

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 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 September 2023 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income for the three months and nine months period then ended, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the nine months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

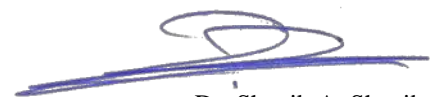
Report on Other Legal and Regulatory Requirements

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

State of Kuwait
13 November 2023

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 September 2023

		<i>(Audited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
<i>Notes</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD 000's</i>	<i>(Restated)*</i>	<i>(Restated)*</i>
		<i>KD 000's</i>	<i>KD 000's</i>
ASSETS			
Cash in hand and at banks	3	1,534,489	1,523,898
Treasury bills, bonds and other debt securities		1,037,459	951,798
Loans and advances		5,195,068	4,913,260
Financial assets at fair value through profit or loss		277,379	269,194
Financial assets at fair value through other comprehensive income ("FVOCI")		750,977	712,617
Other assets	2	852,850	838,061
Properties held for trading		85,208	87,680
Investment in associates		161,524	292,977
Investment properties		479,903	484,193
Property, plant and equipment		651,945	628,209
Intangible assets		715,742	724,517
Assets held for sale	17	198,437	-
TOTAL ASSETS		11,940,981	11,426,404
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,122,532	1,278,342
Deposits from customers		6,098,416	5,424,125
Loans payable	5	1,213,787	1,323,353
Bonds	6	594,757	494,867
Medium term notes	7	306,208	456,258
Other liabilities	2	917,356	859,487
Liabilities directly associated with the disposal group held for sale	17	43,553	-
Total liabilities		10,296,609	9,836,432
Equity			
Equity attributable to equity holders of the Parent Company	8	606,474	593,509
Perpetual capital securities	8	185,738	153,332
Non-controlling interest		852,160	843,131
Total equity		1,644,372	1,589,972
TOTAL LIABILITIES AND EQUITY		11,940,981	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 30 September 2022 and reflect adjustments made as detailed in Note 2.5.

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

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 KD 000's	(Restated)* 2022 KD 000's	2023 KD 000's	(Restated)* 2022 KD 000's
Continuing operations:					
Income:					
Interest income		152,288	98,382	396,809	258,038
Investment income	9	2,168	300	12,826	14,895
Net fee and commission income		25,426	14,161	69,562	47,110
Share of results of associates		4,564	2,734	11,169	12,625
Energy income		11,224	63	32,052	416
Industrial and logistics income		74,095	2,224	209,551	6,487
Media and digital satellite network services income		20,777	20,657	59,823	62,198
Hospitality and real estate income		17,578	23,178	59,301	65,546
Educational service income		5,305	-	20,274	-
Other income		13,023	5,448	34,381	22,885
Foreign exchange gain		13,451	284	29,687	6,429
		<u>339,899</u>	<u>167,431</u>	<u>935,435</u>	<u>496,629</u>
Expenses:					
Interest expense		119,180	71,677	329,813	183,077
Energy expenses		7,985	40	23,515	342
Industrial and logistics expenses		56,145	1,822	165,294	5,228
Media and digital satellite network services expense		21,899	23,576	68,425	68,825
Hospitality and real estate expenses		14,059	14,939	44,059	42,486
Educational service expense		3,190	-	10,301	-
General and administrative expenses		49,398	37,444	153,480	127,158
Depreciation and amortisation		8,529	7,427	32,499	21,785
		<u>280,385</u>	<u>156,925</u>	<u>827,386</u>	<u>448,901</u>
Operating profit from continuing operations before provisions					
		<u>59,514</u>	<u>10,506</u>	<u>108,049</u>	<u>47,728</u>
Provision for credit losses	4	(19,900)	(310)	(28,599)	(11,985)
Net monetary loss	2.4	(16,531)	(5,641)	(23,857)	(16,695)
Profit from continuing operations before taxation					
		<u>23,083</u>	<u>4,555</u>	<u>55,593</u>	<u>19,048</u>
Taxation		(11,636)	(5,602)	(27,934)	(17,025)
Profit (loss) for the period from continuing operations					
		<u>11,447</u>	<u>(1,047)</u>	<u>27,659</u>	<u>2,023</u>
Discontinued operation:					
Profit from discontinued operation	17	-	3,132	11,492	10,837
Profit for the period					
		<u>11,447</u>	<u>2,085</u>	<u>39,151</u>	<u>12,860</u>
Attributable to:					
Equity holders of the Parent Company		1,309	497	11,675	5,977
Non-controlling interest		10,138	1,588	27,476	6,883
		<u>11,447</u>	<u>2,085</u>	<u>39,151</u>	<u>12,860</u>
		<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
EARNINGS PER SHARE:					
Basic and diluted- attributable to the equity holders of the Parent Company	10	<u>0.2</u>	<u>0.2</u>	<u>1.7</u>	<u>1.0</u>
EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS:					
Basic and diluted- attributable to the equity holders of the Parent Company	10	<u>0.2</u>	<u>(1.0)</u>	<u>(0.7)</u>	<u>(3.3)</u>

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 September 2022 and reflect adjustments made as detailed in Note 2.5.

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 September 2023

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</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	11,447	2,085	39,151	12,860
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)	586	(945)	1,080	(1,774)
Share of other comprehensive (loss) income from associates	(1,087)	20	(4,738)	(3,776)
	(501)	(925)	(3,658)	(5,550)
<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	(770)	491	(1,272)	501
- Net change in fair value during the period	2,096	(8,083)	(195)	(25,272)
- Changes in allowance for expected credit losses	31	(9)	134	(26)
Change in fair value of cash flow hedge	1,786	4,694	4,087	19,919
Foreign currency translation adjustment	679	3,308	(13,110)	(13,313)
	3,822	401	(10,356)	(18,191)
Other comprehensive income (loss) for the period	3,321	(524)	(14,014)	(23,741)
Total comprehensive income (loss) for the period	14,768	1,561	25,137	(10,881)
Attributable to:				
Equity holders of the Parent Company	4,122	987	2,836	(7,243)
Non-controlling interest	10,646	574	22,301	(3,638)
	14,768	1,561	25,137	(10,881)

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 September 2022 and reflect adjustments made as detailed in Note 2.5.

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 September 2023

		<i>Nine months ended</i>	
		30 September	
		2023	<i>(Restated)*</i>
	<i>Notes</i>	KD 000's	2022
			<i>KD 000's</i>
OPERATING ACTIVITIES			
Profit before taxation from continuing operations		55,593	19,048
Profit from discontinued operation	17	11,492	10,837
		<hr/>	<hr/>
Profit before taxation		67,085	29,885
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(396,809)	(258,038)
Investment income	9	(12,826)	(14,895)
Share of results of associates		(11,169)	(12,625)
Interest expense		329,813	183,077
Depreciation and amortisation		32,499	21,785
Provision for credit losses	4	28,599	11,985
Share of results from discontinued operation	17	(4,373)	(10,837)
Net monetary loss	2.4	23,857	16,695
Foreign exchange loss on loans payable and medium-term notes		3,553	8,800
Reversal of employee stock option plan		-	(545)
		<hr/>	<hr/>
		60,229	(24,713)
<i>Changes in operating assets and liabilities:</i>			
Deposits with original maturities exceeding three months		3,584	2,082
Treasury bills, bonds and other debt securities		(85,661)	(159,933)
Loans and advances		(312,477)	(51,002)
Financial assets at fair value through profit or loss		(8,556)	17,355
Financial assets at fair value through other comprehensive income		(42,486)	(22,551)
Other assets		14,203	(27,216)
Properties held for trading		2,472	5,248
Due to banks and other financial institutions		(154,875)	(67,569)
Deposits from customers		656,092	(182,982)
Other liabilities		7,547	(3,208)
Dividends received	9	7,090	3,359
Interest received		351,329	271,974
Interest paid		(318,924)	(177,161)
		<hr/>	<hr/>
Net cash flows from (used in) operating activities		179,567	(416,317)
INVESTING ACTIVITIES			
Net movement in investment properties		(2,118)	2,631
Net movement in investment in associates		-	3,974
Acquisition of a subsidiary, net of cash acquired	2.1	41,247	-
Dividends received from associates		3,872	10,787
		<hr/>	<hr/>
Net cash flows from investing activities		43,001	17,392
FINANCING ACTIVITIES			
(Repayment of) proceeds from loans payable, net		(109,566)	309,870
Proceeds from issuance of bonds, net		98,452	-
Repayment of medium-term notes		(153,450)	-
Dividends paid to equity holders of the Parent Company		(293)	(12,560)
Net proceeds from issue of perpetual capital securities	8	32,406	-
Interest payment on perpetual capital securities		(5,921)	(5,140)
Proceeds from sale of treasury shares		-	3,934
Dividends paid to non-controlling interest		(29,845)	(9,804)
Movement in non-controlling interest		13,229	5,240
		<hr/>	<hr/>
Net cash flows (used in) from financing activities		(154,988)	291,540
Net foreign exchange differences		(21,913)	(20,698)
		<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		45,667	(128,083)
Cash and cash equivalents at 1 January		1,470,140	1,405,450
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3	1,515,807	1,277,367

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 September 2022 and reflect adjustments made as detailed in Note 2.5.

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 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	-	-	-	-	-	-	-	-	-	-	-	11,675	11,675	-	27,476	39,151
Other comprehensive income (loss)	-	-	-	-	-	4,657	-	(13,496)	-	-	-	-	(8,839)	-	(5,175)	(14,014)
Total comprehensive income (loss)	-	-	-	-	-	4,657	-	(13,496)	-	-	-	11,675	2,836	-	22,301	25,137
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,845)	(29,845)
Transfer of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(265)	-	-	-	-	265	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	1,400	-	-	-	-	-	(1,400)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(3,797)	(3,797)	-	(2,124)	(5,921)
Impact of application of IAS 29 (Note 2.4)	-	-	-	-	-	-	-	14,651	-	-	-	1,192	15,843	-	3,551	19,394
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	-	-	-	-	-	-	-	-	-	(1,917)	-	-	(1,917)	-	15,146	13,229
As at 30 September 2023	504,848	68,913	(123,605)	110,077	76,546	(15,098)	23,146	(122,530)	822	(473)	(13,771)	97,599	606,474	185,738	852,160	1,644,372

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

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

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

For the period ended 30 September 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 restated)	264,000	68,913	(95,258)	107,562	76,546	(10,544)	24,526	(140,955)	1,367	(18,254)	47,890	325,793	153,332	555,367	1,034,492
Transition Impact on adoption of IFRS 17 (Note 2.5)	-	-	-	-	-	-	-	-	-	-	(949)	(949)	-	(12)	(961)
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*	-	-	-	-	-	-	-	-	-	-	5,977	5,977	-	6,883	12,860
Other comprehensive loss	-	-	-	-	-	(4,388)	-	(8,832)	-	-	-	(13,220)	-	(10,521)	(23,741)
Total comprehensive (loss) income	-	-	-	-	-	(4,388)	-	(8,832)	-	-	5,977	(7,243)	-	(3,638)	(10,881)
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	-	-	-	-	-	-	(303)	-	-	-	303	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	2,344	-	-	-	-	(2,344)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(3,799)	(3,799)	-	(1,699)	(5,498)
Impact of initial application of IAS 29 (Note 2.4)	-	-	-	-	-	-	-	12,098	-	-	5,202	17,300	-	10,353	27,653
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	(90)	-	(90)	-	5,330	5,240
As at 30 September 2022	264,000	68,913	(86,097)	107,562	76,546	(12,588)	24,223	(137,689)	822	(18,344)	35,607	322,955	153,332	555,118	1,031,405

* Certain amounts shown here do not correspond to interim condensed consolidated financial information for the period ended 30 September 2022 and reflect adjustments made as detailed in Note 2.5 .

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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 nine months period ended 30 September 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 13 November 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 has been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022. New and amended standards effective 1 January 2023 are mentioned in Note 2.3. 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 nine months period ended 30 September 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 September 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, Jordan Kuwait Bank “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.

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:

- 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 September 2023, as detailed in Note 2.5.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2023

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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 30 September 2023

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 1,691.04 as at 30 September 2023 (31 December 2022: 1,128.45 and 30 September 2022: 1,015.65). 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 September 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2023

3. CASH IN HAND AND AT BANKS

	30 September 2023	<i>(Audited)</i> 31 December 2022	30 September 2022
	KD 000's	<i>(Restated)</i> KD 000's	<i>(Restated)</i> KD 000's
Cash and bank balances	846,673	737,965	603,074
Deposits with original maturities up to three months	640,788	734,023	676,256
Expected credit losses	(3,146)	(1,848)	(1,963)
	1,484,315	1,470,140	1,277,367
Cash and cash equivalents	1,484,315	1,470,140	1,277,367
Add: deposits with original maturities exceeding three months	50,174	53,758	39,465
Cash in hand and at banks as per interim condensed consolidated statement of financial position	1,534,489	1,523,898	1,316,832
Cash and cash equivalents attributable to disposal group held for sale (Note 17b)	31,492	-	-
Less: deposits with original maturities exceeding three months	(50,174)	(53,758)	(39,465)
Cash and cash equivalents as per interim condensed consolidated cash flow statement	1,515,807	1,470,140	1,277,367

Cash in hand and at banks includes cash and bank balances of the Parent Company amounting to KD 102,291 thousand as at 30 September 2023 (31 December 2022: KD 139,879 thousand and 30 September 2022: KD 109,370 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</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
<i>ECL allowance</i>				
Balance as at 1 January 2023	29,793	55,547	111,162	196,502
Charge / (Release of) during the period	2,396	(7,290)	28,649	23,755
Amounts written off during the period	-	-	(32,915)	(32,915)
Foreign exchange	(570)	(2,616)	2,217	(969)
As at 30 September 2023	31,619	45,641	109,113	186,373
	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
<i>ECL allowance</i>				
Balance as at 1 January 2022	27,693	35,750	127,909	191,352
(Release of) / Charge during the period	(2,611)	3,769	8,223	9,381
Amounts written off during the period	-	-	(4,429)	(4,429)
Foreign exchange	384	3,808	421	4,613
As at 30 September 2022	25,466	43,327	132,124	200,917

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2023

4. PROVISION FOR CREDIT LOSSES (Continued)

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

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	4,510,869	627,968	242,604	5,381,441
ECL allowance	(31,619)	(45,641)	(109,113)	(186,373)
As at 30 September 2023	4,479,250	582,327	133,491	5,195,068
	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Loans and advances	4,116,848	657,937	272,098	5,046,883
ECL allowance	(25,466)	(43,327)	(132,124)	(200,917)
As at 30 September 2022	4,091,382	614,610	139,974	4,845,966

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 1,298 thousand (30 September 2022: ECL release of KD 727 thousand), ECL charge on other debt securities of KD 1,098 thousand (30 September 2022: ECL charge of KD 1,429 thousand), ECL release of other assets of KD 298 thousand (30 September 2022: ECL charge of KD 209 thousand) and ECL charge on non-cash facilities of KD 2,746 thousand (30 September 2022: ECL charge of KD 1,693 thousand).

5. LOANS PAYABLE

	<i>30 September</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 September</i> <i>2022</i> <i>KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity within 1 year	23,198	15,815	-
Loans with maturity above 1 year	163,594	78,508	20,000
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	118,162	222,531	71,681
Loans with maturity above 1 year	908,833	1,006,499	1,141,920
	1,213,787	1,323,353	1,233,601

During the period, 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 September 2023

6. BONDS

	30 September 2023 KD 000's	<i>(Audited)</i> 31 December 2022 KD 000's	30 September 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	54,828	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	109,209	108,958	-
Fixed rate KD bonds at 5.25% per annum and maturing on 28 December 2024	26,581	26,497	35,844
Floating rate KD bonds at 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	39,822	39,695	63,722
Fixed rate KD bonds at 5.50% per annum and maturing on 8 November 2023*	5,299	5,292	13,974
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*	23,196	23,167	85,841
Fixed profit rate Sukuk at 6.5 % per annum and maturing on 5 July 2029	65,341	-	-
Floating profit rate Sukuk at 3% per annum above the CBK discount rate (Capped at 7.5% per annum) and maturing on 5 July 2029	36,652	-	-
<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 matured and were repaid on 26 July 2023	-	14,900	14,900
Floating rate KD bonds at 2.75% per annum above the CBK discount rate (capped at 7% per annum) and matured and were repaid on 26 July 2023	-	25,100	25,100
Fixed rate JOD 11 million bond at 5% per annum maturing on 15 October 2023*	4,802	4,756	4,817
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	154,002	152,542	154,745
Fixed rate USD 50 million green bonds at 6.44 % and 7.99% per annum and maturing on 06 April 2028	15,474	-	-
	615,206	515,609	458,943
Less: inter-group eliminations	(20,449)	(20,742)	(20,742)
	594,757	494,867	438,201

* Subsequent to the reporting period ended 30 September 2023, these bonds matured and were repaid.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2023

7. MEDIUM TERM NOTES

	<i>30 September 2023</i>	<i>(Audited) 31 December 2022</i>	<i>30 September 2022</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i>			
Fixed rate notes amounting to US\$ 500 million having a term of 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	154,925
Fixed rate notes amounting to US\$ 500 million having a term of 7 years maturing on 29 October 2026 and carrying a coupon interest rate of 4.229% per annum payable on a semi-annual basis. These notes are listed on the London Stock Exchange.	154,359	152,950	154,711
Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 23 February 2027 and carrying a coupon interest rate of 4.5% per annum payable on a semi-annual basis. These notes are listed on the London Stock Exchange.	152,775	151,070	152,706
	307,134	457,170	462,342
Less: inter-group eliminations	(926)	(912)	(925)
	306,208	456,258	461,417

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

a) Share capital

	<i>30 September 2023</i>	<i>(Audited) 31 December 2022</i>	<i>30 September 2022</i>
	<i>KD 000's</i>	<i>KD 000's</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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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>30 September 2023</i>	<i>(Audited) 31 December 2022</i>	<i>30 September 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)	58,498	55,998	25,940

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). A subsidiary 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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>
Gain on sale of financial assets at fair value through profit or loss	824	1,489	1,511	8,346
Unrealised (loss) gain on financial assets at fair value through profit or loss	(950)	(1,188)	(1,625)	2,630
Gain (loss) on sale of debt instruments at fair value through other comprehensive income	999	(497)	2,987	(632)
Dividend income	1,307	501	7,090	3,359
(Loss) gain on sale of investment properties	(12)	(5)	(12)	62
Gain on sale of investment in associates	-	-	-	1,130
Bargain gain on acquisition of subsidiary	-	-	2,875	-
	2,168	300	12,826	14,895

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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 30 September</i>		<i>Nine months ended 30 September</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 per share:				
Profit (loss) for the period attributable to the equity holders of the Parent Company from continuing operations	1,309	(2,552)	485	(4,634)
Profit for the period attributable to the equity holders of the Parent Company from a discontinued operation (Note 17)	-	3,049	11,190	10,611
Profit for the period attributable to the equity holders of the Parent Company	1,309	497	11,675	5,977
Less: interest payments on perpetual capital securities attributable to the equity holders of the Parent Company	(457)	-	(3,797)	(3,441)
Profit for the period attributable to the equity holders of the Parent Company after interest payments on perpetual capital securities	852	497	7,878	2,536
	<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)	(195,034,207)	(499,981,498)	(200,609,438)
Weighted average number of outstanding shares	4,548,494,771	2,444,965,793	4,548,494,771	2,439,390,562
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Basic and diluted earnings per share	0.2	0.2	1.7	1.0
Basic and diluted earnings (loss) per share from continuing operations	0.2	(1.0)	(0.7)	(3.3)
Basic earnings per share from discontinued operation	-	1.2	2.4	4.3

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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 Saudia Dairy and Foodstuff Company) and EMTN as a hedge of a net investment in foreign operations. The Group's EMTN is used to hedge the Group's exposure on these US\$ denominated investments. During the period, net gain amounting to KD 501 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 hedge of net investments in foreign operations was recognized in the interim condensed consolidated income statement during the period ended 30 September 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 September 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 KD 000's</i>	<i>Associates KD 000's</i>	<i>Others KD 000's</i>	<i>Total 30 September 2023 KD 000's</i>	<i>(Audited) 31 December 2022 KD 000's</i>	<i>30 September 2022 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	139,771	10,223	185,394	335,388	322,388	324,174
Other assets	-	4,843	345	5,188	6,597	1,915
Due to banks and other financial institutions	-	4,146	24,740	28,886	29,689	29,241
Deposits from customers	4,239	4,284	19,191	27,714	30,391	59,288
Bonds	-	500	6,000	6,500	6,000	500
Medium term notes	-	-	3,091	3,091	3,063	3,099
Other liabilities	36,762	3	310	37,075	44,215	61,427
Perpetual capital securities	-	-	2,415	2,415	2,415	2,415
<i>Commitments and contingent liabilities:</i>						
Letter of credit	-	1,236	78	1,314	1,531	1,031
Guarantees & acceptances	35	9,636	53,118	62,789	77,010	61,147
Undrawn lines of credit	300	1,583	79,696	81,579	101,016	97,614
					<i>Nine months ended 30 September</i>	
	<i>Major shareholder KD 000's</i>	<i>Associates KD 000's</i>	<i>Others KD 000's</i>	<i>2023 KD 000's</i>	<i>2022 KD 000's</i>	
<i>Transactions:</i>						
Interest income		5,735	456	5,961	12,152	7,152
Net fee and commission income		51	706	3,633	4,390	1,864
Profit from discontinued operation		-	-	11,492	11,492	10,837
Interest expense		-	139	1,927	2,066	939
General and administrative expenses		3,855	-	3,031	6,886	1,451

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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>Nine months ended 30 September</i>			
	<u>2023</u>		<u>2022</u>	
<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	567,038	109,936	353,000	76,605
Asset management and investment banking	58,186	(21,902)	25,454	(17,982)
Media and satellite services	60,208	(58,796)	62,483	(44,936)
Energy	46,628	19,337	427	(451)
Industrial and Logistics	212,501	33,906	18,474	5,776
Hospitality and real estate	66,614	2,492	70,757	8,150
Others	28,208	(15,587)	2,101	(3,470)
Inter-segmental eliminations	(103,948)	(13,793)	(36,067)	(4,644)
Segment revenues and results	935,435	55,593	496,629	19,048

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13. SEGMENT INFORMATION (continued)

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

	30 September 2023	<i>(Audited)</i> 31 December 2022	30 September 2022
	<i>(Restated)</i> KD 000's	<i>(Restated)</i> KD 000's	<i>(Restated)</i> KD 000's
Assets:			
Commercial banking	9,707,935	9,290,309	8,695,271
Asset management and investment banking	1,061,109	992,714	972,262
Insurance	-	138,600	129,555
Media and satellite services	205,525	203,982	402,179
Energy	519,960	513,805	6,884
Industrial and Logistics	613,713	599,066	304,829
Hospitality and real estate	906,215	908,410	961,681
Others	641,622	629,175	288,678
Inter-segmental eliminations	(1,913,535)	(1,849,657)	(1,476,784)
Assets held for sale	198,437	-	-
Total assets	11,940,981	11,426,404	10,284,555
Liabilities:			
Commercial banking	8,311,866	7,970,144	7,656,391
Asset management and investment banking	1,599,762	1,564,547	1,424,036
Media and satellite services	153,289	158,954	160,638
Energy	17,359	20,782	6,609
Industrial and Logistics	97,971	93,099	177,795
Hospitality and real estate	654,501	653,660	653,031
Others	517,705	492,163	252,510
Inter-segmental eliminations	(1,099,397)	(1,116,917)	(1,077,860)
Liabilities directly associated with the disposal group held for sale	43,553	-	-
Total liabilities	10,296,609	9,836,432	9,253,150

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

14. COMMITMENTS

The Group has the following commitments:

	30 September 2023	<i>(Audited)</i> 31 December 2022	30 September 2022
	<i>(Restated)</i> KD 000's	<i>(Restated)</i> KD 000's	<i>(Restated)</i> KD 000's
Credit related commitments and contingencies			
Letters of credit	258,845	268,213	320,076
Guarantees & Acceptances	1,090,443	1,062,729	990,683
	1,349,288	1,330,942	1,310,759
Undrawn lines of credit	808,088	756,403	814,639
Investment related commitments	9,407	6,740	4,944
	2,166,783	2,094,085	2,130,342

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15. DERIVATIVES

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

	<i>30 September</i> <i>2023</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD 000's</i>	<i>30 September</i> <i>2022</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	872,107	1,652,606	1,464,256
Interest rate swaps	29,027	20,113	38,079
Options	22,216	186,004	118,601
	<u><u>872,107</u></u>	<u><u>1,652,606</u></u>	<u><u>1,464,256</u></u>
Derivatives held for hedging:			
Fair value hedges:			
Forward foreign exchange contracts	285,058	273,945	273,829
	<u><u>285,058</u></u>	<u><u>273,945</u></u>	<u><u>273,829</u></u>
Cash flow hedges:			
Interest rate swaps	316,171	357,780	351,451
	<u><u>316,171</u></u>	<u><u>357,780</u></u>	<u><u>351,451</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 267,926 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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As at 30 September 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 September 2023				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	17,233	16	11,309	28,558
Debt securities	18,131	-	-	18,131
Managed funds	315	12,540	90,606	103,461
Forfeiting assets	-	-	127,229	127,229
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	12,287	13,661	378,063	404,011
Debt securities	346,916	-	-	346,916
Managed funds	-	20	30	50
	<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

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16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 September 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	13,926	16	3,695	17,637
Debt securities	5,138	-	100	5,238
Managed funds	1,321	13,308	93,763	108,392
Forfeiting assets	-	-	129,299	129,299
 <i>Financial assets at fair value through other comprehensive income:</i>				
Equities	21,747	4,662	65,912	92,321
Debt securities	271,726	2,190	-	273,916
Managed funds	-	-	13	13

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. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

- (a) 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” amounting to KD 140,721 thousand, in the interim condensed consolidated statement of financial position as at 30 September 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 10,837 thousand for the nine months period ended 30 September 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.

- (b) The Group owns 76.97% of BHM capital through its subsidiary Jordan Kuwait Bank “JKB”. On 24 September 2023, the Board of Directors of JKB approved to sell 66.97% of BHM capital. In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”, JKB classified BHM capital as “Assets held for sale and liabilities associated with disposal group held for sale” amounting to KD 57,716 thousand and 43,553 thousand respectively, in the interim condensed consolidated statement of financial position as at 30 September 2023.

Subsequent to the reporting period, on 04 October 2023, JKB sold 66.97% of its investment in BHM capital for an amount of JOD 30.6 million (equivalent to KD 13.36 million).