

**KUWAIT PROJECTS COMPANY HOLDING
K.S.C.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
30 JUNE 2023 (UNAUDITED)**

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Projects Company Holding K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, “the Group”) as at 30 June 2023 and the related interim condensed consolidated income statement for the three months and six months period then ended, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the six months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

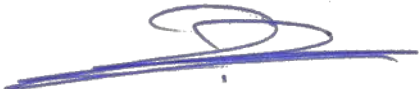
Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended or by the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 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 six months period ended 30 June 2023, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
13 August 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 June 2023

		<i>(Audited)</i>	<i>(Audited)</i>
		31 December	30 June
		2022	2022
		<i>(Restated)*</i>	<i>(Restated)*</i>
	Notes	30 June 2023 KD 000's	30 June 2022 KD 000's
ASSETS			
Cash in hand and at banks	3	1,461,533	1,620,488
Treasury bills, bonds and other debt securities		1,055,879	841,436
Loans and advances		5,235,755	4,867,540
Financial assets at fair value through profit or loss		272,768	267,704
Financial assets at fair value through other comprehensive income ("FVOCI")		776,838	367,150
Other assets	2	852,166	689,966
Properties held for trading		86,177	94,043
Investment in associates		156,802	361,142
Investment properties		476,233	508,294
Property, plant and equipment		643,971	398,044
Intangible assets		716,455	556,690
Assets held for sale	17	140,721	-
TOTAL ASSETS		11,875,298	10,572,497
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,095,160	1,389,388
Deposits from customers		5,827,484	5,575,291
Loans payable	5	1,555,228	1,000,821
Bonds	6	531,531	435,984
Medium term notes	7	304,096	456,604
Other liabilities	2	938,142	692,111
Total liabilities		10,251,641	9,550,199
Equity			
Equity attributable to equity holders of the Parent Company	8	593,074	318,832
Perpetual capital securities	8	185,738	153,332
Non-controlling interest		844,845	550,134
Total equity		1,623,657	1,022,298
TOTAL LIABILITIES AND EQUITY		11,875,298	10,572,497

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 30 June 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 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 KD 000's	(Restated)* 2022 KD 000's	2023 KD 000's	(Restated)* 2022 KD 000's
Continuing operations:					
Income:					
Interest income		113,904	85,785	244,521	159,656
Investment income	9	3,430	7,626	10,658	14,595
Net fee and commission income		22,705	17,285	44,136	32,949
Share of results of associates		2,881	2,085	6,605	9,891
Energy income		10,199	307	20,828	353
Industrial and logistics income		67,952	2,226	135,456	4,263
Media and digital satellite network services income		19,404	20,251	39,046	41,541
Hospitality and real estate income		19,101	22,949	41,723	42,368
Educational service income		7,338	-	14,969	-
Other income		7,646	10,219	21,358	17,437
Foreign exchange gain		11,684	2,959	16,236	6,145
		286,244	171,692	595,536	329,198
Expenses:					
Interest expense		102,539	60,197	210,633	111,400
Energy expenses		7,813	262	15,530	302
Industrial and logistics expenses		54,393	1,822	109,149	3,406
Media and digital satellite network services expense		22,969	21,802	46,526	45,249
Hospitality and real estate expenses		14,697	13,822	30,000	27,547
Educational service expense		3,547	-	7,111	-
General and administrative expenses		55,054	49,289	104,082	89,714
Depreciation and amortisation		11,466	6,956	23,970	14,358
		272,478	154,150	547,001	291,976
Operating profit from continuing operations before provisions					
		13,766	17,542	48,535	37,222
Release of (charge for) provision for credit losses	4	381	3,307	(8,699)	(11,675)
Net monetary loss	2.4	(788)	(11,054)	(7,326)	(11,054)
Profit from continuing operations before taxation					
		13,359	9,795	32,510	14,493
Taxation		(5,242)	(7,941)	(16,298)	(11,423)
Profit for the period from continuing operations					
		8,117	1,854	16,212	3,070
Discontinued operation:					
Profit from discontinued operation	17	7,119	3,041	11,492	7,705
Profit for the period					
		15,236	4,895	27,704	10,775
Attributable to:					
Equity holders of the Parent Company		5,242	2,249	10,366	5,480
Non-controlling interest		9,994	2,646	17,338	5,295
		15,236	4,895	27,704	10,775
		<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
EARNINGS (LOSS) PER SHARE:					
Basic and diluted- attributable to the equity holders of the Parent Company	10	0.4	(0.5)	1.5	0.8
LOSS PER SHARE FROM CONTINUING OPERATIONS:					
Basic and diluted- attributable to the equity holders of the Parent Company		(1.1)	(1.7)	(0.9)	(2.3)

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 June 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 30 June 2023

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2023</i> <i>KD 000's</i>	<i>(Restated)*</i> <i>2022</i> <i>KD 000's</i>	<i>2023</i> <i>KD 000's</i>	<i>(Restated)*</i> <i>2022</i> <i>KD 000's</i>
Profit for the period	15,236	4,895	27,704	10,775
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 (loss)	305	(603)	494	(829)
Share of other comprehensive loss from associates	(182)	(3,000)	(3,651)	(3,796)
	123	(3,603)	(3,157)	(4,625)
<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	(246)	(350)	(502)	10
- Net change in fair value during the period	(7,326)	(5,505)	(2,291)	(17,189)
- Changes in allowance for expected credit losses	51	(3)	103	(17)
Change in fair value of cash flow hedge	2,140	7,890	2,301	15,225
Foreign currency translation adjustment	(12,512)	(3,662)	(13,789)	(16,621)
	(17,893)	(1,630)	(14,178)	(18,592)
Other comprehensive loss for the period	(17,770)	(5,233)	(17,335)	(23,217)
Total comprehensive (loss) income for the period	(2,534)	(338)	10,369	(12,442)
Attributable to:				
Equity holders of the Parent Company	(5,881)	(1,887)	(1,286)	(8,230)
Non-controlling interest	3,347	1,549	11,655	(4,212)
	(2,534)	(338)	10,369	(12,442)

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 June 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 CASHFLOW STATEMENT (UNAUDITED)

For the period ended 30 June 2023

	Notes	<i>Six months ended</i>	
		2023	<i>(Restated)*</i>
		KD 000's	2022
			KD 000's
OPERATING ACTIVITIES			
Profit before taxation from continuing operations		32,510	14,493
Profit from discontinued operation	17	11,492	7,705
		<hr/>	<hr/>
Profit before taxation		44,002	22,198
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(244,521)	(159,656)
Investment income	9	(10,658)	(14,595)
Share of results of associates		(6,605)	(9,891)
Interest expense		210,633	111,400
Depreciation and amortisation		23,970	14,358
Provision for credit losses	4	8,699	11,675
Share of results from discontinued operation	17	(4,373)	(7,705)
Net monetary loss	2.4	7,326	11,054
Foreign exchange loss on loans payable and medium-term notes		1,735	5,084
Reversal of employee stock option plan		-	(545)
		<hr/>	<hr/>
		30,208	(16,623)
<i>Changes in operating assets and liabilities:</i>			
Deposits with original maturities exceeding three months		(7,664)	(12,468)
Treasury bills, bonds and other debt securities		(104,081)	(123,584)
Loans and advances		(306,442)	(72,739)
Financial assets at fair value through profit or loss		(2,634)	9,916
Financial assets at fair value through other comprehensive income		(64,107)	(13,960)
Other assets		11,043	(16,465)
Properties held for trading		1,503	3,931
Due to banks and other financial institutions		(190,952)	158,882
Deposits from customers		354,137	140,304
Other liabilities		30,138	(5,836)
Dividends received	9	5,783	2,858
Interest received		224,853	167,184
Interest paid		(200,209)	(106,922)
		<hr/>	<hr/>
Net cash flows (used in) from operating activities		(218,424)	114,478
INVESTING ACTIVITIES			
Net movement in investment properties		(1,908)	2,656
Net movement in investment in associates		-	3,974
Acquisition of a subsidiary, net of cash acquired	2.1	41,247	-
Dividends received from associates		3,864	4,924
		<hr/>	<hr/>
Net cash flows from investing activities		43,203	11,554
FINANCING ACTIVITIES			
Proceeds from loans payable, net		231,875	77,103
Proceeds from issuance of bonds, net		35,352	-
Repayment of medium-term notes		(153,450)	-
Dividends paid to equity holders of the Parent Company		(291)	(12,560)
Net proceeds from issue of perpetual capital securities	8	32,406	-
Interest payment on perpetual capital securities		(5,027)	(5,140)
Proceeds from sale of treasury shares		-	3,934
Dividends paid to non-controlling interest		(24,154)	(9,804)
Movement in non-controlling interest		9,820	2,908
		<hr/>	<hr/>
Net cash flows from financing activities		126,531	56,441
Net foreign exchange differences		(21,339)	(21,450)
		<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(70,029)	161,023
Cash and cash equivalents at 1 January		1,470,140	1,405,450
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE	3	1,400,111	1,566,473

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 June 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 30 June 2023

Attributable to equity holders of the Parent Company

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Cumulative changes in fair values</i>	<i>Revaluation surplus</i>	<i>Foreign currency translation reserve</i>	<i>ESOP reserve</i>	<i>Other reserve</i>	<i>Reserves of disposal group held for sale</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>	<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	-	-	-	-	-	-	-	-	-	-	-	10,366	10,366	-	17,338	27,704
Other comprehensive income (loss)	-	-	-	-	-	2,452	-	(14,104)	-	-	-	-	(11,652)	-	(5,683)	(17,335)
Total comprehensive income (loss)	-	-	-	-	-	2,452	-	(14,104)	-	-	-	10,366	(1,286)	-	11,655	10,369
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(24,154)	(24,154)
Transfer of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(180)	-	-	-	-	180	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,522	-	-	-	-	-	(1,522)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(3,407)	(3,407)	-	(1,793)	(5,200)
Impact of application of IAS 29 (Note 2.4)	-	-	-	-	-	-	-	5,700	-	-	-	1,193	6,893	-	3,551	10,444
Issue of perpetual capital securities (Note 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	32,406	-	32,406
Discontinued operation (Note 17)	-	-	-	-	-	3,438	-	13,771	-	(1,322)	(13,771)	(2,116)	-	-	-	-
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	(2,635)	-	-	(2,635)	-	12,455	9,820
As at 30 June 2023	504,848	68,913	(123,605)	110,077	76,546	(17,181)	23,231	(132,089)	822	(1,191)	(13,771)	96,474	593,074	185,738	844,845	1,623,657

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

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

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

For the period ended 30 June 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*	-	-	-	-	-	-	-	-	-	-	5,480	5,480	-	5,295	10,775
Other comprehensive loss	-	-	-	-	-	(2,340)	-	(11,370)	-	-	-	(13,710)	-	(9,507)	(23,217)
Total comprehensive (loss) income	-	-	-	-	-	(2,340)	-	(11,370)	-	-	5,480	(8,230)	-	(4,212)	(12,442)
Dividends for 2021 at 5 fils per share	-	-	-	-	-	-	-	-	-	-	(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 of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(202)	-	-	-	202	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	2,377	-	-	-	-	(2,377)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(3,441)	(3,441)	-	(1,699)	(5,140)
Impact of initial application of IAS 29 (Note 2.4)	-	-	-	-	-	-	-	9,140	-	-	4,442	13,582	-	8,499	22,081
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	134	-	134	-	2,774	2,908
As at 30 June 2022	264,000	68,913	(86,097)	107,562	76,546	(10,507)	24,324	(143,185)	822	(18,120)	34,574	318,832	153,332	550,134	1,022,298

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 June 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 30 June 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 six months period ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 13 August 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 six months period ended 30 June 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 (30 June 2022 : BOB) 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. All gains and losses arising on this inter-group transaction were eliminated upon consolidation.

During the period, JKB, a subsidiary of the Group acquired 76.97% equity interest in BHM Capital, a joint stock company listed in Dubai Financial Market. Its principal activities include providing prime brokerage services ,investment management , market making and corporate advisory and research . This acquisition has been accounted for in accordance with IFRS 3: Business combinations.

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 30 June 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 1,351.59 as at 30 June 2023 (31 December 2022: 1,128.45 and 30 June 2022: 931.76). 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 included in the share of results from GIG which has been presented as “discontinued operation” in the interim condensed consolidated income statement.

2.5 ADOPTION OF IFRS 17

During the current period one of the Group’s associates Gulf Insurance Group (“GIG”) 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 the share of results of GIG, presented as “discontinued operation” 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 30 June 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 30 June 2022.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

3. CASH IN HAND AND AT BANKS

	<i>30 June 2023</i>	<i>(Audited) 31 December 2022 (Restated)</i>	<i>30 June 2022 (Restated)</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash and bank balances	752,508	737,965	884,154
Deposits with original maturities up to three months	649,471	734,023	685,127
Expected credit losses	(1,868)	(1,848)	(2,808)
	1,400,111	1,470,140	1,566,473
Cash and cash equivalents	1,400,111	1,470,140	1,566,473
Add: deposits with original maturities exceeding three months	61,422	53,758	54,015
Cash in hand and at banks as per interim condensed consolidated statement of financial position	1,461,533	1,523,898	1,620,488

Cash in hand and at banks includes cash and bank balances of the Parent Company amounting to KD 125,419 thousand as at 30 June 2023 (31 December 2022: KD 139,879 thousand and 30 June 2022: KD 111,521 thousand).

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 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 2023	29,793	55,547	111,162	196,502
(Release of) / Charge during the period	(2,908)	294	9,740	7,126
Amounts written off during the period	-	-	(956)	(956)
Foreign exchange	(341)	(1,248)	(533)	(2,122)
As at 30 June 2023	26,544	54,593	119,413	200,550
	<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
(Release of) / Charge during the period	(63)	(1,469)	11,811	10,279
Amounts written off during the period	-	-	(3,408)	(3,408)
Foreign exchange	(567)	4,284	(947)	2,770
As at 30 June 2022	27,063	38,565	135,365	200,993

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

	<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>
Loans and advances	4,568,426	614,266	253,613	5,436,305
ECL allowance	(26,544)	(54,593)	(119,413)	(200,550)
As at 30 June 2023	4,541,882	559,673	134,200	5,235,755

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

4. PROVISION FOR CREDIT LOSSES (Continued)

	<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	4,140,739	654,787	273,007	5,068,533
ECL allowance	(27,063)	(38,565)	(135,365)	(200,993)
As at 30 June 2022	<u>4,113,676</u>	<u>616,222</u>	<u>137,642</u>	<u>4,867,540</u>

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 20 thousand (30 June 2022: ECL charge of KD 118 thousand), ECL charge on other debt securities of KD 775 thousand (30 June 2022: ECL charge of KD 1,380 thousand), ECL release of other assets of KD 795 thousand (30 June 2022: ECL charge of KD 123 thousand) and ECL charge on non-cash facilities of KD 1,573 thousand (30 June 2022: ECL release of KD 225 thousand).

5. LOANS PAYABLE

	<i>30 June</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>30 June</i> <i>2022</i> <i>KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity within 1 year	39,250	15,815	-
Loans with maturity above 1 year	244,680	78,508	20,000
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	134,639	222,531	74,970
Loans with maturity above 1 year	1,136,659	1,006,499	905,851
	<u>1,555,228</u>	<u>1,323,353</u>	<u>1,000,821</u>

Subsequent to the period ended 30 June 2023, the Parent Company made a partial prepayment of USD 330 million (equivalent to KD 101.4 million) of the USD 525 million syndicated facility.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

6. BONDS

	30 June 2023 KD 000's	<i>(Audited)</i> 31 December 2022 KD 000's	30 June 2022 KD 000's
<i>Issued by the Parent Company:</i>			
Fixed rate KD bonds at 6.75% per annum and maturing on 29 December 2028	54,815	54,702	-
Floating rate KD bonds at 3% per annum plus CBK discount rate (Capped at 7.75% per annum) and maturing on 29 December 2028	109,183	108,958	-
Fixed rate KD bonds at 5.25% per annum and maturing on 28 December 2024	26,577	26,497	35,827
Floating rate KD bonds at 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	39,815	39,695	63,693
Fixed rate KD bonds at 5.50% per annum and maturing on 8 November 2023	5,297	5,292	13,969
Floating rate KD bonds at 2.25% per annum plus CBK discount rate (Capped at 6.5% per annum) and maturing on 8 November 2023	23,186	23,167	85,807
<i>Issued by subsidiaries:</i>			
Fixed rate KD bonds at 5.75% per annum matured and were repaid on 19 April 2023	-	32,150	32,150
Floating rate KD bonds at 2.5% per annum above the CBK discount rate matured and were repaid on 19 April 2023	-	27,850	27,850
Fixed rate KD bonds at 6% per annum and maturing on 26 July 2023*	14,900	14,900	14,900
Floating rate KD bonds at 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 Jordanian Dinar 11 million bond at 5% per annum and maturing on 15 October 2023	4,764	4,756	4,765
Fixed rate KD bonds at 7 % per annum and maturing on 28 March 2028	54,600	-	-
Floating rate KD bonds at 3% per annum above the CBK discount rate (Capped at 8% per annum) and maturing on 28 March 2028	25,400	-	-
Fixed rate USD 500 million bonds at 2.75% per annum and maturing on 15 December 2031	152,991	152,542	152,664
Fixed rate USD 50 million green bonds at 6.44 % and 7.99% per annum and maturing on 06 April 2028	15,352	-	-
	551,980	515,609	456,725
Less: inter-group eliminations	(20,449)	(20,742)	(20,741)
	531,531	494,867	435,984

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

6. BONDS (continued)

* Subsequent to the period ended 30 June 2023, one of the subsidiaries of the Group “KAMCO Investment Company” repaid their fixed and floating rate bonds maturing on 26 July 2023.

Subsequent to the period ended 30 June 2023, the Parent Company issued the first tranche under its USD 2 billion International Sukuk program amounting to KD 103,100 thousand. The tranche included KD 66,050 thousand fixed profit rate Sukuk at 6.5% per annum and KD 37,050 thousand floating profit rate Sukuk at 3% + CBK Discount rate (capped at 7.5%) per annum, maturing on 5 July 2029.

7. MEDIUM TERM NOTES

	<i>30 June</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>30 June</i> <i>2022</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 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	153,350
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.	153,348	152,950	153,126
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.	151,668	151,070	151,042
	305,016	457,170	457,518
Less: inter-group eliminations	(920)	(912)	(914)
	304,096	456,258	456,604

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

a) Share capital

	<i>30 June</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>30 June</i> <i>2022</i> <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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

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

* This comprises 4,550,845,631 shares (31 December 2022: 4,550,845,631 shares and 30 June 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 30 June 2022: 497,630,638 shares) were issued as bonus shares.

b) Share premium

The share premium is not available for distribution.

c) Treasury shares

	30 June	<i>(Audited)</i>	
	2023	<i>31 December</i>	<i>30 June</i>
		<i>2022</i>	<i>2022</i>
Number of treasury shares (shares)	499,981,498	499,981,498	195,034,207
Percentage of capital	9.90%	9.90%	7.39%
Market value (KD 000's)	66,998	55,998	28,670

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

d) Perpetual capital securities issued by a subsidiary of the Group

On 2 July 2019, one of the subsidiaries of the Group - Burgan Bank S.A.K. ("Burgan Bank" or "Bank") issued Perpetual Tier 1 Capital Securities (the "Tier 1 securities"), amounting to USD 500,000 thousand bearing interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 5.7492%.

The Tier 1 securities constitute direct, unconditional, subordinated, and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 securities do not have a maturity date. They are redeemable by the Bank at its discretion after 9 July 2024 (the "First Call Date") or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

On 28 March 2016, one of the subsidiaries of the Group, United Gulf Bank B.S.C. ("UGB") issued perpetual capital securities amounting to USD 33,000 thousand (equivalent to KD 9,961 thousand). Certain other subsidiaries of the Group subscribed to these securities amounting to USD 25,000 thousand (equivalent to KD 7,546 thousand) which were eliminated on consolidation.

During the period, one of the subsidiaries of the Group, Jordan Kuwait Bank ("JKB") issued perpetual capital securities of JOD 25,200 thousand (equivalent to KD 10,913 thousand) and USD 90,000 thousand (equivalent to KD 27,635 thousand). One of the subsidiaries of the Group subscribed to these securities amounting to USD 20,000 thousand (equivalent to KD 6,142 thousand) which were eliminated on consolidation.

e) Dividend

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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
(Loss) gain on sale of financial assets at fair value through profit or loss	(52)	5,356	687	6,857
Unrealised (loss) gain on financial assets at fair value through profit or loss	(4,024)	(654)	(675)	3,818
Gain (loss) on sale of debt instruments at fair value through other comprehensive income	1,385	210	1,988	(135)
Dividend income	3,246	1,517	5,783	2,858
Gain on sale of investment properties	-	67	-	67
Gain on sale of investment in associates	-	1,130	-	1,130
Bargain gain on acquisition of subsidiary	2,875	-	2,875	-
	3,430	7,626	10,658	14,595

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

10. EARNINGS (LOSS) PER SHARE

Basic:

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

Diluted:

Diluted earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to the equity holders of the Parent Company after interest on perpetual capital securities adjusted for the effect of decrease in profit due to exercise of potential ordinary shares of subsidiaries by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all employee's stock options. The Parent Company has outstanding share options, issued under the Employee Stock Options Plan (ESOP), which has not been considered in the computation of diluted earnings per share and as the result is anti-dilutive.

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2023 KD 000's</i>	<i>(Restated) 2022 KD 000's</i>	<i>2023 KD 000's</i>	<i>(Restated) 2022 KD 000's</i>
Basic and diluted earnings (loss) per share:				
Loss for the period attributable to the equity holders of the Parent Company from continuing operations	(1,690)	(708)	(824)	(2,082)
Profit for the period attributable to the equity holders of the Parent Company from a discontinued operation (Note 17)	6,932	2,957	11,190	7,562
Profit for the period attributable to the equity holders of the Parent Company	5,242	2,249	10,366	5,480
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	(3,340)	(3,441)	(3,340)	(3,441)
Profit (loss) for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	1,902	(1,192)	7,026	2,039
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding:				
Issued and fully paid-up capital	5,048,476,269	2,640,000,000	5,048,476,269	2,640,000,000
Weighted average number of treasury shares	(499,981,498)	(196,406,050)	(499,981,498)	(203,443,257)
Weighted average number of outstanding shares	4,548,494,771	2,443,593,950	4,548,494,771	2,436,556,743
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Basic and diluted earnings (loss) per share	0.4	(0.5)	1.5	0.8
Basic and diluted loss per share from continuing operations	(1.1)	(1.7)	(0.9)	(2.3)
Basic earnings per share from discontinued operation	1.5	1.2	2.4	3.1

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

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 176 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 June 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 30 June 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 30 June 2023	<i>(Audited) 31 December 2022</i>	<i>30 June 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	100
Loans and advances	139,200	10,676	185,717	335,593	322,388	332,481
Other assets	-	5,362	434	5,796	6,597	2,049
Due to banks and other financial institutions	-	4,073	54,306	58,379	29,689	20,098
Deposits from customers	8,020	4,855	30,913	43,788	30,391	33,827
Bonds	-	500	6,000	6,500	6,000	500
Medium term notes	-	-	3,071	3,071	3,063	3,067
Other liabilities	42,837	4	2,543	45,384	44,215	69,217
Perpetual capital securities	-	-	2,415	2,415	2,415	2,415
<i>Commitments and contingent liabilities:</i>						
Letter of credit	-	1,228	164	1,392	1,531	1,058
Guarantees & acceptances	35	13,184	53,130	66,349	77,010	67,172
Undrawn lines of credit	800	1,394	79,381	81,575	101,016	94,375
<i>Six months ended 30 June</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		3,726	361	2,567	6,654	4,530
Net fee and commission income		34	340	545	919	1,259
Profit from discontinued operation		-	-	11,492	11,492	7,705
Interest expense		1	86	1,275	1,362	595
General and administrative expenses		2,805	-	2,069	4,874	498

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

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 and Holding companies' expenses.

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.

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.

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

	<i>Six months ended 30 June</i>			
	<u>2023</u>		<u>2022</u>	
<i>Segment revenues</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	342,022	77,874	226,923	48,874
Asset management and investment banking	38,961	(23,143)	21,386	(11,280)
Media and satellite services	40,284	(39,199)	41,634	(28,118)
Energy	28,670	10,772	360	(197)
Industrial and Logistics	137,258	21,379	11,783	4,661
Hospitality and real estate	46,940	2,316	47,098	6,768
Others	22,756	(5,490)	1,825	(1,498)
Inter-segmental eliminations	(61,355)	(11,999)	(21,811)	(4,717)
Segment revenues and results	595,536	32,510	329,198	14,493

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

13. SEGMENT INFORMATION (continued)

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

	30 June 2023 KD 000's	<i>(Audited)</i> 31 December 2022 (Restated) KD 000's	30 June 2022 (Restated) KD 000's
Assets:			
Commercial banking	9,690,741	9,290,309	9,023,545
Asset management and investment banking	1,050,603	992,714	978,590
Insurance	-	138,600	125,781
Media and satellite services	207,341	203,982	406,437
Energy	512,649	513,805	6,936
Industrial and Logistics	619,415	599,066	308,096
Hospitality and real estate	909,257	908,410	935,568
Others	653,419	629,175	222,064
Inter-segmental eliminations	(1,908,848)	(1,849,657)	(1,434,520)
Assets held for sale	140,721	-	-
Total assets	11,875,298	11,426,404	10,572,497
Liabilities:			
Commercial banking	8,313,212	7,970,144	8,004,025
Asset management and investment banking	1,590,682	1,564,547	1,424,771
Media and satellite services	156,446	158,954	192,659
Energy	17,302	20,782	6,408
Industrial and Logistics	108,022	93,099	177,992
Hospitality and real estate	657,689	653,660	633,595
Others	503,427	492,163	181,627
Inter-segmental eliminations	(1,095,139)	(1,116,917)	(1,070,878)
Total liabilities	10,251,641	9,836,432	9,550,199

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 June 2023 KD 000's	<i>(Audited)</i> 31 December 2022 KD 000's	30 June 2022 KD 000's
Credit related commitments and contingencies			
Letters of credit	288,540	268,213	358,748
Guarantees & Acceptances	1,064,759	1,062,729	962,951
	1,353,299	1,330,942	1,321,699
Undrawn lines of credit	796,607	756,403	753,484
Investment related commitments	10,440	6,740	10,108
	2,160,346	2,094,085	2,085,291

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 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>30 June</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>30 June</i> <i>2022</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	871,904	1,652,606	1,526,049
Interest rate swaps	24,894	20,113	43,942
Options	22,192	186,004	61,545
	<u><u>871,904</u></u>	<u><u>1,652,606</u></u>	<u><u>1,526,049</u></u>
Derivatives held for hedging:			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	278,230	273,945	263,270
	<u><u>278,230</u></u>	<u><u>273,945</u></u>	<u><u>263,270</u></u>
<i>Cash flow hedges:</i>			
Interest rate swaps	282,286	357,780	341,918
	<u><u>282,286</u></u>	<u><u>357,780</u></u>	<u><u>341,918</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 261,768 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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

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 June 2023				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	18,252	16	11,879	30,147
Debt securities	8,492	-	-	8,492
Managed funds	1,201	13,110	90,817	105,128
Forfeiting assets	-	-	129,001	129,001
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	13,894	13,737	377,655	405,286
Debt securities	371,500	-	-	371,500
Managed funds	-	21	31	52
	<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 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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2023

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 June 2022	<i>Level 1</i> KD 000's	<i>Level 2</i> KD 000's	<i>Level 3</i> KD 000's	<i>Total fair value</i> KD 000's
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	15,926	16	3,496	19,438
Debt securities	4,575	-	100	4,675
Managed funds	1,368	13,755	96,581	111,704
Forfeiting assets	-	-	131,887	131,887
 <i>Financial assets at fair value through other comprehensive income:</i>				
Equities	16,346	11,417	65,136	92,899
Debt securities	272,072	2,166	-	274,238
Managed funds	-	-	13	13

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. DISCONTINUED OPERATION

The Group owns 46.32% equity interest in Gulf Insurance Group K.S.C.P (“GIG”), an entity incorporated and registered in the state of Kuwait, engaged in providing insurance related services across the Middle East and North Africa region. The Group had recognised its interest in GIG as an associate and accounted for it using the equity method in accordance with IAS 28 – “Investment in Associates and Joint Ventures”.

On 18 April 2023, the Board of Directors of the Parent Company approved to sell its entire stake of 46.32% in GIG by entering into a binding agreement with Fairfax Financial Holding Limited. The execution of this off-market trade is in the process of obtaining necessary regulatory approvals.

In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”, the Group classified its investment in GIG from “investment in associate” to “Assets held for sale”, in the interim condensed consolidated statement of financial position as at 30 June 2023.

The Group reclassified its ‘share of results of associates’ from GIG amounting to KD 4,373 thousand until 18 April 2023 – ‘the date of classification as assets held for sale and discontinued operation’ and subsequent dividends received amounting to KD 7,119 thousand in the interim condensed consolidated income statement. The comparative amounts for ‘share of results of associates’ amounting to KD 7,705 thousand for the six months period ended 30 June 2022 have also been reclassified).

The business of GIG represents the entirety of the Group’s insurance operating segment. In accordance with IFRS 5, the investment in GIG has been classified as a discontinued operation and accordingly, the insurance segment is no longer presented in the segment note.