

**KUWAIT PROJECTS COMPANY HOLDING
K.S.C.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
31 MARCH 2024 (UNAUDITED)**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Projects Company Holding K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, “the Group”) as at 31 March 2024 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

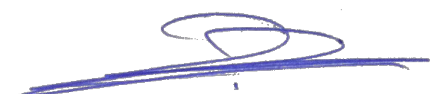
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended or by the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2024, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
14 May 2024

A blue ink signature of Dr. Shuaib A. Shuaib, consisting of a stylized, cursive script.

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

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 31 March 2024

		<i>(Audited)</i>	<i>(Restated)*</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
<i>Notes</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
ASSETS			
Cash in hand and at banks	3	1,763,458	1,891,219
Treasury bills, bonds and other debt securities		1,159,896	1,059,107
Loans and advances		5,508,280	5,255,659
Financial assets at fair value through profit or loss		272,128	259,962
Financial assets at fair value through other comprehensive income ("FVOCI")		783,510	772,303
Other assets		965,596	1,051,216
Properties held for trading		118,463	118,337
Investment in associates		168,255	150,241
Investment properties		481,713	484,828
Property, plant and equipment		645,445	641,742
Intangible assets		639,666	642,532
TOTAL ASSETS		12,506,410	12,327,146
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions		1,100,450	1,458,593
Deposits from customers		6,763,930	6,249,147
Loans payable	5	1,214,532	1,225,964
Bonds	6	560,829	560,340
Medium term notes	7	304,786	304,010
Other liabilities		886,177	863,568
Total liabilities		10,830,704	10,661,622
Equity			
Equity attributable to equity holders of the Parent Company	8	616,520	611,169
Perpetual capital securities		185,738	185,738
Non-controlling interest		873,448	868,617
Total equity		1,675,706	1,665,524
TOTAL LIABILITIES AND EQUITY		12,506,410	12,327,146

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

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2023 and reflect adjustments made as detailed in Note 2.

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 31 March 2024

		<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2024</i>	<i>2023</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Continuing operations:			
Income:			
Interest income		165,740	130,617
Investment income	9	7,121	7,228
Net fees and commission income		27,408	21,431
Share of results of associates		1,283	3,724
Energy income		9,863	10,629
Industrial and logistics income		70,808	67,504
Educational services income		7,675	7,631
Media and digital satellite network services income		16,947	19,642
Hospitality and real estate income		19,172	22,622
Other income		16,312	13,712
Foreign exchange gain		9,489	4,552
		351,818	309,292
Expenses:			
Interest expense		147,774	108,094
Energy expenses		7,244	7,717
Industrial and logistics expenses		54,991	54,756
Educational services expenses		4,194	3,564
Media and digital satellite network services expense		18,902	23,557
Hospitality and real estate expenses		12,961	15,303
General and administrative expenses		51,471	49,028
Depreciation and amortisation		10,554	12,504
		308,091	274,523
Operating profit from continuing operations before provisions		43,727	34,769
Provision for credit losses	4	(6,045)	(9,080)
Net monetary loss	2.4	(6,887)	(6,538)
Profit from continuing operations before taxation		30,795	19,151
Taxation		(8,301)	(11,056)
Profit for the period from continuing operations		22,494	8,095
Discontinued operation:			
Profit from discontinued operation		-	4,373
Profit for the period		22,494	12,468
Attributable to:			
Equity holders of the Parent Company		5,841	5,124
Non-controlling interest		16,653	7,344
		22,494	12,468
		<i>Fils</i>	<i>Fils</i>
EARNINGS PER SHARE:			
Basic and diluted- attributable to the equity holders of the Parent Company	10	1.2	1.1
EARNINGS PER SHARE FROM CONTINUING OPERATIONS:			
Basic and diluted- attributable to the equity holders of the Parent Company	10	1.2	0.2

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2024

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2024</i>	<i>(Restated)*</i>
	<i>KD 000's</i>	<i>2023</i>
		<i>KD 000's</i>
Profit for the period	22,494	12,468
Other comprehensive (loss) income:		
<i>Items that will not be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Net change in fair value of equity instruments at fair value through other comprehensive (loss) income	(1,495)	189
Share of other comprehensive loss from associates	(452)	(3,469)
	(1,947)	(3,280)
<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	142	(256)
- Net change in fair value during the period	(736)	5,035
- Changes in allowance for expected credit losses	81	52
Change in fair value of cash flow hedge	(321)	161
Foreign currency translation adjustment	(5,106)	(1,282)
	(5,940)	3,710
Other comprehensive (loss) income for the period	(7,887)	430
Total comprehensive income for the period	14,607	12,898
Attributable to:		
Equity holders of the Parent Company	(2,559)	4,590
Non-controlling interest	17,166	8,308
	14,607	12,898

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2023 and reflect adjustments made as detailed in Note 2.

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period ended 31 March 2024

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	<i>2024 KD 000's</i>	<i>2023 KD 000's</i>
OPERATING ACTIVITIES			
Profit before taxation from continuing operations		30,795	19,151
Profit from discontinued operation		-	4,373
Profit before taxation		30,795	23,524
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Interest income		(165,740)	(130,617)
Investment income	9	(7,121)	(7,228)
Share of results of associates		(1,283)	(3,724)
Interest expense		147,774	108,094
Depreciation and amortisation		10,554	12,504
Provision for credit losses	4	6,045	9,080
Net monetary loss	2.4	6,887	6,538
Net results from discontinued operation		-	(4,373)
Foreign exchange loss on loans payable and medium-term notes		763	1,006
Reversal of employee stock option plan		(822)	-
		27,852	14,804
Changes in operating assets and liabilities:			
Deposits with original maturities exceeding three months		18,352	12,765
Treasury bills, bonds and other debt securities		(100,789)	(111,756)
Loans and advances		(258,390)	(144,830)
Financial assets at fair value through profit or loss		(10,545)	28,033
Financial assets at fair value through other comprehensive income		(4,592)	(43,259)
Other assets		(53,876)	(5,409)
Properties held for trading		(1,086)	(228)
Due to banks and other financial institutions		(358,472)	156,636
Deposits from customers		514,988	177,369
Other liabilities		(5,659)	20,717
Dividends received	9	3,699	2,537
Interest received		165,548	124,895
Interest paid		(141,136)	(100,984)
Net cash flows (used in) from operating activities		(204,106)	131,290
INVESTING ACTIVITIES			
Net movement in investment properties		4,987	(657)
Net movement in investment in associates		(15,644)	-
Deferred consideration received on a discontinued operation		131,114	-
Dividends received from associates		338	18
Net cash flows from (used in) investing activities		120,795	(639)
FINANCING ACTIVITIES			
(Repayment of) proceeds from loans payable, net		(11,432)	125,723
Proceeds from issuance of bonds, net		-	47,550
Repayment of medium-term notes		-	(153,450)
Purchase of treasury shares		(576)	-
Dividends paid to non-controlling interest		(9,324)	(4,657)
Proceeds from sale of treasury shares		1,286	-
Interest payment on perpetual capital securities		(697)	-
Movement in non-controlling interest		1,282	(1,672)
Net cash flows (used in) from financing activities		(19,461)	13,494
Net foreign exchange differences		(7,169)	(9,418)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		1,826,870	1,470,140
CASH AND CASH EQUIVALENTS AT 31 MARCH	3	1,716,929	1,604,867

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

	<i>Attributable to equity holders of the Parent Company</i>														
	<i>Share capital</i> <i>KD 000's</i>	<i>Share premium</i> <i>KD 000's</i>	<i>Treasury shares</i> <i>KD 000's</i>	<i>Statutory reserve</i> <i>KD 000's</i>	<i>Voluntary reserve</i> <i>KD 000's</i>	<i>Cumulative changes in fair values</i> <i>KD 000's</i>	<i>Revaluation surplus</i> <i>KD 000's</i>	<i>Foreign currency translation reserve</i> <i>KD 000's</i>	<i>ESOP reserve</i> <i>KD 000's</i>	<i>Other reserve</i> <i>KD 000's</i>	<i>Retained earnings</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>	<i>Perpetual capital securities</i> <i>KD 000's</i>	<i>Non controlling interest</i> <i>KD 000's</i>	<i>Total equity</i> <i>KD 000's</i>
As at 1 January 2024	504,848	68,913	(123,669)	113,079	76,546	(32,096)	23,002	(125,590)	822	(1,655)	106,969	611,169	185,738	868,617	1,665,524
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,841	5,841	-	16,653	22,494
Other comprehensive (loss) income	-	-	-	-	-	(2,737)	-	(5,663)	-	-	-	(8,400)	-	513	(7,887)
Total comprehensive (loss) income	-	-	-	-	-	(2,737)	-	(5,663)	-	-	5,841	(2,559)	-	17,166	14,607
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,224)	(17,224)
Purchase of treasury shares	-	-	(576)	-	-	-	-	-	-	-	-	(576)	-	-	(576)
Sale of treasury shares	-	-	2,747	-	-	-	-	-	-	-	(1,461)	1,286	-	-	1,286
Transfer of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(198)	-	-	-	198	-	-	-	-
Employees' share based payment	-	-	-	-	-	-	-	-	(822)	-	-	(822)	-	-	(822)
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	653	-	-	-	-	(653)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(359)	(359)	-	(338)	(697)
Impact of application of IAS 29 (Note 2.4)	-	-	-	-	-	-	-	10,052	-	-	-	10,052	-	2,274	12,326
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	(1,671)	-	(1,671)	-	2,953	1,282
As at 31 March 2024	504,848	68,913	(121,498)	113,079	76,546	(34,180)	22,804	(121,201)	-	(3,326)	110,535	616,520	185,738	873,448	1,675,706

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

	<i>Attributable to equity holders of the Parent Company</i>												<i>Perpetual capital securities</i>	<i>Non controlling interest</i>	<i>Total equity</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>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 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
Restatements (Note 2)	-	-	-	-	-	(5,712)	-	292	-	(281)	-	(5,701)	-	(2,110)	(7,811)
Balance as at 1 January 2023 (restated)	504,848	68,913	(123,605)	110,077	76,546	(30,305)	23,411	(137,164)	822	2,485	91,780	587,808	153,332	841,021	1,582,161
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,124	5,124	-	7,344	12,468
Other comprehensive income (loss)	-	-	-	-	-	5,588	-	(6,122)	-	-	-	(534)	-	964	430
Total comprehensive income (loss)	-	-	-	-	-	5,588	-	(6,122)	-	-	5,124	4,590	-	8,308	12,898
Transfer of depreciation related to property plant and equipment carried at revaluation	-	-	-	-	-	-	(90)	-	-	-	90	-	-	-	-
Transfer to retained earnings on derecognition of equity investments carried at FVOCI	-	-	-	-	-	713	-	-	-	-	(713)	-	-	-	-
Interest on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(489)	(489)	-	-	(489)
Impact of application of IAS 29 (Note 2.4)	-	-	-	-	-	-	-	5,228	-	-	1,193	6,421	-	3,255	9,676
Ownership changes in subsidiaries	-	-	-	-	-	-	-	-	-	(2,037)	-	(2,037)	-	365	(1,672)
As at 31 March 2023	504,848	68,913	(123,605)	110,077	76,546	(24,004)	23,321	(138,058)	822	448	96,985	596,293	153,332	852,949	1,602,574

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

1. CORPORATE INFORMATION

Kuwait Projects Company Holding K.S.C.P. (the “Parent Company”) is a public shareholding company registered and incorporated under the laws of the State of Kuwait on 2 August 1975 and listed on the Boursa Kuwait. The address of the Parent Company’s registered office is P.O. Box 23982, Safat 13100 - State of Kuwait.

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively the “Group”) for the three months period ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2024.

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. MATERIAL ACCOUNTING POLICIES INFORMATION

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 2023. 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 2023.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Further, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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.

Certain amounts in the comparative interim condensed consolidated statement of financial position have been reclassified to conform to the current period presentation. This reclassification was made in order to more appropriately present certain items of interim condensed consolidated statement of financial position.

The comparative interim condensed consolidated statement of financial position as at 31 March 2023, the comparative interim condensed consolidated statement of changes in equity have been restated to reflect the adjustments made at 31 December 2022. These restatements are as follows:

2. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.1 BASIS OF PREPARATION (continued)

One of the subsidiaries of the Group, FIM Bank reconsidered its previous business model assessment of certain investments held as 'Treasury bills, bonds and other debt securities' and reclassified it to 'FVOCI', as the bank concluded that the previous reclassification criteria emanating from IFRS 9 were no longer deemed to have been met. This resulted in decrease in 'treasury bills, bonds and other debt securities' by KD 51,712 thousand, increase in 'FVOCI' by KD 43,896 thousand, decrease in 'equity attributable to equity holders of the parent company' by KD 5,706 thousand and decrease in 'non-controlling' interest by KD 2,110 thousand.

2.2 MATERIAL 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 2023.

Pillar 2 Income Taxes

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15%. The jurisdictions in which the Group operates including the State of Kuwait have joined the IF. The Group is currently assessing its exposure to any additional income taxes under Pillar 2 of the BEPS regulations, starting from the year 2025. A reasonable estimate of the additional tax cannot be provided at this stage, as the relevant tax legislation is yet to be introduced in Kuwait and some other jurisdictions.

2.3 NEW STANDARDS AND AMENDMENTS ON THE APPLIED STANDARDS

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 require a seller-lessee, in measuring the lease liability arising in a sale and leaseback transaction, not to recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments must be applied retrospectively.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.3 NEW STANDARDS AND AMENDMENTS ON THE APPLIED STANDARDS (continued)

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

These amendments to paragraphs 69 to 76 of IAS 1 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 must be applied retrospectively.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk

The adoption of the above amendments and interpretations did not have material impact on the disclosures or on the amounts reported in this interim condensed consolidated financial information.

New and revised Standards issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised Standards that have been issued but are not yet effective:

IFRS 18 Presentation and Disclosures in Financial Statements

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements,
- improve aggregation and disaggregation.

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

2. MATERIAL ACCOUNTING POLICIES INFORMATION (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 2,139.47 as at 31 March 2024 (31 December 2023: 1,859.38 and 31 March 2023: 1,269.75). 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”.

3. CASH IN HAND AND AT BANKS

	31 March 2024 KD 000's	<i>(Audited)</i> 31 December 2023 KD 000's	<i>(Restated)</i> 31 March 2023 KD 000's
Cash and bank balances	1,395,726	1,337,324	957,065
Deposits with original maturities up to three months	334,578	499,283	649,674
Expected credit losses	(14,656)	(11,550)	(1,872)
	<hr/> 1,715,648	<hr/> 1,825,057	<hr/> 1,604,867
Cash and cash equivalents	1,715,648	1,825,057	1,604,867
Add: deposits with original maturities exceeding three months	47,810	66,162	40,993
	<hr/> 1,763,458	<hr/> 1,891,219	<hr/> 1,645,860
Cash in hand and at banks as per interim condensed consolidated statement of financial position	<hr/> 1,763,458	<hr/> 1,891,219	<hr/> 1,645,860
Cash and cash equivalents attributable to disposal group held for sale	1,281	1,813	-
Less: deposits with original maturities exceeding three months	(47,810)	(66,162)	(40,993)
	<hr/> 1,716,929	<hr/> 1,826,870	<hr/> 1,604,867
Cash and cash equivalents as per interim condensed consolidated cash flow statement	<hr/> 1,716,929	<hr/> 1,826,870	<hr/> 1,604,867

Cash in hand and at banks includes cash and bank balances of the Parent Company amounting to KD 183,200 thousand as at 31 March 2024 (31 December 2023: KD 117,002 thousand and 31 March 2023: KD 131,249 thousand).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

4. PROVISION FOR CREDIT LOSSES

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

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
<i>ECL allowance</i>				
Balance as at 1 January 2024	25,793	47,947	113,274	187,014
Charge (recovery) / during the period	5,619	(6,596)	2,888	1,911
Amounts written off during the period	-	-	(3,895)	(3,895)
Foreign exchange	444	(64)	(39)	341
As at 31 March 2024	31,856	41,287	112,228	185,371

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
<i>ECL allowance</i>				
Balance as at 1 January 2023	29,793	55,547	111,162	196,502
(Recovery) / Charge during the period	(724)	9,518	(2,505)	6,289
Amounts written off during the period	-	-	(832)	(832)
Foreign exchange	(163)	(58)	513	292
As at 31 March 2023	28,906	65,007	108,338	202,251

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	4,950,502	495,989	247,160	5,693,651
ECL allowance	(31,856)	(41,287)	(112,228)	(185,371)
As at 31 March 2024	4,918,646	454,702	134,932	5,508,280

	<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>(Restated)</i> <i>Total</i> <i>KD 000's</i>
Loans and advances	4,302,567	675,278	260,168	5,238,013
ECL allowance	(28,906)	(65,007)	(108,338)	(202,251)
As at 31 March 2023	4,273,661	610,271	151,830	5,035,762

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 3,106 thousand (31 March 2023: ECL charge of KD 23 thousand), ECL charge on other debt securities of KD 284 thousand (31 March 2023: ECL charge of KD 460 thousand), ECL recovery on other assets of KD 2,676 thousand (31 March 2023: ECL charge of KD 376 thousand) and ECL charge on non-cash facilities of KD 3,420 thousand (31 March 2023: ECL charge of KD 1,932 thousand).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

5. LOANS PAYABLE

	31 March 2024	<i>(Audited)</i> 31 December 2023	31 March 2023
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>By the Parent Company:</i>			
Loans with maturity within 1 year	59,890	59,936	18,750
Loans with maturity above 1 year	172,500	181,974	257,455
<i>By the subsidiaries:</i>			
Loans with maturity within 1 year	136,628	123,481	256,931
Loans with maturity above 1 year	845,514	860,573	916,063
	1,214,532	1,225,964	1,449,199

During the period ,on 24 January 2024, the Parent company settled the balance in full amounting to USD 195 million (equivalent to KD 60 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 31 March 2024

6. BONDS

	31 March 2024	<i>(Audited)</i> 31 December 2023	31 March 2023
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Issued by the Parent Company:			
Fixed rate KD bonds at 6.75% per annum and maturing on 29 December 2028	54,854	54,841	54,759
Floating rate KD bonds at 3% per annum plus CBK discount rate (Capped at 7.75% per annum) and maturing on 29 December 2028	109,261	109,234	109,071
Fixed rate KD bonds at 5.25% per annum and maturing on 28 December 2024	26,589	26,585	26,537
Floating rate KD bonds at 2.25% per annum above the CBK discount rate and maturing on 28 December 2024	39,833	39,828	39,755
Fixed rate KD bonds at 5.50% per annum and matured and repaid on 8 November 2023	-	-	5,295
Floating rate KD bonds at 2.25% per annum plus CBK discount rate (Capped at 6.5% per annum) and matured and repaid on 8 November 2023	-	-	23,176
Fixed profit rate Sukuk at 6.5 % per annum and maturing on 5 July 2029	65,401	65,372	-
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	36,686	36,670	-
Issued by subsidiaries:			
Fixed rate KD bonds at 5.75% per annum matured and were repaid on 19 April 2023	-	-	10,900
Floating rate KD bonds at 2.5% per annum above the CBK discount rate matured and were repaid on 19 April 2023	-	-	16,650
Fixed rate KD bonds at 6% per annum matured and were repaid on 26 July 2023	-	-	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
Fixed rate JOD 11 million bond at 5% per annum matured and repaid on 15 October 2023	-	-	4,758
Fixed rate KD bonds at 7 % per annum and maturing on 28 March 2028	54,600	54,600	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	25,400	25,400
Fixed rate USD 500 million bonds at 2.75% per annum and maturing on 15 December 2031	153,281	152,919	152,704
Fixed rate USD 50 million green bonds at 6.44 % and 7.99% per annum and maturing on 06 April 2028	15,374	15,341	-
	581,279	580,790	563,605
Less: inter-group eliminations	(20,450)	(20,450)	(20,451)
	560,829	560,340	543,154

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

7. MEDIUM TERM NOTES

	<i>31 March 2024</i>	<i>(Audited) 31 December 2023</i>	<i>31 March 2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>Euro medium term notes (EMTN) issued by the Parent Company through a SPE:</i>			
Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 23 February 2027 and carrying a coupon interest rate of 4.5% per annum payable on a semi-annual basis. These notes are listed on the London Stock Exchange.	152,173	151,732	151,305
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.	153,535	153,198	153,087
	305,708	304,930	304,392
Less: inter-group eliminations	(922)	(920)	(920)
	304,786	304,010	303,472

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

a) Share capital

	<i>31 March 2024</i>	<i>(Audited) 31 December 2023</i>	<i>31 March 2023</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	504,848
Issued and fully paid-up capital (shares of 100 fils each) *	504,848	504,848	504,848

* This comprises 4,550,845,631 shares (31 December 2023: 4,550,845,631 shares and 31 March 2023: 4,550,845,631 shares) which are fully paid up in cash, whereas 497,630,638 shares (31 December 2023: 497,630,638 shares and 31 March 2023: 497,630,638 shares) were issued as bonus shares.

b) Share premium

The share premium is not available for distribution.

c) Treasury shares

	<i>31 March 2024</i>	<i>(Audited) 31 December 2023</i>	<i>31 March 2023</i>
Number of treasury shares (shares)	497,616,794	503,531,498	499,981,498
Percentage of capital	9.86%	9.97%	9.90%
Market value (KD 000's)	62,202	52,871	61,498

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

d) Dividend

Subsequent to the reporting period, on 23 April 2024, Shareholders Annual General Assembly approved no distribution of dividends for the year ended 31 December 2023. No dividends were distributed for the year ended 31 December 2022.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

9. INVESTMENT INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Gain on sale of financial assets at fair value through profit or loss	940	739
Unrealised gain on financial assets at fair value through profit or loss	1,903	3,349
(Loss) / gain on sale of debt instruments at fair value through other comprehensive income	(131)	603
Dividend income	3,699	2,537
Gain on sale of investment properties	710	-
	7,121	7,228

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.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Basic and diluted earnings per share:		
Profit for the period attributable to the equity holders of the Parent Company from continuing operations	5,841	866
Profit for the period attributable to the equity holders of the Parent Company from a discontinued operation	-	4,258
Profit for the period attributable to the equity holders of the Parent Company	5,841	5,124
Less: interest payment on perpetual capital securities attributable to the equity holders of the Parent Company	(359)	-
Profit for the period attributable to the equity holders of the Parent Company after interest payment on perpetual capital securities	5,482	5,124
	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding:		
Weighted average number of paid-up shares	5,048,476,269	5,048,476,269
Weighted average number of treasury shares	(500,376,789)	(499,981,498)
Weighted average number of outstanding shares	4,548,099,480	4,548,494,771
	<i>Fils</i>	<i>Fils</i>
Basic and diluted earnings per share	1.2	1.1
Basic and diluted earnings per share from continuing operations	1.2	0.2
Basic and diluted earnings per share from discontinued operation	-	0.9

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

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 being used to hedge the Group's exposure on these US\$ denominated investments. During the period, net gain amounting to KD 23 thousand on the retranslation of this borrowing were transferred to interim condensed consolidated statement of other comprehensive income to offset any gains or losses on translation of the net investments in the foreign operations. No ineffectiveness from hedges of net investments in foreign operations was recognized in the interim condensed consolidated income statement during the period ended 31 March 2024.

Burgan Bank has entered into forward foreign exchange contracts between Turkish Lira (TRY) and United States Dollar (USD), rolled over on a monthly basis, which has been designated as a hedge of the Bank's net investment in its Turkish subsidiary. This transaction has created a net long position in USD. Gain or losses on the retranslation of the aforesaid contracts are transferred to equity to offset any gains or losses on translation of the net investments in the Turkish subsidiary. No ineffectiveness from hedges of net investments in foreign operations was recognised in the interim condensed consolidated income statement during the period ended 31 March 2024.

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>	Total 31 March 2024 KD 000's	<i>(Audited) 31 December 2023 KD 000's</i>	<i>31 March 2023 KD 000's</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Financial assets at fair value						
through profit or loss	-	-	-	-	-	100
Loans and advances	139,700	9,740	136,077	285,517	325,811	340,709
Other assets	-	5,190	209	5,399	6,826	1,292
Due to banks and other financial institutions	-	3,699	88	3,787	3,712	47,658
Deposits from customers	4,217	1,801	14,204	20,222	21,907	34,301
Bonds	-	500	-	500	500	6,500
Medium term notes	-	-	-	-	-	3,066
Other liabilities	27,932	3	2	27,937	31,099	47,709
Perpetual capital securities	-	-	906	906	906	2,415
<i>Commitments and contingent liabilities:</i>						
Letter of credit	-	1,230	130	1,360	1,347	1,579
Guarantees & acceptances	35	16,063	1,523	17,621	17,064	66,466
Undrawn lines of credit	300	6,385	2,840	9,525	13,853	80,148
					Three months ended 31 March	
	<i>Major shareholder KD 000's</i>	<i>Associates KD 000's</i>	<i>Others KD 000's</i>	2024 KD 000's	2023 KD 000's	
<i>Transactions:</i>						
Interest income		2,207	161	1,406	3,774	3,191
Net fees and commission income		16	250	94	360	471
Interest expense		-	48	40	88	585
General and administrative expenses		1,050	37	217	1,304	3,293

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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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, radio channels 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>Three months ended 31 March</i>			
	<i>2024</i>		<i>2023</i>	
	<i>Segment revenues</i>	<i>Segment results</i>	<i>Segment revenues</i>	<i>Segment results</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Commercial banking	226,067	42,363	182,132	44,247
Asset management and investment banking	28,452	(1,351)	16,044	(13,140)
Media and satellite services	16,953	(20,374)	20,911	(18,415)
Energy	13,405	4,481	14,931	6,220
Industrial and Logistics	72,270	10,908	68,288	10,112
Hospitality and real estate	24,024	2,082	24,742	1,432
Others	11,608	(3,056)	10,397	(4,865)
Inter-segmental eliminations	(40,961)	(4,258)	(28,153)	(6,440)
Segment revenues and results	351,818	30,795	309,292	19,151

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

13. SEGMENT INFORMATION (continued)

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

	31 March 2024	<i>(Audited)</i> 31 December 2023	<i>(Restated)</i> 31 March 2023
	KD 000's	KD 000's	KD 000's
Assets:			
Commercial banking	10,526,541	10,256,230	9,616,337
Asset management and investment banking	1,230,168	1,222,007	1,026,271
Insurance	-	-	140,721
Media and satellite services	165,997	153,759	210,123
Energy	488,799	490,167	517,775
Industrial and Logistics	629,801	633,082	601,218
Hospitality and real estate	889,700	904,458	930,506
Others	583,922	588,390	646,961
Inter-segmental eliminations	(2,008,518)	(1,920,947)	(1,890,750)
Total assets	12,506,410	12,327,146	11,799,162
Liabilities:			
Commercial banking	9,066,563	8,802,899	8,253,680
Asset management and investment banking	1,664,262	1,664,405	1,603,261
Media and satellite services	140,269	140,566	159,860
Energy	16,078	18,820	21,312
Industrial and Logistics	113,529	112,016	96,652
Hospitality and real estate	637,327	658,959	686,444
Others	475,034	474,781	491,911
Inter-segmental eliminations	(1,282,358)	(1,210,824)	(1,116,532)
Total liabilities	10,830,704	10,661,622	10,196,588

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

14. COMMITMENTS

The Group has the following commitments:

	31 March 2024	<i>(Audited)</i> 31 December 2023	31 March 2023
	KD 000's	KD 000's	KD 000's
Credit related commitments and contingencies			
Letters of credit	243,269	297,218	307,341
Guarantees & Acceptances	1,061,161	1,107,423	1,018,505
	1,304,430	1,404,641	1,325,846
Undrawn lines of credit	731,542	748,127	853,138
Investment related commitments	10,351	11,624	6,582
	2,046,323	2,164,392	2,185,566

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2024

15. DERIVATIVES

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

	<i>31 March</i> <i>2024</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD 000's</i>	<i>31 March</i> <i>2023</i> <i>KD 000's</i>
Derivatives held for trading: <i>(including non-qualifying hedges)</i>			
Forward foreign exchange contracts	1,012,464	1,224,747	1,210,191
Interest rate swaps	29,963	27,361	30,967
Options	26,733	15,769	86,856
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Derivatives held for hedging:			
<i>Fair value hedges:</i>			
Forward foreign exchange contracts	302,492	263,068	297,330
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Cash flow hedges:</i>			
Interest rate swaps	318,208	322,176	328,589
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Fair value of financial instruments is not materially different from their carrying values except for medium term notes whose fair value amounts to KD 273,500 thousand (31 December 2023: KD 270,674 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

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16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total fair value</i> <i>KD 000's</i>
31 March 2024				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	10,567	16	8,962	19,545
Debt securities	15,049	-	-	15,049
Managed funds	346	12,733	90,905	103,984
Forfeiting assets	-	-	133,550	133,550
<i>Financial assets at fair value through other comprehensive income:</i>				
Equities	16,836	13,662	372,421	402,919
Debt securities	380,288	-	-	380,288
Managed funds	142	17	144	303
31 December 2023				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	17,210	16	10,828	28,054
Debt securities	13,264	-	100	13,364
Managed funds	1,224	12,702	89,858	103,784
Forfeiting assets	-	-	114,760	114,760
<i>Financial assets fair value through other comprehensive income:</i>				
Equities	16,589	13,661	372,112	402,362
Debt securities	369,739	-	-	369,739
Managed funds	153	20	29	202

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16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>(Restated)</i> <i>Total fair value</i>
31 March 2023	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Equity securities	16,366	16	4,156	20,538
Debt securities	6,614	-	100	6,714
Managed funds	1,215	12,575	91,199	104,989
Forfeiting assets	-	-	113,008	113,008
 <i>Financial assets at fair value through other comprehensive income:</i>				
Equities	12,652	13,803	377,639	404,094
Debt securities	400,670	-	-	400,670
Managed funds	-	21	34	55

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. SUBSEQUENT EVENT

- (a) Subsequent to the reporting period, on 2 April 2024, and after receiving all regulatory approvals, Panther Media Group Limited (a subsidiary of the Group) completed the acquisition of a controlling stake of 55.45% in Anghami Inc. for a total cash consideration of USD 38 million and in kind consideration of its streaming platform OSN+.
- (b) On 09 May 2024, the Group's subsidiary "Burgan Bank" issued Perpetual Tier1 capital securities amounting to KD 150,000 thousand.