

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2023 (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 2023 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 2023 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 2023, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
15 May 2023



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 31 March 2023

		<i>(Audited)</i> 31 December 2022 <i>(Restated)*</i> KD 000's	31 March 2022 <i>(Restated)*</i> KD 000's
	Notes	31 March 2023 KD 000's	
ASSETS			
Cash in hand and at banks	3	1,645,860	1,523,898
Treasury bills, bonds and other debt securities		1,063,554	951,798
Loans and advances		5,068,170	4,913,260
Financial assets at fair value through profit or loss		245,249	269,194
Financial assets at fair value through other comprehensive income ("FVOCI")		760,923	712,617
Other assets	2	832,930	838,061
Properties held for trading		85,473	87,680
Investment in associates		298,406	292,977
Investment properties		475,122	484,193
Property, plant and equipment		644,459	628,209
Intangible assets		719,240	724,517
TOTAL ASSETS		11,839,386	11,426,404
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,434,855	1,278,342
Deposits from customers		5,601,494	5,424,125
Loans payable	5	1,449,199	1,323,353
Bonds	6	543,154	494,867
Medium term notes	7	303,472	456,258
Other liabilities	2	896,822	859,487
Total liabilities		10,228,996	9,836,432
Equity			
Equity attributable to equity holders of the Parent Company	8	601,999	593,509
Perpetual capital securities		153,332	153,332
Non-controlling interest		855,059	843,131
Total equity		1,610,390	1,589,972
TOTAL LIABILITIES AND EQUITY		11,839,386	11,426,404


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 2022 and interim condensed consolidated financial information as at 31 March 2022 and reflect adjustments made as detailed in Note 2.5 and 2.6.

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

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 31 March 2023

		<i>Three months ended 31 March</i>	
			<i>(Restated)*</i>
		2023	2022
		KD 000's	KD 000's
Income:	<i>Notes</i>		
Interest income		130,617	73,871
Investment income	9	7,228	6,969
Fee and commission income		21,431	15,664
Share of results of associates		8,097	12,470
Energy income		10,629	46
Industrial and logistics income		75,135	2,037
Media and digital satellite network services income		19,642	21,290
Hospitality and real estate income		22,622	19,419
Other income		13,712	7,218
Foreign exchange gain		4,552	3,186
		313,665	162,170
Expenses:			
Interest expense		108,094	51,203
Energy expenses		7,717	40
Industrial and logistics expenses		58,320	1,584
Media and digital satellite network services expense		23,557	23,447
Hospitality and real estate expenses		15,303	13,725
General and administrative expenses		49,028	40,425
Depreciation and amortisation		12,504	7,402
		274,523	137,826
Operating profit before provisions		39,142	24,344
Provision for credit losses	4	(9,080)	(14,982)
Net monetary loss	2.4	(6,538)	-
Profit before taxation		23,524	9,362
Taxation		(11,056)	(3,482)
Profit for the period		12,468	5,880
Attributable to:			
Equity holders of the Parent Company		5,124	3,231
Non-controlling interest		7,344	2,649
		12,468	5,880
		<i>Fils</i>	<i>Fils</i>
EARNINGS PER SHARE:			
Basic and diluted- attributable to the equity holders of the Parent Company	10	1.1	1.3

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 31 March 2022 and reflect adjustments made as detailed in Note 2.5 and 2.6.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2023

	<i>Three months ended 31 March</i>	
	2023	<i>(Restated)*</i> 2022
	KD 000's	KD 000's
Profit for the period	12,468	5,880
Other comprehensive income (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 (loss)	189	(226)
Share of other comprehensive loss from associates	(3,469)	(796)
	(3,280)	(1,022)
<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	(256)	360
- Net change in fair value during the period	5,035	(11,684)
- Changes in allowance for expected credit losses	52	(14)
Change in fair value of cash flow hedge	161	7,335
Foreign currency translation adjustment	(1,277)	(12,959)
	3,715	(16,962)
Other comprehensive income (loss) for the period	435	(17,984)
Total comprehensive income (loss) for the period	12,903	(12,104)
Attributable to:		
Equity holders of the Parent Company	4,595	(6,343)
Non-controlling interest	8,308	(5,761)
	12,903	(12,104)

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 31 March 2022 and reflect adjustments made as detailed in Note 2.5 and 2.6.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period ended 31 March 2023

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	2023 <i>KD 000's</i>	<i>(Restated)*</i> 2022 <i>KD 000's</i>
OPERATING ACTIVITIES			
Profit before taxation		23,524	9,362
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(130,617)	(73,871)
Investment income	9	(7,228)	(6,969)
Share of results of associates		(8,097)	(12,470)
Interest expense		108,094	51,203
Depreciation and amortisation		12,504	7,402
Provision for credit losses	4	9,080	14,982
Net monetary loss	2.4	6,538	-
Foreign exchange loss on loans payable and medium-term notes		1,006	1,760
Reversal of employee stock option plan		-	(545)
		14,804	(9,146)
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		12,765	19,659
Treasury bills, bonds and other debt securities		(111,756)	(32,874)
Loans and advances		(144,830)	(315,160)
Financial assets at fair value through profit or loss		28,033	(18,145)
Financial assets at fair value through other comprehensive income		(43,259)	(18,865)
Other assets		(10,066)	2,708
Properties held for trading		(228)	(169)
Due to banks and other financial institutions		156,636	46,588
Deposits from customers		177,369	373,222
Other liabilities		20,717	729
Dividends received	9	2,537	1,341
Interest received		124,895	90,459
Interest paid		(100,984)	(53,403)
Net cash flows from operating activities		126,633	86,944
INVESTING ACTIVITIES			
Net movement in investment properties		(657)	1,762
Dividends received from associates		18	31
Net cash flows (used in) from investing activities		(639)	1,793
FINANCING ACTIVITIES			
Proceeds from loans payable, net		125,723	22,784
Proceeds from issuance of bonds, net		47,550	-
Repayment of medium-term notes		(153,450)	-
Proceeds from sale of treasury shares		-	2,285
Movement in non-controlling interest		(1,672)	236
Net cash flows from financing activities		18,151	25,305
Net foreign exchange differences		(9,418)	(12,208)
NET INCREASE IN CASH AND CASH EQUIVALENTS		134,727	101,834
Cash and cash equivalents at 1 January		1,470,140	1,405,450
CASH AND CASH EQUIVALENTS AT 31 MARCH	3	1,604,867	1,507,284

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 31 March 2022 and reflect adjustments made as detailed in Note 2.5 and 2.6.

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2023

	<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 2023 (as previously stated)	504,848	68,913	(123,605)	110,077	76,546	(24,212)	23,411	(138,913)	822	2,763	89,873	590,523	153,332	843,039	1,586,894
Transition adjustment on adoption of IFRS 17 at 1 January 2023 (Note 2.5)	-	-	-	-	-	(381)	-	1,457	-	3	1,907	2,986	-	92	3,078
Balance as at 1 January 2023 (restated)	504,848	68,913	(123,605)	110,077	76,546	(24,593)	23,411	(137,456)	822	2,766	91,780	593,509	153,332	843,131	1,589,972
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,124	5,124	-	7,344	12,468
Other comprehensive income (loss)	-	-	-	-	-	5,588	-	(6,117)	-	-	-	(529)	-	964	435
Total comprehensive income (loss)	-	-	-	-	-	5,588	-	(6,117)	-	-	5,124	4,595	-	8,308	12,903
Transfer of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(90)	-	-	-	90	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	713	-	-	-	-	(713)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(489)	(489)	-	-	(489)
Impact of application of IAS 29 (Note 2.4)	-	-	-	-	-	-	-	5,228	-	-	1,193	6,421	-	3,255	9,676
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	(2,037)	-	(2,037)	-	365	(1,672)
As at 31 March 2023	504,848	68,913	(123,605)	110,077	76,546	(18,292)	23,321	(138,345)	822	729	96,985	601,999	153,332	855,059	1,610,390

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

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

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

For the period ended 31 March 2023

	<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 (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
Transition Impact on adoption of IFRS 17 (Note 2.5)	-	-	-	-	-	-	-	-	-	-	(949)	(949)	-	(12)	(961)
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)	46,941	324,844	153,332	555,355	1,033,531
Profit for the period*	-	-	-	-	-	-	-	-	-	-	3,231	3,231	-	2,649	5,880
Other comprehensive income (loss)	-	-	-	-	-	538	-	(10,112)	-	-	-	(9,574)	-	(8,410)	(17,984)
Total comprehensive income (loss)	-	-	-	-	-	538	-	(10,112)	-	-	3,231	(6,343)	-	(5,761)	(12,104)
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
As at 31 March 2022	264,000	68,913	(89,783)	107,562	76,546	(10,037)	24,425	(151,172)	822	(17,989)	47,039	320,326	153,332	549,694	1,023,352

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 31 March 2022 and reflect adjustments made as detailed in Note 2.5 and 2.6.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

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 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 15 May 2023.

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 2022. 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 2022.

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 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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.

As at 31 December 2022, the Group’s subsidiaries, “Burgan Bank” and “North Africa Holding Co” classified their investments in Bank of Baghdad (“BoB”) and Khandil Glass S.A.E, respectively (31 March 2022 : BOB and Egyptian International Medical Center) as disposal group held for sale in accordance with IFRS 5 – “Non-Current assets held for sale and discontinued operations”, classified under “Other assets” and “Other liabilities”.

During the period, “Burgan Bank” sold its entire stake in BoB to “Jordan Kuwait Bank” (“JKB”), a subsidiary of the group. As a result of this intra group transaction, the Group determined that its investment in BoB no longer meets the criteria of IFRS 5 and accordingly classified it as a subsidiary from the date of acquisition, by JKB.

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 2022.

2.3 AMENDMENTS ON THE APPLIED STANDARDS

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

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.

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 assessed the impact of IFRS 17 on its interim condensed consolidated financial information for the period ended 31 March 2023, as detailed in Note 2.5.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 AMENDMENTS ON THE APPLIED STANDARDS (continued)

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 of the Group.

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 of the Group.

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

Amendments were made 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. These amendments do not expect to have material impact on the interim condensed consolidated financial information of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 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 1,269.75 as at 31 March 2023 (31 December 2022: 1,128.45 and 31 March 2022 : 843.64). 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 the Turkey Statistical Institute. Hyperinflation adjustments have been made in the interim condensed consolidated statement of changes in equity and interim condensed consolidated income statement under “Share of results of associates”.

2.5 ADOPTION OF IFRS 17

During the current period one of the Group’s associates “Gulf Insurance Group” completed its transition procedures for the adoption of IFRS 17 - ‘Insurance contracts’ which has been applied with effect from 1 January 2023. The Group adopted IFRS 17 by applying modified retrospective approach and alternative transition methods where the full retrospective approach was impracticable. Based on the assessments undertaken the comparative financial statements have been restated as of 1 January 2022 resulting in a decrease in the ‘investment in associates’ by KD 961 thousand , decrease in ‘equity attributable to equity holders of the parent company’ by KD 949 thousand and decrease in ‘non-controlling’ interest by KD 12 thousand.

The restatement also resulted in an increase in ‘share of results of associates’ by KD 108 thousand, profit attributable to the equity holders of the Parent Company by KD 106 thousand and non-controlling interest by KD 2 thousand in the interim condensed consolidated financial information for the period ended 31 March 2022.

As of 1 January 2023, the impact of IFRS 17 resulted in an increase in the ‘investment in associates’ by KD 3,078 thousand , increase in ‘equity attributable to equity holders of the parent company’ by KD 2,986 thousand and increase in ‘non-controlling’ interest by KD 92 thousand.

2.6 RESTATEMENT

Restatement includes the effects of Gulf Insurance Group’s PPA adjustment to the provisional amounts on acquisition of AXA Insurance. The restatement 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 in the Group’s interim condensed consolidated financial information as at 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 2023

3. CASH IN HAND AND AT BANKS

	<i>31 March 2023</i>	<i>(Audited) 31 December 2022</i>	<i>31 March 2022</i>
	<i>KD 000's</i>	<i>(Restated) KD 000's</i>	<i>(Restated) KD 000's</i>
Cash and bank balances	714,724	737,965	1,016,809
Deposits with original maturities up to three months	892,015	734,023	492,452
Expected credit losses	(1,872)	(1,848)	(2,753)
	1,604,867	1,470,140	1,506,508
Cash and cash equivalents	1,604,867	1,470,140	1,506,508
Add: deposits with original maturities exceeding three months	40,993	53,758	21,888
Cash in hand and at banks as per interim condensed consolidated statement of financial position	1,645,860	1,523,898	1,528,396
Cash and cash equivalents attributable to disposal group held for sale (Note 2)	-	-	776
Less: deposits with original maturities exceeding three months	(40,993)	(53,758)	(21,888)
Cash and cash equivalents as per interim condensed consolidated cash flow statement	1,604,867	1,470,140	1,507,284

Cash in hand and at banks includes cash and bank balances of the Parent Company amounting to KD 131,249 thousand as at 31 March 2023 (31 December 2022: KD 139,879 thousand and 31 March 2022: KD 109,145 thousand).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

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 2023	29,793	55,547	111,162	196,502
(Recovery) / Charge during the period	(724)	9,518	(2,505)	6,289
Amounts written off during the period	-	-	(832)	(832)
Foreign exchange	(163)	(58)	513	292
As at 31 March 2023	28,906	65,007	108,338	202,251
	<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)
As at 31 March 2022	26,010	41,344	135,413	202,767

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	4,334,975	675,278	260,168	5,270,421
ECL allowance	(28,906)	(65,007)	(108,338)	(202,251)
As at 31 March 2023	4,306,069	610,271	151,830	5,068,170
	<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)
As at 31 March 2022	4,342,725	620,132	140,270	5,103,127

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 23 thousand (31 March 2022: ECL charge of KD 63 thousand), ECL charge on other debt securities of KD 460 thousand (31 March 2022: ECL charge of KD 53 thousand), ECL charge on other assets of KD 376 thousand (31 March 2022: ECL charge of KD 275 thousand) and ECL charge on non-cash facilities of KD 1,932 thousand (31 March 2022: ECL recovery of KD 566 thousand).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

5. LOANS PAYABLE

	<i>31 March 2023 KD 000's</i>	<i>(Audited) 31 December 2022 KD 000's</i>	<i>31 March 2022 KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity within 1 year	18,750	15,815	-
Loans with maturity above 1 year	257,455	78,508	20,000
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	256,931	222,531	93,853
Loans with maturity above 1 year	916,063	1,006,499	831,264
	1,449,199	1,323,353	945,117

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

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As at 31 March 2023

6. BONDS

	31 March 2023 KD 000's	<i>(Audited)</i> 31 December 2022 KD 000's	31 March 2022 KD 000's
<i>Issued by the Parent Company:</i>			
Fixed rate bond at 6.75% per annum and maturing on 29 December 2028	54,759	54,702	-
Floating rate bonds at 3% per annum plus CBK discount rate (Capped at 7.75% per annum) and maturing on 29 December 2028	109,071	108,958	-
Fixed interest of 5.25% per annum and maturing on 28 December 2024	26,537	26,497	35,811
Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	39,755	39,695	63,664
Fixed rate bond at 5.50% per annum and maturing on 8 November 2023	5,295	5,292	13,962
Floating rate bonds at 2.25% per annum plus CBK discount rate (Capped at 6.5% per annum) and maturing on 8 November 2023	23,176	23,167	85,772
<i>Issued by subsidiaries:</i>			
Fixed interest of 7% per annum and maturing on 28 March 2028*	54,600	-	-
Floating interest of 3% per annum above the CBK discount rate (Capped at 8% per annum) and maturing on 28 March 2028*	25,400	-	-
Fixed interest of 5.75% per annum and maturing on 19 April 2023**	10,900	32,150	32,150
Floating interest of 2.5% per annum above the CBK discount rate and maturing on 19 April 2023**	16,650	27,850	27,850
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	4,758	4,756	4,723
Fixed rate of 2.75% per annum and maturing on 15 December 2031	152,704	152,542	151,233
	563,605	515,609	455,165
Less: inter-group eliminations	(20,451)	(20,742)	(20,500)
	543,154	494,867	434,665

* On 28 March 2023, one of the subsidiaries of the Group, United Real Estate Company ("URC") issued KD 80 million bonds in two tranches: i) KD 54.6 million fixed rate bonds at 7% per annum and ii) KD 25.4 million floating rate bonds at 3% + CBK Discount Rate (capped at 8%) per annum that are due on 28 March 2028.

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

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As at 31 March 2023

6. BONDS (continued)

** On 28 March 2023, URC purchased and cancelled bonds amounting to KD 32.45 million including fixed rate bonds of KD 21.25 million and floating rate bonds of KD 11.2 million, previously issued on 19 April 2018 and due on 19 April 2023. Outstanding bonds of KD 27.55 million matured and been repaid on 19 April 2023.

Subsequent to the period ended 31 March 2023, one of the banking subsidiaries of the Group “Jordan Kuwait Bank” issued of a five year Green bond amounting to USD 50 million (equivalent to KD 15.3 million).

7. MEDIUM TERM NOTES

	<i>31 March</i> 2023 <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> 2022 <i>KD 000's</i>	<i>31 March</i> 2022 <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.	151,305	151,070	149,553
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. These notes were repaid on 15 March 2023.	-	153,150	151,950
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.	153,087	152,950	151,717
	304,392	457,170	453,220
Less: inter-group eliminations	(920)	(912)	(907)
	303,472	456,258	452,313

8. SHAREHOLDERS' CAPITAL, SHARE PREMIUM, TREASURY SHARES AND APPROPRIATIONS

a) Share capital

	<i>31 March</i> 2023 <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> 2022 <i>KD 000's</i>	<i>31 March</i> 2022 <i>KD 000's</i>
Authorised share capital (shares of 100 fils each)	504,848	504,848	300,000
Issued and fully paid-up capital (shares of 100 fils each) *	504,848	504,848	264,000

* This comprises 4,550,845,631 shares (31 December 2022: 4,550,845,631 shares and 31 March 2022: 2,142,369,362 shares) which are fully paid up in cash, whereas 497,630,638 shares (31 December 2022: 497,630,638 shares and 31 March 2022: 497,630,638 shares) were issued as bonus shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

8. SHAREHOLDERS' CAPITAL, SHARE PREMIUM, TREASURY SHARES AND APPROPRIATIONS (continued)**b) Share premium**

The share premium is not available for distribution.

c) Treasury shares

	<i>31 March</i> <i>2023</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i>	<i>31 March</i> <i>2022</i>
Number of treasury shares (shares)	499,981,498	499,981,498	203,384,207
Percentage of capital	9.90%	9.90%	7.70%
Market value (KD 000's)	61,498	55,998	40,880

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

d) Dividend

Subsequent to the reporting period, on 19 April 2023, Shareholders Annual General Assembly approved no distribution of dividends for the year ended 31 December 2022 (Distribution of cash dividend of 5 fils per share for the year ended 31 December 2021).

9. INVESTMENT INCOME

	<i>Three months ended</i> <i>31 March</i>	
	<i>2023</i> <i>KD 000's</i>	<i>2022</i> <i>KD 000's</i>
Gain on sale of financial assets at fair value through profit or loss	739	1,501
Unrealised gain on financial assets at fair value through profit or loss	3,349	4,472
Gain / (loss) on sale of debt instruments at fair value through other comprehensive income	603	(345)
Dividend income	2,537	1,341
	7,228	6,969

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

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 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 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 31 March</i>	
	<i>2023</i>	<i>(Restated) 2022</i>
	<i>KD 000's</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	5,124	3,231
	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding:		
Issued and fully paid-up capital	5,048,476,269	2,640,000,000
Weighted average number of treasury shares	(499,981,498)	(210,558,656)
Weighted average number of outstanding shares	4,548,494,771	2,429,441,344
	<i>Fils</i>	<i>Fils</i>
Basic and diluted earnings per share	1.1	1.3

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, net loss amounting to KD 74 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 2023.

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 2023.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

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</i>	<i>Associates</i>	<i>Others</i>	Total 31 March 2023	<i>(Audited)</i> 31 December 2022	<i>31 March 2022</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	KD 000's	<i>KD 000's</i>	<i>KD 000's</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Financial assets at fair value through profit or loss	-	100	-	100	100	250
Loans and advances	139,200	15,271	186,238	340,709	322,388	345,661
Other assets	-	959	333	1,292	6,597	6,259
Due to banks and other financial institutions	-	47,618	40	47,658	29,689	45,514
Deposits from customers	5,153	13,621	15,527	34,301	30,391	47,460
Bonds	-	6,500	-	6,500	6,000	500
Medium term notes	-	3,066	-	3,066	3,063	3,039
Other liabilities	43,048	136	4,525	47,709	44,215	65,382
Perpetual capital securities	-	1,509	906	2,415	2,415	2,415
<i>Commitments and contingent liabilities:</i>						
Letter of credit	-	1,444	135	1,579	1,531	1,604
Guarantees & acceptances	35	65,640	791	66,466	77,010	46,658
Undrawn lines of credit	800	79,258	90	80,148	101,016	97,252
					<i>Three months ended 31 March</i>	
	<i>Major shareholder</i>	<i>Associates</i>	<i>Others</i>		2023	2022
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>		KD 000's	KD 000's
<i>Transactions:</i>						
Interest income		1,766	200	1,225	3,191	2,044
Fee and commission income		17	369	85	471	753
Interest expense		1	573	11	585	227
General and administrative expenses		1,755	1,407	131	3,293	76

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

13. SEGMENT INFORMATION

For management purposes, the Group is organised into seven 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 and Holding companies' expenses.

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.

Energy - represents Group's activities in the manufacturing, sale, supply, store, export, and distribution of different types of aromatics, chemical and petrochemical materials and their related derivatives, oil field maintenance and drilling services, and setting up projects in the oil and gas and renewable energy sector.

Industrial & Logistics - represents Group's activities in industrial project development, food, utilities, transportation, logistics and related supply chain services.

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

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

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

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>2023</i>		<i>2022</i>	
	<i>Segment revenues</i>	<i>Segment results</i>	<i>(Restated) Segment revenues</i>	<i>(Restated) 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	182,132	44,247	105,350	17,093
Asset management and investment banking	16,044	(13,140)	17,468	(2,561)
Insurance	4,373	4,373	4,664	4,664
Media and satellite services	20,911	(18,415)	21,330	(13,500)
Energy	14,931	6,220	49	(104)
Industrial and Logistics	68,288	10,112	7,347	3,884
Hospitality and real estate	24,742	1,432	20,950	1,811
Others	10,397	(4,865)	249	(1,303)
Inter-segmental eliminations	(28,153)	(6,440)	(15,237)	(622)
Segment revenues and results	313,665	23,524	162,170	9,362

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

13. SEGMENT INFORMATION (continued)

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

	31 March 2023 KD 000's	<i>(Audited)</i> 31 December 2022 (Restated) KD 000's	31 March 2022 (Restated) KD 000's
Assets:			
Commercial banking	9,656,561	9,290,309	9,111,142
Asset management and investment banking	1,026,271	992,714	943,404
Insurance	140,721	138,600	131,152
Media and satellite services	210,123	203,982	406,137
Energy	517,775	513,805	6,835
Industrial and Logistics	601,218	599,066	303,508
Hospitality and real estate	930,506	908,410	921,832
Others	646,961	629,175	229,535
Inter-segmental eliminations	(1,890,750)	(1,849,657)	(1,428,098)
Total assets	11,839,386	11,426,404	10,625,447
Liabilities:			
Commercial banking	8,286,088	7,970,144	8,091,666
Asset management and investment banking	1,603,261	1,564,547	1,402,018
Media and satellite services	159,860	158,954	184,809
Energy	21,312	20,782	6,108
Industrial and Logistics	96,652	93,099	157,307
Hospitality and real estate	686,444	653,660	629,003
Others	491,911	492,163	181,329
Inter-segmental eliminations	(1,116,532)	(1,116,917)	(1,050,145)
Total liabilities	10,228,996	9,836,432	9,602,095

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:

	31 March 2023 KD 000's	<i>(Audited)</i> 31 December 2022 KD 000's	31 March 2022 KD 000's
Credit related commitments and contingencies			
Letters of credit	307,341	268,213	299,246
Guarantees & Acceptances	1,018,505	1,062,729	945,503
	1,325,846	1,330,942	1,244,749
Undrawn lines of credit	853,138	756,403	744,984
Investment related commitments	6,582	6,740	8,231
	2,185,566	2,094,085	1,997,964

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2023

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>31 March</i> <i>2023</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD 000's</i>	<i>31 March</i> <i>2022</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	1,210,191	1,652,606	1,561,970
Interest rate swaps	30,967	20,113	63,955
Options	86,856	186,004	54,916
	<u><u>1,328,014</u></u>	<u><u>1,858,723</u></u>	<u><u>1,680,841</u></u>
Derivatives held for hedging:			
Fair value hedges:			
Forward foreign exchange contracts	297,330	273,945	256,761
	<u><u>297,330</u></u>	<u><u>273,945</u></u>	<u><u>256,761</u></u>
Cash flow hedges:			
Interest rate swaps	328,589	357,780	297,514
	<u><u>328,589</u></u>	<u><u>357,780</u></u>	<u><u>297,514</u></u>

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 263,927 thousand (31 December 2022: KD 412,215 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) market prices in an active market for identical assets and liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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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>
31 March 2023				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	16,366	16	4,156	20,538
Debt securities	6,614	-	100	6,714
Managed funds	1,215	12,575	91,199	104,989
Forfeiting assets	-	-	113,008	113,008
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	12,652	13,803	377,639	404,094
Debt securities	356,774	-	-	356,774
Managed funds	-	21	34	55
31 December 2022 (Audited)				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	11,596	20	3,485	15,101
Debt securities	11,797	-	100	11,897
Managed funds	1,324	13,276	91,420	106,020
Forfeiting assets	-	-	136,176	136,176
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	12,864	14,281	375,940	403,085
Debt securities	309,520	-	-	309,520
Managed funds	-	-	12	12

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As at 31 March 2023

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
31 March 2022				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	13,817	16	3,489	17,322
Debt securities	11,622	-	250	11,872
Managed funds	1,667	15,403	98,842	115,912
Forfeiting assets	-	-	145,957	145,957
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	17,255	10,703	66,115	94,073
Debt securities	331,690	2,146	-	333,836
Managed funds	-	-	33	33

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%.

17. SIGNIFICANT EVENTS

On 18 April 2023, the Board of Directors of the Parent Company approved to sell its entire stake of 46.32% in Gulf Insurance Group K.S.C.P (“GIG”) ,an associate of the Group. The Parent Company entered into a binding agreement with Fairfax Financial Holding Limited to sell GIG. The execution of this off- market trade is subject to obtaining necessary regulatory approvals.