

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2022 (UNAUDITED)**

**RSM Albazie & Co.**

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

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Projects Company Holding K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, "the Group") as at 31 March 2022 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

**Scope of Review**

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

**Conclusion**

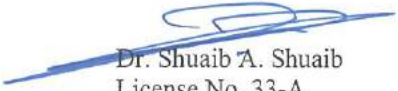
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended or by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2022, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait  
10 May 2022


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

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(UNAUDITED)

As at 31 March 2022

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
<i>Notes</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>ASSETS</b>			
Cash in hand and at banks	3	1,378,653	1,296,911
Treasury bills, bonds and other debt securities		611,124	584,227
Loans and advances		5,103,127	4,791,444
Financial assets at fair value through profit or loss		291,063	266,945
Financial assets at fair value through other comprehensive income ("FVOCI")		427,942	420,547
Other assets	2	913,663	930,774
Properties held for trading		94,659	120,817
Investment in associates		357,497	345,843
Investment properties		506,926	487,722
Property, plant and equipment		375,665	378,193
Intangible assets		555,590	556,346
<b>TOTAL ASSETS</b>		<b>10,615,909</b>	<b>10,179,769</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to banks and other financial institutions		1,276,898	1,230,089
Deposits from customers		5,577,540	5,198,902
Loans payable	5	945,117	922,103
Bonds	6	434,665	433,826
Medium term notes	7	452,313	450,113
Other liabilities	2	915,562	920,635
<b>Total liabilities</b>		<b>9,602,095</b>	<b>9,155,668</b>
<b>Equity</b>			
Equity attributable to equity holders of the Parent Company	8	310,909	315,533
Perpetual capital securities		153,332	153,332
Non controlling interest		549,573	555,236
<b>Total equity</b>		<b>1,013,814</b>	<b>1,024,101</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,615,909</b>	<b>10,179,769</b>

  
Sheikha Dana Nasser Sabah Al Ahmad Al Sabah  
Group Chief Executive Officer and Board Member

The attached notes 1 to 18 form part of these interim condensed consolidated financial information.

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

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 31 March 2022

		<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2022</i>	<i>2021</i>
		<i>KD 000's</i>	<i>KD 000's</i>
<b>Continuing operations:</b>	<i>Notes</i>		
<b>Income:</b>			
Interest income		<b>73,871</b>	69,165
Investment income	9	<b>6,969</b>	9,304
Fee and commission income		<b>15,664</b>	14,545
Share of results of associates		<b>12,362</b>	5,615
Media and digital satellite network services income		<b>21,290</b>	25,716
Hospitality and real estate income		<b>19,419</b>	24,276
Manufacturing and distribution income		<b>2,083</b>	2,289
Other income		<b>7,218</b>	6,545
Foreign exchange gain		<b>3,186</b>	4,794
		<b>162,062</b>	162,249
<b>Expenses:</b>			
Interest expense		<b>51,203</b>	52,910
Media and digital satellite network services expense		<b>23,447</b>	30,604
Hospitality and real estate expenses		<b>13,725</b>	18,063
Manufacturing and distribution expenses		<b>1,624</b>	1,862
General and administrative expenses		<b>40,425</b>	38,107
Depreciation and amortisation		<b>7,402</b>	6,315
		<b>137,826</b>	147,861
<b>Operating profit from continuing operations before provisions</b>			
Provision for credit losses	4	<b>24,236</b> <b>(14,982)</b>	14,388 (20,619)
<b>Profit (loss) from continuing operations before taxation</b>			
Taxation		<b>9,254</b> <b>(3,482)</b>	(6,231) (2,214)
<b>Profit (loss) for the period from continuing operations</b>			
<b>Discontinued operation:</b>			
Profit from discontinued operation	11	<b>5,772</b>	(8,445)
<b>Profit (loss) for the period</b>			
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>3,125</b>	(8,437)
Non-controlling interest		<b>2,647</b>	1,021
		<b>5,772</b>	(7,416)
		<i>Fils</i>	<i>Fils</i>
<b>EARNINGS (LOSS) PER SHARE:</b>			
Basic and diluted- attributable to the equity holders of the Parent Company	10	<b>1.3</b>	(4.5)
<b>EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS:</b>			
Basic and diluted- attributable to the equity holders of the Parent Company	10	<b>1.3</b>	(4.8)

The attached notes 1 to 18 form part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>
<b>Profit (loss) for the period</b>	<b>5,772</b>	<b>(7,416)</b>
<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 (loss) income	<b>(226)</b>	723
Share of other comprehensive loss from associates	<b>(796)</b>	(1,136)
	<b>(1,022)</b>	(413)
<i>Items that are or may be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Debt instruments at fair value through other comprehensive income:		
- Net transfer to interim condensed consolidated income statement	<b>360</b>	(339)
- Net change in fair value during the period	<b>(11,684)</b>	(5,476)
- Changes in allowance for expected credit losses	<b>(14)</b>	(1)
Change in fair value of cash flow hedge	<b>7,335</b>	2,127
Foreign currency translation adjustment	<b>(12,959)</b>	(8,258)
	<b>(16,962)</b>	(11,947)
<b>Other comprehensive loss for the period</b>	<b>(17,984)</b>	(12,360)
<b>Total comprehensive loss for the period</b>	<b>(12,212)</b>	(19,776)
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>(6,449)</b>	(11,817)
Non-controlling interest	<b>(5,763)</b>	(7,959)
	<b>(12,212)</b>	(19,776)

The attached notes 1 to 18 form part of these interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period ended 31 March 2022

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	<i>2022 KD 000's</i>	<i>2021 KD 000's</i>
<b>OPERATING ACTIVITIES</b>			
Profit (loss) before taxation from continuing operations		9,254	(6,231)
Profit from discontinued operation		-	1,029
Profit (loss) before taxation		<b>9,254</b>	(5,202)
<i>Adjustments to reconcile loss before taxation to net cash flows:</i>			
Interest income		(73,871)	(69,165)
Investment income	9	(6,969)	(9,304)
Share of results of associates		(12,362)	(5,615)
Interest expense		51,203	52,910
Depreciation and amortisation		7,402	6,315
Non-cash items from discontinued operation		-	631
Provision for credit losses	4	14,982	20,619
Foreign exchange loss (income) on loans payable and medium-term notes		1,760	(587)
(Reversal of) provision for employee stock option plan		(545)	56
		<b>(9,146)</b>	(9,342)
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		19,659	4,748
Treasury bills, bonds and other debt securities		(32,874)	(4,097)
Loans and advances		(315,160)	159,960
Financial assets at fair value through profit or loss		(18,145)	4,235
Financial assets at fair value through other comprehensive income		(18,865)	(36,653)
Other assets		2,708	12,133
Properties held for trading		(169)	61
Due to banks and other financial institutions		46,588	(110,403)
Deposits from customers		373,222	23,565
Other liabilities		729	(33,504)
Dividends received	9	1,341	430
Interest received		90,459	74,392
Interest paid		(53,403)	(63,844)
Net cash flows from operating activities		<b>86,944</b>	21,681
<b>INVESTING ACTIVITIES</b>			
Net movement in investment properties		1,762	248
Dividends received from associates		31	29
Net cash flows from investing activities		<b>1,793</b>	277
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans payable, net		22,784	20,805
Repayment of bonds, net		-	(100,420)
Proceeds from sale of treasury shares		2,285	-
Movement in non-controlling interest		236	95
Net cash flows from (used in) financing activities		<b>25,305</b>	(79,520)
Net foreign exchange difference		(12,208)	(7,547)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		1,405,450	1,456,005
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>3</b>	<b>1,507,284</b>	1,390,896

The attached notes 1 to 18 form part of these interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

	<i>Attributable to equity holders of the Parent Company</i>														
	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Cumulative changes in fair values</i>	<i>Revaluation surplus</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>	<i>KD 000's</i>
As at 1 January 2022	264,000	68,913	(95,258)	107,562	76,546	(10,544)	24,526	(140,955)	1,367	(18,254)	37,630	315,533	153,332	555,236	1,024,101
Profit for the period	-	-	-	-	-	-	-	-	-	-	3,125	3,125	-	2,647	5,772
Other comprehensive income (loss)	-	-	-	-	-	538	-	(10,112)	-	-	-	(9,574)	-	(8,410)	(17,984)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>-</b>	<b>(10,112)</b>	<b>-</b>	<b>-</b>	<b>3,125</b>	<b>(6,449)</b>	<b>-</b>	<b>(5,763)</b>	<b>(12,212)</b>
Sale of treasury shares	-	-	5,475	-	-	-	-	-	-	-	(3,190)	2,285	-	-	2,285
Employees' share based payment	-	-	-	-	-	-	-	-	(545)	-	-	(545)	-	-	(545)
Transfer related to disposal group held for sale (Note 2)	-	-	-	-	-	(24)	-	(105)	-	129	-	-	-	-	-
Transfer of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(101)	-	-	-	101	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	(7)	-	-	-	-	7	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(51)	(51)	-	-	(51)
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	136	-	136	-	100	236
<b>As at 31 March 2022</b>	<b>264,000</b>	<b>68,913</b>	<b>(89,783)</b>	<b>107,562</b>	<b>76,546</b>	<b>(10,037)</b>	<b>24,425</b>	<b>(151,172)</b>	<b>822</b>	<b>(17,989)</b>	<b>37,622</b>	<b>310,909</b>	<b>153,332</b>	<b>549,573</b>	<b>1,013,814</b>

The attached notes 1 to 18 form part of these interim condensed consolidated financial information

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

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

For the period ended 31 March 2022

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

The attached notes 1 to 18 form part of these interim condensed consolidated financial information



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

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

As at 31 March 2022

### 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 on the Boursa Kuwait. The address of the Parent Company’s registered office is P.O. Box 23982, Safat 13100 - State of Kuwait.

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively the “Group”) for the three months period ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2022.

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 2021. 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 2021.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Further, results for the three months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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.

The Group’s subsidiaries Burgan Bank and North Africa Holding Company classified their investments in Bank of Baghdad and Egyptian International Medical Center as disposal group held for sale. The Group has classified the related components under other assets ,other liabilities and other reserves.

**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 2021.

**2.3 AMENDMENTS ON THE APPLIED STANDARDS**

Amended IFRS standards that are effective for the current period are as follows:

*Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued on 29 March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. These amendments have no material impact on the interim condensed consolidated financial information.

*Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use*

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in consolidated profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments have no material impact on the interim condensed consolidated financial information.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 AMENDMENTS ON THE APPLIED STANDARDS (continued)

#### Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. These amendments have no material impact on the interim condensed consolidated financial information.

#### Annual Improvements to IFRS Standards 2018-2020 cycle

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

#### IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. These amendments have no material impact on the interim condensed consolidated financial information.

### 2.4 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

#### IFRS 17 – Insurance Contracts and its amendments

A) In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 (initially effective 1 January 2021), with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)**

IFRS 17 – Insurance Contracts and its amendments (continued)

B) In June 2020, the IASB issued amendments to IFRS 17. These amendments follow from the Exposure Draft (ED) on proposed Amendments to IFRS 17 Insurance Contracts.

As a result of its re-deliberations, the IASB has made changes to the following main areas of IFRS 17:

- Deferral of the effective date of IFRS 17 and IFRS 9 for qualifying insurance entities by two years to annual reporting periods beginning on or after 1 January 2023)
- Scope of the standard
- Expected recovery of insurance acquisition cash flows from insurance contract renewals
- CSM relating to investment activities
- Applicability of the risk mitigation option for contracts with direct participation features
- Reinsurance contracts held - expected recovery of losses on underlying onerous contracts
- Simplified presentation of insurance contracts in the statement of financial position
- Additional transition reliefs

The Group is in the process of assessing the potential impact on its interim condensed consolidated financial information resulting from the application of the standard.

Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. These amendments do not expect to have material impact on the interim condensed consolidated financial information.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. These amendments do not expect to have material impact on the interim condensed consolidated financial information.

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

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

As at 31 March 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

##### *Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

### 3. CASH IN HAND AND AT BANKS

	<i>31 March 2022 KD 000's</i>	<i>(Audited) 31 December 2021 KD 000's</i>	<i>31 March 2021 KD 000's</i>
Cash and bank balances	<b>982,672</b>	830,965	792,975
Deposits with original maturities up to three months	<b>376,846</b>	427,089	441,638
Expected credit losses	<b>(2,753)</b>	(2,690)	(2,813)
	<hr/> <b>1,356,765</b>	<hr/> 1,255,364	<hr/> 1,231,800
Cash and cash equivalents			
Add: deposits with original maturities exceeding three months	<b>21,888</b>	41,547	31,198
	<hr/> <b>1,378,653</b>	<hr/> 1,296,911	<hr/> 1,262,998
<b>Cash in hand and at banks as per interim condensed consolidated statement of financial position</b>			
Cash and cash equivalents attributable to disposal group held for sale (Note 2)	<b>150,519</b>	150,086	159,096
Less: deposits with original maturities exceeding three months	<b>(21,888)</b>	(41,547)	(31,198)
	<hr/> <b>1,507,284</b>	<hr/> 1,405,450	<hr/> 1,390,896
<b>Cash and cash equivalents as per interim condensed consolidated cash flow statement</b>			

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

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

As at 31 March 2022

### 4. PROVISION FOR CREDIT LOSSES

An analysis of changes in the expected credit losses “ECL” allowances in relation to loans and advances is as follows:

	<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>
<i>ECL allowance</i>				
Balance as at 1 January 2022	27,693	35,750	127,909	191,352
(Recovery) / Charge during the period	(1,007)	1,641	14,523	15,157
Amounts written off during the period	-	-	(3,323)	(3,323)
Foreign exchange	(676)	3,953	(3,696)	(419)
<b>As at 31 March 2022</b>	<b>26,010</b>	<b>41,344</b>	<b>135,413</b>	<b>202,767</b>

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
<i>ECL allowance</i>				
Balance as at 1 January 2021	39,942	46,068	149,852	235,862
(Recovery) / Charge during the period	(7,933)	(12,469)	36,838	16,436
Amounts written off during the period	-	-	(24,279)	(24,279)
Foreign exchange	127	923	(2,749)	(1,699)
<b>As at 31 March 2021</b>	<b>32,136</b>	<b>34,522</b>	<b>159,662</b>	<b>226,320</b>

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	4,368,735	661,476	275,683	5,305,894
ECL allowance	(26,010)	(41,344)	(135,413)	(202,767)
<b>As at 31 March 2022</b>	<b>4,342,725</b>	<b>620,132</b>	<b>140,270</b>	<b>5,103,127</b>

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	3,931,027	658,455	411,831	5,001,313
ECL allowance	(32,136)	(34,522)	(159,662)	(226,320)
<b>As at 31 March 2021</b>	<b>3,898,891</b>	<b>623,933</b>	<b>252,169</b>	<b>4,774,993</b>

Provision for credit losses recognised in the interim condensed consolidated income statement also includes “ECL” charge on cash in hand and at banks of KD 63 thousand (31 March 2021: ECL recovery of KD 133 thousand), ECL charge on other debt securities of KD 53 thousand (31 March 2021: ECL charge of KD 82 thousand), and ECL charge on other assets of KD 275 thousand (31 March 2021: ECL charge of KD 1,212 thousand). ECL recovery on non-cash facilities of KD 566 thousand (31 March 2021: ECL charge of KD 3,022 thousand).

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

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

As at 31 March 2022

### 5. LOANS PAYABLE

	<i>31 March</i> <i>2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>31 March</i> <i>2021</i> <i>KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity above 1 year	<b>20,000</b>	-	20,000
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	<b>93,853</b>	91,207	51,126
Loans with maturity above 1 year	<b>831,264</b>	830,896	693,709
	<b>945,117</b>	922,103	764,835

### 6. BONDS

	<i>31 March</i> <i>2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>31 March</i> <i>2021</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	<b>35,811</b>	35,795	35,749
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	<b>63,664</b>	63,636	63,555
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	<b>13,962</b>	13,957	13,941
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>85,772</b>	85,740	85,640
<i>Issued by subsidiaries:</i>			
Fixed interest of 5.75% per annum and maturing on 19 April 2023	<b>32,150</b>	32,150	32,150
Floating interest of 2.5% per annum above the CBK discount rate and maturing on 19 April 2023	<b>27,850</b>	27,850	27,850
Fixed interest of 4.125% per annum matured and repaid on 30 December 2021	-	-	99,897
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>4,723</b>	4,700	4,698
Fixed rate of 2.75% per annum and maturing on 15 December 2031	<b>151,233</b>	150,498	150,345
	<b>455,165</b>	454,326	553,825
Less: inter-group eliminations	<b>(20,500)</b>	(20,500)	(21,550)
	<b>434,665</b>	433,826	532,275

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

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

As at 31 March 2022

### 7. MEDIUM TERM NOTES

	<i>31 March</i> <i>2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>31 March</i> <i>2021</i> <i>KD 000's</i>
<b><i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i></b>			
Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 23 February 2027 and carrying a coupon interest rate of 4.5% per annum payable on a semi-annual basis. These notes are listed on the London Stock Exchange.	<b>149,553</b>	148,758	148,393
Fixed rate notes amounting to US\$ 500 million having a term of 7 years maturing on 15 March 2023 and carrying a coupon interest rate of 5% per annum payable on a semi-annual basis. These notes are listed on the London Stock Exchange.	<b>151,950</b>	151,250	151,200
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>151,717</b>	151,007	150,924
<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. These notes were repaid on 14 September 2021.	-	-	151,065
	<b>453,220</b>	451,015	601,582
Less: inter-group eliminations	<b>(907)</b>	(902)	(1,783)
	<b>452,313</b>	450,113	599,799

### 8. SHAREHOLDER'S CAPITAL, SHARE PREMIUM, TREASURY SHARES AND APPROPRIATIONS

#### a) Share capital

	<i>31 March</i> <i>2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>31 March</i> <i>2021</i> <i>KD 000's</i>
Authorised share capital (shares of 100 fils each)	<b>300,000</b>	300,000	200,000
Issued and fully paid-up capital (shares of 100 fils each) *	<b>264,000</b>	264,000	200,000

\* This comprises 2,142,369,362 shares (31 December 2021: 2,142,369,362 shares and 31 March 2021: 1,502,369,362 shares) which are fully paid up in cash, whereas 497,630,638 shares (31 December 2021: 497,630,638 shares and 31 March 2021: 497,630,638 shares) were issued as bonus shares.



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

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

As at 31 March 2022

### 8. SHAREHOLDER'S CAPITAL, SHARE PREMIUM, TREASURY SHARES AND APPROPRIATIONS (continued)

#### b) Share premium

The share premium is not available for distribution.

#### c) Treasury shares

	<b>31 March</b>	<i>(Audited)</i> 31 December	31 March
	<b>2022</b>	2021	2021
Number of treasury shares (shares)	<b>203,384,207</b>	215,786,142	187,371,442
Percentage of capital	<b>7.70%</b>	8.17%	9.37%
Market value (KD 000's)	<b>40,880</b>	30,642	30,542

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

#### d) Dividend

Subsequent to the reporting period, on 25 April 2022, the shareholders Annual General Assembly approved the distribution of cash dividend of 5 fils per share for the year ended 31 December 2021 (for the year ended 31 December 2020: 5 fils per share) to the Parent Company's shareholders on record as at the record date.

#### e) Capital increase

On 15 April 2021, the Extra Ordinary General Assembly approved the Parent Company's capital Increase and authorize the Board of Directors of the Parent Company to proceed with the capital call. The Board of Directors of the Parent Company passed a resolution to increase the Parent Company's capital through the issuance of 640,000,000 shares at an offer price of 125 fils per share which includes a nominal value of 100 fils per share and a share premium of 25 fils per share, after obtaining necessary approvals from regulatory bodies. The rights issue were fully subscribed resulting in an increase in share capital of KD 64,000 thousand and share premium of KD 16,000 thousand.

### 9. INVESTMENT INCOME

	<i>Three months ended</i>	
	<b>31 March</b>	
	<b>2022</b>	2021
	<b>KD 000's</b>	KD 000's
Gain on sale of financial assets at fair value through profit or loss	<b>1,501</b>	769
Unrealised gain on financial assets at fair value through profit or loss	<b>4,472</b>	7,578
(Loss) gain on sale of debt instruments at fair value through other comprehensive income	<b>(345)</b>	496
Dividend income	<b>1,341</b>	430
Gain on sale of investment properties	<b>-</b>	31
	<b>6,969</b>	9,304

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

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

As at 31 March 2022

### 10. 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 on perpetual capital securities by the weighted average number of shares outstanding during the period, as follows:

	<i>Three months ended</i>	
	<b>31 March</b>	
	<b>2022</b>	<b>2021*</b>
	<b>KD 000's</b>	<b>KD 000's</b>
<b>Basic earnings (loss) per share:</b>		
Profit (loss) for the period attributable to the equity holders of the Parent Company from continuing operations	<b>3,125</b>	(9,019)
Profit for the period attributable to the equity holders of the Parent Company from a discontinued operation (Note 11)	-	582
	<hr/>	<hr/>
Profit (loss) for the period attributable to the equity holders of the Parent Company	<b>3,125</b>	(8,437)
	<hr/> <hr/>	<hr/> <hr/>
	<i>Shares</i>	<i>Shares</i>
<b>Number of shares outstanding:</b>		
Issued and fully paid-up capital	<b>2,640,000,000</b>	2,062,950,820
Weighted average number of treasury shares	<b>(210,558,656)</b>	(193,269,035)
	<hr/>	<hr/>
Weighted average number of outstanding shares	<b>2,429,441,344</b>	1,869,681,785
	<hr/> <hr/>	<hr/> <hr/>
	<i>Fils</i>	<i>Fils</i>
Basic earnings (loss) per share	<b>1.3</b>	(4.5)
	<hr/> <hr/>	<hr/> <hr/>
Basic earnings (loss) per share from continuing operations	<b>1.3</b>	(4.8)
	<hr/> <hr/>	<hr/> <hr/>
Basic earnings per share from discontinued operation	-	0.3
	<hr/> <hr/>	<hr/> <hr/>

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

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

As at 31 March 2022

### 10. EARNINGS (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 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>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021*</i>
	<i>KD 000's</i>	<i>KD 000's</i>
<b><i>Diluted earnings (loss) earnings per share:</i></b>		
Profit (loss) for the period attributable to the equity holders of the Parent Company from continuing operations	<b>3,125</b>	(9,019)
Profit for the period attributable to the equity holders of the Parent Company from a discontinued operation (Note 11)	-	582
	<u>3,125</u>	<u>(8,437)</u>
Profit (loss) for the period attributable to the equity holders of the Parent Company	<b>3,125</b>	(8,437)
	<u>3,125</u>	<u>(8,437)</u>
	<b><i>Shares</i></b>	<b><i>Shares</i></b>
Weighted average number of outstanding shares	<b>2,429,441,344</b>	1,869,681,785
	<u>2,429,441,344</u>	<u>1,869,681,785</u>
	<b><i>Fils</i></b>	<b><i>Fils</i></b>
Diluted earnings (loss) per share	<b>1.3</b>	(4.5)
	<u>1.3</u>	<u>(4.5)</u>
Diluted earnings (loss) per share from continuing operations	<b>1.3</b>	(4.8)
	<u>1.3</u>	<u>(4.8)</u>
Diluted earnings per share from discontinued operation	-	0.3
	<u>-</u>	<u>0.3</u>

\* Basic and diluted earnings (loss) per share for the period ended 31 March 2021 has been restated to reflect the rights issue (Note 8e).

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

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

As at 31 March 2022

### 11. DISCONTINUED OPERATION

On 04 October 2021, one of the subsidiaries of the Group Overland Real Estate Company W.L.L sold its 63.89% equity interest in United Education Company K.S.C.(Closed) to a related party for a net cash consideration of KD 40,996 thousand.

In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”, the disposal of United Education Company K.S.C.(Closed) is classified as a discontinued operation. The comparative period has been reclassified to discontinued operation in the interim condensed consolidated income statement.

	31 Mar 2021 KD 000's
Revenue	7,471
Expenses	(6,442)
	<hr/>
Profit from discontinued operation	1,029
	<hr/> <hr/>
<b>Attributable to:</b>	
Equity holders of the Parent Company	582
Non-controlling interest	447
	<hr/>
	1,029
	<hr/> <hr/>

### 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. 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 1,824 thousand on the retranslation of this borrowing are transferred to interim condensed consolidated statement of other comprehensive income to offset any gains or losses on translation of the net investments in the foreign operations. No ineffectiveness from hedges of net investments in foreign operations was recognized in the interim condensed consolidated income statement during the period ended 31 March 2022.

Burgan Bank has entered into forward foreign exchange contracts 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. Gain or losses on the retranslation of the aforesaid contracts are transferred to equity 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 ended 31 March 2022.

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

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

As at 31 March 2022

### 13. RELATED PARTY TRANSACTIONS

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

	<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>	<b>Total 31 March 2022</b>	<i>(Audited)</i> 31 December 2021	31 March 2021
	<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>						
Financial assets at fair value through profit or loss	-	250	-	<b>250</b>	250	-
Loans and advances	140,700	20,189	184,772	<b>345,661</b>	329,381	422,256
Other assets	78	6,005	176	<b>6,259</b>	6,603	3,043
Due to banks and other financial institutions	-	15,595	29,919	<b>45,514</b>	64,926	41,967
Deposits from customers	4,158	15,551	27,751	<b>47,460</b>	53,619	43,215
Medium term notes	-	3,039	-	<b>3,039</b>	3,025	3,024
Other liabilities	59,368	368	5,646	<b>65,382</b>	61,752	191,765
Perpetual capital securities	-	1,509	906	<b>2,415</b>	2,415	2,415
<b><i>Commitments and contingent liabilities:</i></b>						
Letter of credit	-	1,154	450	<b>1,604</b>	627	16,573
Guarantees & acceptances	35	43,227	3,396	<b>46,658</b>	46,260	58,770
Undrawn lines of credit	290	87,962	9,000	<b>97,252</b>	112,533	47,714
					<b><i>Three months ended 31 March</i></b>	
		<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>	<b>2022</b>	<b>2021</b>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<b>KD 000's</b>	<b>KD 000's</b>
<b><i>Transactions:</i></b>						
Interest income		1,203	80	761	<b>2,044</b>	3,073
Fee and commission income		17	399	337	<b>753</b>	565
Interest expense		102	100	101	<b>303</b>	1,703

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

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

As at 31 March 2022

### 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 Bank of the respective countries.

Asset management and investment banking - represents Group's asset management and investment banking activities which includes asset management, corporate finance (advisory and capital markets services), investment advisory and research, and wealth management.

Insurance - represents Group's insurance activities and other related services.

Media & Satellite services – represents Group's activities in providing digital satellite services, Media Pay TV services via satellite, cable and streaming.

Industrial - represents Group's activities in industrial project development, Petrochemical Industries, food, utilities, services, medical equipment and other related sectors.

Hospitality and real estate - represents Group's activities in the hospitality and real estate sector.

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

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

Management monitors the results of its segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements.

	<i>Three months ended 31 March</i>			
	<i>2022</i>		<i>2021</i>	
<i>Segment revenues</i>	<i>Segment results</i>	<i>Segment revenues</i>	<i>Segment results</i>	
<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	
Commercial banking	<b>105,350</b>	<b>17,093</b>	100,014	11,549
Asset management and investment banking	<b>17,517</b>	<b>(2,665)</b>	9,881	(9,422)
Insurance	<b>4,556</b>	<b>4,556</b>	2,532	2,532
Media and satellite services	<b>21,330</b>	<b>(13,500)</b>	28,812	(10,991)
Industrial	<b>7,347</b>	<b>3,884</b>	4,727	889
Hospitality and real estate	<b>20,950</b>	<b>1,811</b>	25,070	832
Others	<b>249</b>	<b>(1,303)</b>	177	(1,061)
Inter-segmental eliminations	<b>(15,237)</b>	<b>(622)</b>	(8,964)	(559)
Segment revenues and results	<b>162,062</b>	<b>9,254</b>	162,249	(6,231)

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

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

As at 31 March 2022

### 14. SEGMENT INFORMATION (continued)

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

	<i>31 March 2022 KD 000's</i>	<i>(Audited) 31 December 2021 KD 000's</i>	<i>31 March 2021 KD 000's</i>
<b>Assets:</b>			
Commercial banking	9,111,142	8,693,288	8,436,193
Asset management and investment banking	950,239	935,278	900,167
Insurance	121,614	119,222	88,291
Media and satellite services	406,137	404,889	446,003
Industrial	303,508	291,128	279,410
Hospitality and real estate	921,832	906,316	1,033,431
Others	229,535	226,182	280,092
Inter-segmental eliminations	<b>(1,428,098)</b>	<b>(1,396,534)</b>	<b>(1,338,055)</b>
<b>Total assets</b>	<b>10,615,909</b>	<b>10,179,769</b>	<b>10,125,532</b>
<b>Liabilities:</b>			
Commercial banking	8,091,666	7,679,691	7,497,205
Asset management and investment banking	1,408,126	1,401,948	1,594,101
Media and satellite services	329,796	312,877	303,276
Industrial	157,307	157,580	144,153
Hospitality and real estate	629,003	608,601	725,149
Others	181,329	181,378	196,690
Inter-segmental eliminations	<b>(1,195,132)</b>	<b>(1,186,407)</b>	<b>(1,208,810)</b>
<b>Total liabilities</b>	<b>9,602,095</b>	<b>9,155,668</b>	<b>9,251,764</b>

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

### 15. COMMITMENTS

The Group has the following commitments:

	<i>31 March 2022 KD 000's</i>	<i>(Audited) 31 December 2021 KD 000's</i>	<i>31 March 2021 KD 000's</i>
<b>Credit related commitments and contingencies</b>			
Letters of credit	299,246	234,927	289,291
Guarantees & Acceptances	945,503	959,809	988,031
	<b>1,244,749</b>	<b>1,194,736</b>	<b>1,277,322</b>
<b>Undrawn lines of credit</b>	<b>744,984</b>	<b>812,228</b>	<b>748,916</b>
<b>Investment related commitments</b>	<b>8,231</b>	<b>17,995</b>	<b>62,335</b>
	<b>1,997,964</b>	<b>2,024,959</b>	<b>2,088,573</b>

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

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

As at 31 March 2022

### 16. DERIVATIVES

The table below shows the notional amounts of derivatives outstanding as at the reporting date. The notional amount of a derivative is based upon the derivative's underlying asset, reference rate or index.

	<i>31 March</i> <i>2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>31 March</i> <i>2021</i> <i>KD 000's</i>
<b>Derivatives held for trading:</b> <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	<b>1,561,970</b>	1,670,883	1,194,060
Interest rate swaps	<b>63,955</b>	81,134	126,387
Options	<b>54,916</b>	52,556	55,950
	<u><u>1,680,841</u></u>	<u><u>1,804,573</u></u>	<u><u>1,376,407</u></u>
<b>Derivatives held for hedging:</b>			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	<b>256,761</b>	271,485	204,834
	<u><u>256,761</u></u>	<u><u>271,485</u></u>	<u><u>204,834</u></u>
<i>Cash flow hedges:</i>			
Interest rate swaps	<b>297,514</b>	309,880	287,314
	<u><u>297,514</u></u>	<u><u>309,880</u></u>	<u><u>287,314</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 427,475 thousand (31 December 2021: KD 434,639 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 31 March 2022

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

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

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
<b>31 March 2022</b>				
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	13,817	16	3,489	<b>17,322</b>
Debt securities	11,622	-	250	<b>11,872</b>
Managed funds	1,667	15,403	98,842	<b>115,912</b>
Forfeiting assets	-	-	145,957	<b>145,957</b>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	17,255	10,703	66,115	<b>94,073</b>
Debt securities	331,690	2,146	-	<b>333,836</b>
Managed funds	-	-	33	<b>33</b>
	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
<b>31 December 2021 (Audited)</b>				
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	13,636	-	2,336	<b>15,972</b>
Debt securities	6,338	-	250	<b>6,588</b>
Managed funds	1,669	13,060	96,560	<b>111,289</b>
Forfeiting assets	-	-	133,096	<b>133,096</b>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	16,412	3,605	67,229	<b>87,246</b>
Debt securities	331,153	2,136	-	<b>333,289</b>
Managed funds	-	-	12	<b>12</b>

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

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

As at 31 March 2022

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

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
31 March 2021				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	19,373	-	4,029	<b>23,402</b>
Debt securities	6,586	-	-	<b>6,586</b>
Managed funds	1,291	11,460	79,336	<b>92,087</b>
Forfeiting assets	-	-	134,268	<b>134,268</b>
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	14,948	5,326	60,777	<b>81,051</b>
Debt securities	328,196	6,057	8,000	<b>342,253</b>
Managed funds	-	-	10	<b>10</b>

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%.

### 18. SIGNIFICANT EVENTS

During the period, on 14 March 2022, the management of the Parent Company reached an initial agreement to merge by amalgamation with Qurain Petrochemical Industries Company (“QPIC”), an associate of the Group. The two companies signed a Memorandum of Understanding (MoU) whereby they agreed to assess the merger proposition. As per the MoU agreement, KIPCO shall be the merging entity and QPIC shall be the merged entity. KIPCO has commenced the required procedures to obtain the regulatory authorities’ approvals.

Furthermore, United Real Estate Company (“URC”) a subsidiary of the Group, reached an initial agreement to merge by amalgamation with United Tower Company (“UTHC”) and Al Dhiyafa Holding Company (“DHC”), also subsidiaries of the Group. These companies signed an MoU whereby they agreed to assess the merger proposition. As per the MoU agreement, URC shall be the merging entity and UTHC and DHC shall be the merged entities. URC has commenced the required procedures to obtain the regulatory authorities’ approvals.