at fair value through profit or loss	9,537	3,375	25,219	2,061
Gain on sale of debt instruments at fair value through other comprehensive income	99	5,700	612	8,574
Gain on remeasurement of previously held equity interest (Note 3)	-	-	-	75,893
Dividend income	324	674	1,489	2,517
(Loss) gain on sale of investment properties	(11)	-	20	-
Change in fair value of investment properties	-	-	-	(3,160)
Gain on derecognition of a subsidiary (Note 13)	-	-	27,391	-
Gain on sale of investment in associates	-	-	-	426
	<u>10,037</u>	<u>11,218</u>	<u>57,495</u>	<u>87,215</u>

11. EARNINGS PER SHARE

Basic:

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 KD 000's</i>	<i>(Restated) 2020 KD 000's</i>	<i>2021 KD 000's</i>	<i>(Restated) 2020 KD 000's</i>
<i>Basic earnings per share:</i>				
Profit for the period attributable to the equity holders of the Parent Company	13,339	2,274	16,536	11,493
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	-	-	(2,838)	(2,713)
Profit for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	<u>13,339</u>	<u>2,274</u>	<u>13,698</u>	<u>8,780</u>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
<i>Number of shares outstanding:</i>				
Issued and fully paid-up capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Weighted average number of treasury shares	<u>(186,403,984)</u>	<u>(187,226,236)</u>	<u>(187,045,412)</u>	<u>(187,494,536)</u>
Weighted average number of outstanding shares	<u>1,813,596,016</u>	<u>1,812,773,764</u>	<u>1,812,954,588</u>	<u>1,812,505,464</u>
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Basic earnings per share	<u>7.4</u>	<u>1.2</u>	<u>7.6</u>	<u>4.8</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2021

11. EARNING PER SHARE (continued)

Diluted:

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 KD 000's</i>	<i>(Restated) 2020 KD 000's</i>	<i>2021 KD 000's</i>	<i>(Restated) 2020 KD 000's</i>
<i>Diluted earnings per share:</i>				
Profit for the period attributable to the equity holders of the Parent Company	13,339	2,274	16,536	11,493
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	-	-	(2,838)	(2,713)
Profit for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	13,339	2,274	13,698	8,780
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	1,813,596,016	1,812,773,764	1,812,954,588	1,812,505,464
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Diluted earnings per share	7.4	1.2	7.6	4.8

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

12. HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS

The Group designated its investments in foreign operations (i.e. investment in Panther Media Group Limited, United Gulf Holding Company B.S.C., Taka'ud Savings & Pensions Company B.S.C. and Pulsar Knowledge Centre) and EMTN as a hedge of a net investment in foreign operations. EMTN is being used to hedge the Group's exposure to the US\$ foreign exchange risk on these investments. During the period, gains or losses amounting to KD 1,285 thousand on the retranslation of this borrowing are transferred to interim condensed consolidated statement of comprehensive income to offset any losses on translation of the net investments in the foreign operations. There is no ineffectiveness during the period ended 30 September 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 September 2021

13. RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. major shareholder, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Related party balances and transactions consist of the following:

	<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>	Total	<i>(Audited)</i>	
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	30 September 2021	31 December 2020	30 September 2020
				KD 000's	KD 000's	KD 000's
<i>Interim condensed consolidated statement of financial position:</i>						
Loans and advances	133,600	12,132	137,781	283,513	409,161	424,238
Other assets	96	2,324	828	3,248	2,304	2,466
Due to banks and other financial institutions	-	24,173	28,182	52,355	33,971	58,890
Deposits from customers	7,010	17,234	17,537	41,781	41,141	45,587
Medium term notes	-	3,017	-	3,017	3,033	3,060
Other liabilities	154,063	2	222	154,287	212,398	196,501
Perpetual capital securities	-	1,509	906	2,415	2,415	2,415
<i>Commitments and contingent liabilities:</i>						
Letter of credit	-	714	530	1,244	21,292	19,184
Guarantees	25	41,858	5,234	47,117	58,545	54,687
<i>Nine months ended 30 September</i>						
	<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>	2021	2020	
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	KD 000's	KD 000's	
<i>Transactions:</i>						
Interest income		3,225	515	2,255	5,995	10,281
Fee and commission income		52	1,147	262	1,461	1,003
Investment income (a)		27,391	-	-	27,391	-
Interest expense		4,436	249	89	4,774	5,794

- 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).
- b) Subsequent to the period ended 30 September 2021, one of the subsidiaries of the Group, Overland Real Estate Company entered into an agreement to sell 63.89% equity interest in United Education Company to a related party. The Group has not realised any profit or loss from this transaction.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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>Nine months ended 30 September</i>			
	<i>2021</i>		<i>2020</i>	<i>(Restated)</i>
	<i>Segment revenues</i>	<i>Segment results</i>	<i>Segment revenues</i>	<i>Segment results</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Commercial banking	322,625	64,278	320,972	37,031
Asset management and investment banking	42,717	(31,128)	35,324	(53,191)
Insurance *	20,771	20,771	6,422	6,422
Media and satellite services **	77,535	(32,284)	130,361	37,974
Industrial	16,841	(9,077)	15,039	2,038
Hospitality and real estate ***	96,893	28,152	76,550	(6,057)
Others	21,543	(589)	17,822	(2,032)
Inter-segmental eliminations	(44,007)	(8,927)	(35,546)	(363)
Segment revenues and results	554,918	31,196	566,944	21,822

* Insurance segment revenues and results as at 30 September 2021 include share of results from associates including provisional results of AXA acquisition.

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

*** Hospitality and real estate segment revenues and results as at 30 September 2021 includes gain on sale of a subsidiary of KD 27,391 thousand (Note 10 and 13).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2021

14. SEGMENT INFORMATION (continued)

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

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
	<i>KD 000's</i>	<i>(Restated) KD 000's</i>	<i>(Restated) KD 000's</i>
Assets:			
Commercial banking	8,533,271	8,627,251	8,383,476
Asset management and investment banking	904,595	821,656	625,598
Insurance	129,233	84,810	82,340
Media and satellite services	424,245	455,260	509,970
Industrial	287,112	276,061	283,217
Hospitality and real estate	871,591	975,313	985,378
Others	298,685	276,420	272,622
Inter-segmental eliminations	(1,370,028)	(1,165,523)	(1,024,360)
Total assets	10,078,704	10,351,248	10,118,241
Liabilities:			
Commercial banking	7,577,394	7,683,953	7,470,347
Asset management and investment banking	1,505,226	1,577,206	1,384,823
Media and satellite services	307,895	297,454	301,739
Industrial	160,252	142,754	146,324
Hospitality and real estate	597,703	666,687	666,085
Others	215,521	193,051	197,609
Inter-segmental eliminations	(1,187,924)	(1,103,250)	(975,139)
Total liabilities	9,176,067	9,457,855	9,191,788

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 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Credit related commitments and contingencies			
Letters of credit	272,909	280,290	253,351
Guarantees & Acceptances	932,248	981,708	983,312
	1,205,157	1,261,998	1,236,663
Undrawn lines of credit	818,772	755,412	698,038
Investment related commitments	43,203	46,330	63,274
	2,067,132	2,063,740	1,997,975

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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.

	<i>30 September</i> <i>2021</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>30 September</i> <i>2020</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	1,237,743	1,241,899	1,258,381
Interest rate swaps	110,719	147,122	142,716
Options	60,603	33,996	24,525
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Derivatives held for hedging:			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	149,417	241,018	175,040
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<i>Cash flow hedges:</i>			
Interest rate swaps	286,900	287,625	280,871
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Fair value of financial instruments is not materially different from their carrying values except for medium term notes whose fair value amounts to KD 435,615 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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:

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
30 September 2021				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	22,095	4,609	3,498	30,202
Debt securities	3,592	-	-	3,592
Managed funds	983	13,955	89,577	104,515
Forfeiting assets	-	-	123,296	123,296
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	16,962	5,718	67,739	90,419
Debt securities	296,478	2,130	8,000	306,608
Managed funds	-	-	26	26
31 December 2020 (Audited)				
Assets measured at fair value				
<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 September 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 September 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	19,199	-	5,010	24,209
Debt securities	5,832	-	250	6,082
Managed funds	377	13,915	86,237	100,529
Forfeiting assets	-	-	125,213	125,213
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	18,858	16,133	51,913	86,904
Debt securities	223,412	4,988	6,820	235,220

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%.