

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2022 (UNAUDITED)

RSM Albazie & Co.

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www.rsm.global/kuwait**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 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 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 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 nine months period ended 30 September 2022, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
14 November 2022



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 September 2022

		<i>(Audited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>	<i>2021</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	3	1,163,869	1,296,911
Treasury bills, bonds and other debt securities		758,198	584,227
Loans and advances		4,845,966	4,791,444
Financial assets at fair value through profit or loss		260,566	266,945
Financial assets at fair value through other comprehensive income ("FVOCI")		366,250	420,547
Other assets	2	977,687	930,774
Properties held for trading		92,726	120,817
Investment in associates		363,448	356,234
Investment properties		511,864	487,722
Property, plant and equipment		386,266	378,193
Intangible assets		558,568	556,346
TOTAL ASSETS		10,285,408	10,190,160
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,162,756	1,230,089
Deposits from customers		4,984,411	5,198,902
Loans payable	5	1,233,601	922,103
Bonds	6	438,201	433,826
Medium term notes	7	461,417	450,113
Other liabilities	2	972,764	920,635
Total liabilities		9,253,150	9,155,668
Equity			
Equity attributable to equity holders of the Parent Company	8	323,798	325,793
Perpetual capital securities		153,332	153,332
Non controlling interest		555,128	555,367
Total equity		1,032,258	1,034,492
TOTAL LIABILITIES AND EQUITY		10,285,408	10,190,160

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

*Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2021 and interim condensed consolidated financial information as at 30 September 2021 and reflect adjustments made as detailed in Note 2.6.

The attached notes 1 to 16 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 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 KD 000's	(Restated)* 2021 KD 000's	2022 KD 000's	(Restated)* 2021 KD 000's
Continuing operations:					
Income:					
Interest income		98,382	75,176	258,038	221,711
Investment income	9	300	10,020	14,895	57,431
Fee and commission income		14,161	14,989	47,110	44,769
Share of results of associates		5,866	27,726	23,354	38,656
Media and digital satellite network services income		20,657	24,193	62,198	74,251
Hospitality and real estate income		23,178	22,860	65,546	68,587
Manufacturing and distribution income		2,287	1,466	6,903	5,784
Other income		5,448	5,408	22,885	22,207
Foreign exchange gain		284	2,521	6,429	11,866
		170,563	184,359	507,358	545,262
Expenses:					
Interest expense		71,677	53,753	183,077	158,556
Media and digital satellite network services expense		23,576	24,467	68,825	80,004
Hospitality and real estate expenses		14,939	16,296	42,486	50,115
Manufacturing and distribution expenses		1,862	1,080	5,570	4,528
General and administrative expenses		37,444	43,867	127,158	128,319
Depreciation and amortisation		7,427	8,108	21,785	20,764
		156,925	147,571	448,901	442,286
Operating profit from continuing operations before provisions		13,638	36,788	58,457	102,976
Provision for credit losses	4	(310)	(6,612)	(11,985)	(47,259)
Provision for impairment of investment		-	-	-	(15,780)
Net monetary loss	2.5	(5,641)	-	(16,695)	-
Profit from continuing operations before taxation		7,687	30,176	29,777	39,937
Taxation		(5,602)	(3,621)	(17,025)	(8,067)
Profit for the period from continuing operations		2,085	26,555	12,752	31,870
Discontinued operation:					
(Loss) profit from discontinued operation		-	(158)	-	2,033
Profit for the period		2,085	26,397	12,752	33,903
Attributable to:					
Equity holders of the Parent Company		497	23,977	5,871	27,174
Non-controlling interest		1,588	2,420	6,881	6,729
		2,085	26,397	12,752	33,903
		<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
EARNINGS PER SHARE:					
Basic and diluted- attributable to the equity holders of the Parent Company	10	0.2	12.8	1.0	13.0
EARNINGS PER SHARE FROM CONTINUING OPERATIONS:					
Basic and diluted- attributable to the equity holders of the Parent Company	10	0.2	12.9	1.0	12.4

*Certain amounts shown here do not correspond to the interim condensed consolidated financial information for the period ended 30 September 2021 and reflect adjustments made as detailed in Note 2.6.

The attached notes 1 to 16 form part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2022

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2022</i> <i>KD 000's</i>	<i>(Restated)*</i> <i>2021</i> <i>KD 000's</i>	<i>2022</i> <i>KD 000's</i>	<i>(Restated)*</i> <i>2021</i> <i>KD 000's</i>
Profit for the period	2,085	26,397	12,752	33,903
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 income	(945)	(3,848)	(1,774)	(2,312)
Share of other comprehensive income (loss) from associates	20	(471)	(3,776)	(2,101)
	(925)	(4,319)	(5,550)	(4,413)
<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	491	(82)	501	(500)
- Net change in fair value during the period	(8,083)	(1,906)	(25,272)	(5,869)
- Changes in allowance for expected credit losses	(9)	(70)	(26)	(179)
Change in fair value of cash flow hedge	4,694	(998)	19,919	3,093
Foreign currency translation adjustment	3,308	(6,265)	(13,313)	(20,249)
	401	(9,321)	(18,191)	(23,704)
Other comprehensive loss for the period	(524)	(13,640)	(23,741)	(28,117)
Total comprehensive income (loss) for the period	1,561	12,757	(10,989)	5,786
Attributable to:				
Equity holders of the Parent Company	987	16,225	(7,349)	16,329
Non-controlling interest	574	(3,468)	(3,640)	(10,543)
	1,561	12,757	(10,989)	5,786

*Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2021 and reflect adjustments made as detailed in Note 2.6.

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

INTERIM CONDENSED CONSOLIDATED CASHFLOW STATEMENT (UNAUDITED)

For the period ended 30 September 2022

		<i>Nine months ended 30 September</i>	
		2022	<i>(Restated)*</i>
	<i>Notes</i>	KD 000's	2021
			<i>KD 000's</i>
OPERATING ACTIVITIES			
Profit before taxation from continuing operations		29,777	39,937
Profit from discontinued operation		-	2,033
		<hr/>	<hr/>
Profit before taxation		29,777	41,970
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(258,038)	(221,711)
Investment income	9	(14,895)	(57,431)
Share of results of associates		(23,354)	(38,656)
Interest expense		183,077	158,556
Depreciation and amortisation		21,785	20,764
Non-cash items from discontinued operation		-	2,187
Provision for credit losses	4	11,985	47,259
Provision for impairment of investment		-	15,780
Net monetary loss	2.5	16,695	-
Foreign exchange loss (income) on loans payable and medium-term notes		8,800	(831)
Employee share based payments		(545)	(300)
		<hr/>	<hr/>
		(24,713)	(32,413)
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		2,082	(10,976)
Treasury bills, bonds and other debt securities		(159,933)	(33,994)
Loans and advances		(51,002)	64,112
Financial assets at fair value through profit or loss		17,355	23,196
Financial assets at fair value through other comprehensive income		(22,551)	(5,399)
Other assets		(26,790)	(56,199)
Properties held for trading		5,248	(119)
Due to banks and other financial institutions		(67,569)	(191,674)
Deposits from customers		(182,982)	225,602
Other liabilities		(3,208)	(56,887)
Dividends received	9	3,359	1,489
Interest received		271,974	200,648
Interest paid		(177,161)	(163,114)
		<hr/>	<hr/>
Net cash flow used in operating activities		(415,891)	(35,728)
INVESTING ACTIVITIES			
Net movement in investment properties		2,631	(388)
Net movement in investment in associates		3,974	(13,916)
Net cashflow from disposal of a subsidiary		-	(2,117)
Dividends received from associates		10,787	5,938
		<hr/>	<hr/>
Net cash flows from (used in) investing activities		17,392	(10,483)
FINANCING ACTIVITIES			
Proceeds from loans payable, net		309,870	121,011
Repayment of bonds, net		-	(99,382)
Repayment of medium-term notes, net		-	(150,955)
Proceeds from sale of treasury shares		3,934	490
Dividends paid to equity holders of the Parent Company		(12,560)	(8,982)
Interest payment on perpetual capital securities		(5,140)	(4,456)
Dividends paid to non-controlling interest		(9,804)	(5,023)
Movement in non-controlling interest		5,240	50,937
		<hr/>	<hr/>
Net cash flows from (used in) financing activities		291,540	(96,360)
Net foreign exchange differences		(20,698)	(19,341)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(127,657)	(161,912)
Cash and cash equivalents at 1 January		1,405,450	1,456,005
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3	1,277,793	1,294,093

*Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2021 and reflect adjustments made as detailed in Note 2.6.

The attached notes 1 to 16 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 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 31 December 2021 (as previously stated)	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
Restatement (Note 2.6)	-	-	-	-	-	-	-	-	-	-	10,260	10,260	-	131	10,391
As at 1 January 2022 (restated)	264,000	68,913	(95,258)	107,562	76,546	(10,544)	24,526	(140,955)	1,367	(18,254)	47,890	325,793	153,332	555,367	1,034,492
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,871	5,871	-	6,881	12,752
Other comprehensive loss	-	-	-	-	-	(4,388)	-	(8,832)	-	-	-	(13,220)	-	(10,521)	(23,741)
Total comprehensive (loss) income	-	-	-	-	-	(4,388)	-	(8,832)	-	-	5,871	(7,349)	-	(3,640)	(10,989)
Dividends for 2021 at 5 fils per share (Note 8)	-	-	-	-	-	-	-	-	-	-	(12,225)	(12,225)	-	-	(12,225)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,804)	(9,804)
Sale of treasury shares	-	-	9,161	-	-	-	-	-	-	-	(4,448)	4,713	-	(779)	3,934
Employees' share-based payment	-	-	-	-	-	-	-	-	(545)	-	-	(545)	-	-	(545)
Transfer related to disposal group held for sale (Note 2)	-	-	-	-	-	14	-	(640)	-	626	-	-	-	-	-
Transfer of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(303)	-	-	-	303	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	2,344	-	-	-	-	(2,344)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(3,799)	(3,799)	-	(1,699)	(5,498)
Impact of initial application of IAS 29 (Note 2.5)	-	-	-	-	-	-	-	12,098	-	-	5,202	17,300	-	10,353	27,653
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	(90)	-	(90)	-	5,330	5,240
As at 30 September 2022	264,000	68,913	(86,097)	107,562	76,546	(12,574)	24,223	(138,329)	822	(17,718)	36,450	323,798	153,332	555,128	1,032,258

The attached notes 1 to 16 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 2022

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 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
Profit for the period*	-	-	-	-	-	-	-	-	-	27,174	27,174	-	6,729	33,903
Other comprehensive loss	-	-	-	-	-	(2,601)	(8,244)	-	-	-	(10,845)	-	(17,272)	(28,117)
Total comprehensive (loss) income	-	-	-	-	-	(2,601)	(8,244)	-	-	27,174	16,329	-	(10,543)	5,786
Dividends for 2020 at 5 fils per share (Note 8)	-	-	-	-	-	-	-	-	-	(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 (restated)	200,000	52,913	(91,310)	106,821	76,546	(20,164)	(139,355)	1,767	(21,561)	58,426	224,083	153,332	535,996	913,411

*Certain amounts shown here do not correspond to the interim condensed consolidated financial information for the period ended 30 September 2021 and reflect adjustments made as detailed in Note 2.6.

The attached notes 1 to 16 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 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 nine months period ended 30 September 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 14 November 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 has 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 audited 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 audited 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 nine months period ended 30 September 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 subsidiary Burgan Bank classified its investment in Bank of Baghdad 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. The Group is in the process of assessing the potential impact on its consolidated financial information resulting from the application of the standard.

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

In May 2020, the IASB issued amendments to IAS 16 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. The Group is in the process of assessing the potential impact on its consolidated financial information resulting from the application of the standard.

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

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

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

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.

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 2020, 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.

2.5 HYPERINFLATION

The Group, through one of its banking subsidiaries, Burgan Bank A.S. (“BBT”), has operations in Turkey. The Turkish economy has been assessed as a hyperinflationary economy based on the cumulative inflation rates over the previous three years, effective for reporting period on or after 30 April 2022. Accordingly, the interim condensed consolidated financial information includes the effects of hyperinflation in accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies” stemming from its Turkish operations. IAS 29 has been applied from 1 January 2022 i.e. the beginning of the reporting period in which the Group identified hyperinflation. The Group has determined the Consumer Price Index (“CPI”) as the appropriate general price index to be used in the inflation accounting. The Group’s banking subsidiary measured it at 1,015.65 as at 30 September 2022 (31 December 2021: 686.95 and 30 September 2021: 570.66). The inflation accounting was applied to the books of BBT from the date of acquisition i.e. December 2012. Hyperinflation adjustments have been adjusted in the interim condensed consolidated statement of changes in equity and interim condensed consolidated income statement under “ Net monetary loss”.

The hyperinflation adjustments have also been applied in Gulf Insurance Group (“GIG”) ,one of the associates of the group , through its subsidiary Gulf Sigorta A.S. operating in Turkey and has been measured by means of conversion factors derived from the Consumer Price Index (CPI) provided by Turkey Statistical Institute. Hyperinflation adjustments have been adjusted in the interim condensed consolidated statement of changes in equity and interim condensed consolidated income statement under “ Share of results of associates”.

2.6 RESTATEMENT

On 06 September 2021, one of the associates of the Group, GIG acquired 100% equity interest of AXA Insurance B.S.C.C (a closed Joint Stock Company located in the Kingdom of Bahrain) (“AXA Gulf”) and a total effective equity holding of 50% of AXA Cooperative Insurance Company located in the Kingdom of Saudi Arabia.

During the current period the group finalised the Purchase Price Allocation (“PPA”) exercise and accordingly prior period financial information have been restated to reflect the PPA adjustment to the provisional amounts. The restatement resulted in an increase in ‘investment in associates’ by KD 10,774 thousand, ‘retained earnings’ by KD 10,638 thousand and ‘non-controlling interest’ by KD 136 thousand in the Group’s interim condensed consolidated financial information as at 30 September 2021.

Restatement also resulted in an increase in ‘Share of results of associates’ by KD 10,774 thousand, ‘profit attributable to the equity holders of the Parent Company’ by KD 10,638 thousand and ‘non-controlling interest’ by KD 136 thousand in the interim condensed consolidated income statement for the period ended 30 September 2021.

Further adjustments due to amortisation charge of intangible assets identified in the GIG financial statements resulted in an increase in ‘investment in associates’ by KD 10,391 thousand, ‘Retained earnings’ by KD 10,260 thousand and ‘Non-controlling interest’ by KD 131 thousand as at 31 December 2021.

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

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As at 30 September 2022

3. CASH IN HAND AND AT BANKS

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash and bank balances	565,552	830,965	784,403
Deposits with original maturities up to three months	560,815	427,089	339,077
Expected credit losses	(1,963)	(2,690)	(2,874)
	<u>1,124,404</u>	<u>1,255,364</u>	<u>1,120,606</u>
Cash and cash equivalents	1,124,404	1,255,364	1,120,606
Add: deposits with original maturities exceeding three months	39,465	41,547	46,922
	<u>1,163,869</u>	<u>1,296,911</u>	<u>1,167,528</u>
Cash in hand and at banks as per interim condensed consolidated statement of financial position	1,163,869	1,296,911	1,167,528
Cash and cash equivalents attributable to disposal group held for sale (Note 2)	153,389	150,086	173,487
Less: deposits with original maturities exceeding three months	(39,465)	(41,547)	(46,922)
	<u>1,277,793</u>	<u>1,405,450</u>	<u>1,294,093</u>
Cash and cash equivalents as per interim condensed consolidated cash flow statement	1,277,793	1,405,450	1,294,093

Cash in hand and at banks includes cash and bank balances from the Parent Company amounting to KD 109,370 thousand as at 30 September 2022 (31 December 2021: KD 123,715 thousand, 30 September 2021: KD 143,935 thousand).

4. PROVISION FOR CREDIT LOSSES

An analysis of changes in the expected credit losses "ECL" allowance 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>
<i>ECL allowance</i>				
Balance as at 1 January 2022	27,693	35,750	127,909	191,352
(Recovery) / charge during the period	(2,611)	3,769	8,223	9,381
Amounts written off during the period	-	-	(4,429)	(4,429)
Foreign exchange	384	3,808	421	4,613
	<u>25,466</u>	<u>43,327</u>	<u>132,124</u>	<u>200,917</u>
As at 30 September 2022	25,466	43,327	132,124	200,917
	<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>
<i>ECL allowance</i>				
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
Amounts written off during the period	-	-	(41,572)	(41,572)
Foreign exchange	(1,307)	787	(4,369)	(4,889)
	<u>26,622</u>	<u>31,089</u>	<u>174,110</u>	<u>231,821</u>
As at 30 September 2021	26,622	31,089	174,110	231,821

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4. 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	4,116,848	657,937	272,098	5,046,883
ECL allowance	(25,466)	(43,327)	(132,124)	(200,917)
As at 30 September 2022	4,091,382	614,610	139,974	4,845,966
	<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

Provision for credit losses recognised in the interim condensed consolidated income statement also includes “ECL” recovery on cash in hand and at banks of KD 727 thousand (30 September 2021: “ECL” recovery of KD 261 thousand), “ECL” charge on other debt securities of KD 1,429 thousand (30 September 2021: “ECL” recovery of KD 188 thousand), and “ECL” charge on other assets of KD 209 thousand (30 September 2021: “ECL” charge of KD 4,611 thousand). “ECL” charge on non-cash facilities of KD 1,693 thousand (30 September 2021: “ECL” charge of KD 677 thousand).

5. LOANS PAYABLE

	<i>30 September</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>30 September</i> <i>2021</i> <i>KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity within 1 year	-	-	20,000
Loans with maturity above 1 year	20,000	-	-
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	71,681	91,207	83,400
Loans with maturity above 1 year	1,141,920	830,896	671,937
	1,233,601	922,103	775,337

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6. BONDS

	30 September 2022	<i>(Audited)</i> 31 December 2021	30 September 2021
	KD 000's	KD 000's	KD 000's
<i>Issued by the Parent Company:</i>			
Fixed interest of 5.25% per annum and maturing on 28 December 2024	35,844	35,795	35,780
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	63,722	63,636	63,609
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	13,974	13,957	13,952
Floating rate bonds at 2.25% per annum above CBK discount rate (capped at 6.5% per annum) and maturing on 8 November 2023	85,841	85,740	85,705
<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 2.5% per annum above the CBK discount rate and maturing on 19 April 2023	27,850	27,850	27,850
Fixed interest of 4.125% per annum matured and repaid on 30 December 2021	-	-	99,965
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	4,817	4,700	4,688
Fixed rate of 2.75% per annum and maturing on 15 December 2031	154,745	150,498	150,047
	458,943	454,326	553,746
Less: inter-group eliminations	(20,742)	(20,500)	(20,500)
	438,201	433,826	533,246

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7. MEDIUM TERM NOTES

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i>			
Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 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.	152,706	148,758	148,234
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.	154,925	151,250	150,825
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.	154,711	151,007	150,571
	462,342	451,015	449,630
Less: inter-group eliminations	(925)	(902)	(1,470)
	461,417	450,113	448,160

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

a) Share capital

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Authorised share capital (shares of 100 fils each)	300,000	300,000	300,000
Issued and fully paid-up capital (shares of 100 fils each) *	264,000	264,000	200,000

* This comprises 2,142,369,362 shares (31 December 2021: 2,142,369,362 shares and 30 September 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 30 September 2021: 497,630,638 shares) were issued as bonus shares.

b) Share premium

The share premium is not available for distribution.

c) Treasury shares

	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
Number of treasury shares	195,034,207	215,786,142	184,197,671
Percentage of capital	7.39%	8.17%	9.21%
Market value (KD 000's)	25,940	30,642	29,103

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

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

d) Dividend

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 5 September 2022, the Extra Ordinary General Assembly "EGM" approved the merger agreement and merger transaction between Kuwait Projects Company Holding K.S.C.P and Qurain Petrochemical Industries Company K.S.C.P. ,EGM also approved to increase the Parent Company's authorized and issued capital to KD 504,847,627 divided into 5,048,476,269 shares at a nominal value of 100 fils each. The increase in share capital will be allocated to the shareholders of Qurain Petrochemical Industries Company K.S.C.P. as on the record date set on 16 November 2022, after the completion of the merger by amalgamation transaction. The Capital Markets Authority approved the capital increase on 8 August 2022 and the execution of merger transaction on 06 November 2022.

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 was 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>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Gain on sale of financial assets at fair value through profit or loss	1,489	59	8,346	2,702
Unrealised (loss) gain on financial assets at fair value through profit or loss	(1,188)	9,549	2,630	25,217
(Loss) gain on sale of debt instruments at fair value through other comprehensive income	(497)	99	(632)	612
Dividend income	501	324	3,359	1,489
(Loss) gain on sale of investment properties	(5)	(11)	62	20
Gain on sale of investment in associates	-	-	1,130	-
Gain on derecognition of a subsidiary (Note 13)	-	-	-	27,391
	300	10,020	14,895	57,431

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10. 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.

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 has not been considered in the computation of diluted earnings per share and as the result is anti-dilutive.

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2022</i> <i>KD 000's</i>	<i>(Restated)*</i> <i>2021</i> <i>KD 000's</i>	<i>2022</i> <i>KD 000's</i>	<i>(Restated)*</i> <i>2021</i> <i>KD 000's</i>
Basic and diluted earnings per share:				
Profit for the period attributable to the equity holders of the Parent Company from continuing operations	497	24,066	5,871	26,020
(Loss) profit for the period attributable to the equity holders of the Parent Company from a discontinued operation	-	(89)	-	1,154
Profit for the period attributable to the equity holders of the Parent Company	497	23,977	5,871	27,174
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	-	-	(3,441)	(2,838)
Profit for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	497	23,977	2,430	24,336
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding:				
Issued and fully paid-up capital	2,640,000,000	2,062,950,820	2,640,000,000	2,062,950,820
Weighted average number of treasury shares	(195,034,207)	(192,271,126)	(200,609,438)	(192,932,743)
Weighted average number of outstanding shares	2,444,965,793	1,870,679,694	2,439,390,562	1,870,018,077
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Basic and diluted earnings per share	0.2	12.8	1.0	13.0
Basic and diluted earnings per share from continuing operations	0.2	12.9	1.0	12.4
Basic and diluted (loss) earnings per share from discontinued operation	-	(0.1)	-	0.6

* Basic and diluted earnings per share for the period ended 30 September 2021 has been restated to reflect the rights issue (Note 8e) and due to the effect of PPA adjustment from one of the associates of the Group (Note 2.6).

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11. 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 3,286 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 30 September 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 30 September 2022.

12. 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 KD 000's</i>	<i>Associates KD 000's</i>	<i>Others KD 000's</i>	<i>Total 30 September 2022 KD 000's</i>	<i>(Audited) 31 December 2021 KD 000's</i>	<i>30 September 2021 KD 000's</i>
Interim condensed consolidated statement of financial position:						
Financial assets at fair value through profit or loss	-	100	-	100	250	-
Loans and advances	128,200	10,190	185,784	324,174	329,381	283,513
Other assets	24	1,612	279	1,915	6,603	3,248
Due to banks and other financial institutions	-	29,220	21	29,241	64,926	52,355
Deposits from customers	3,334	32,870	23,084	59,288	53,619	41,781
Medium term notes	-	3,099	-	3,099	3,025	3,017
Other liabilities	58,741	44	2,642	61,427	61,752	154,287
Perpetual capital securities	-	1,509	906	2,415	2,415	2,415
Commitments and contingent liabilities:						
Letter of credit	-	837	194	1,031	627	1,244
Guarantees & acceptances	35	60,259	853	61,147	46,260	47,117
Undrawn lines of credit	12,790	77,472	7,352	97,614	112,533	106,426
					Nine months ended 30 September	
	<i>Major shareholder KD 000's</i>	<i>Associates KD 000's</i>	<i>Others KD 000's</i>	<i>2022 KD 000's</i>	<i>2021 KD 000's</i>	
Transactions:						
Interest income	4,155	363	2,634	7,152	5,995	
Fee and commission income	51	1,302	511	1,864	1,461	
Investment income	-	-	-	-	27,391	
Interest expense	513	430	63	1,006	4,774	

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2022

12. RELATED PARTY TRANSACTIONS (continued)

Subsequent to the reporting date, on 13 October 2022, one of the subsidiaries of the Group, Kuwait National Industrial Projects Company K.S.C.C., sold 17.3% of its stake in Qurain Petrochemical Industries Company K.S.C.P. to the Group's major shareholder Al-Futtooh Holding Company K.S.C.C. The sale of shares will result in a realized loss of approximately KD 12,800 thousand for the Group which will be recognized in the Group's consolidated financial statements for the year ending 31 December 2022.

13. 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.

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 information.

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

	<i>Nine months ended 30 September</i>			
	<i>2022</i>		<i>2021 (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	353,000	76,605	322,625	64,278
Asset management and investment banking	25,881	(18,433)	42,717	(31,051)
Insurance *	10,729	10,729	31,545	31,545
Media and satellite services	62,483	(44,936)	77,535	(32,284)
Industrial	18,474	5,776	16,841	(9,077)
Hospitality and real estate **	70,757	8,150	96,893	28,152
Others	2,101	(3,470)	1,113	(2,699)
Inter-segmental eliminations	(36,067)	(4,644)	(44,007)	(8,927)
Segment revenues and results	507,358	29,777	545,262	39,937

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

** 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 9).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2022

13. SEGMENT INFORMATION (continued)

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

	30 September 2022	<i>(Audited)</i> 31 December 2021	30 September 2021
	<i>KD 000's</i>	<i>(Restated)</i> <i>KD 000's</i>	<i>(Restated)</i> <i>KD 000's</i>
Assets:			
Commercial banking	8,695,271	8,693,288	8,533,271
Asset management and investment banking	979,146	935,278	904,595
Insurance	130,408	129,613	140,007
Media and satellite services	402,179	404,889	424,245
Industrial	304,829	291,128	287,112
Hospitality and real estate	961,681	906,316	871,591
Others	288,678	226,182	298,685
Inter-segmental eliminations	(1,476,784)	(1,396,534)	(1,370,028)
Total assets	10,285,408	10,190,160	10,089,478
Liabilities:			
Commercial banking	7,656,391	7,679,691	7,577,394
Asset management and investment banking	1,430,645	1,401,948	1,505,226
Media and satellite services	359,621	312,877	307,895
Industrial	177,795	157,580	160,252
Hospitality and real estate	653,031	608,601	597,703
Others	252,510	181,378	215,521
Inter-segmental eliminations	(1,276,843)	(1,186,407)	(1,187,924)
Total liabilities	9,253,150	9,155,668	9,176,067

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

14. COMMITMENTS

The Group has the following commitments:

	30 September 2022	<i>(Audited)</i> 31 December 2021	30 September 2021
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Credit related commitments and contingencies			
Letters of credit	320,076	234,927	272,909
Guarantees & Acceptances	990,683	959,809	932,248
	1,310,759	1,194,736	1,205,157
Undrawn lines of credit	814,639	812,228	818,772
Investment related commitments	4,944	17,995	43,203
	2,130,342	2,024,959	2,067,132

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2022

15. 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>2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>30 September</i> <i>2021</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	1,464,256	1,670,883	1,237,743
Interest rate swaps	38,079	81,134	110,719
Options	118,601	52,556	60,603
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Derivatives held for hedging:			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	273,829	271,485	149,417
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Cash flow hedges:</i>			
Interest rate swaps	351,451	309,880	286,900
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16. 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 405,959 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 values. 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. 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 the lowest level input that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use lowest level input that 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 2022

16. 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 2022				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	13,926	16	3,695	17,637
Debt securities	5,138	-	100	5,238
Managed funds	1,321	13,308	93,763	108,392
Forfeiting assets	-	-	129,299	129,299
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	21,747	4,662	65,912	92,321
Debt securities	271,726	2,190	-	273,916
Managed funds	-	-	13	13
				<i>Total fair value</i> <i>KD 000's</i>
31 December 2021 (Audited)	<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>	
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	13,636	-	2,336	15,972
Debt securities	6,338	-	250	6,588
Managed funds	1,669	13,060	96,560	111,289
Forfeiting assets	-	-	133,096	133,096
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	16,412	3,605	67,229	87,246
Debt securities	331,153	2,136	-	333,289
Managed funds	-	-	12	12
				<i>Total fair value</i> <i>KD 000's</i>
30 September 2021	<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>	
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

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%.