



**KINGDOM HOLDING COMPANY**

**(A Saudi Joint Stock Company)**

**Interim Condensed Consolidated Financial  
Statements**

**For the three-month period ended  
31 March 2018 (unaudited)**

**KINGDOM HOLDING COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated financial statements for the three-month period ended**  
**31 March 2018 (Unaudited)**

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## Independent Auditors' Report On Review Of Interim Condensed Financial Statements

**To the Shareholders of  
Kingdom Holding Company - A Saudi Joint Stock Company  
Riyadh, Kingdom of Saudi Arabia**

### Introduction

We have reviewed the accompanying 31 March 2018 interim condensed consolidated financial statements of **Kingdom Holding Company – A Saudi Joint Stock Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the interim condensed consolidated statement of financial position as at 31 March 2018;
- the interim condensed consolidated statement of profit or loss for the three-month period ended 31 March 2018;
- the interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2018;
- the interim condensed consolidated statement of changes in equity for the three-month period ended 31 March 2018;
- the interim condensed consolidated statement of cash flows for the three-month period ended 31 March 2018; and
- the notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 that are endorsed in the Kingdom of Saudi Arabia, 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.



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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	31-Mar-18 SAR '000 (Unaudited)	31-Dec-17 SAR '000 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		837,245	1,293,432
Investments at fair value through profit or loss ("FVTPL")	6	24,144	22,650
Trade and other receivables		523,305	454,100
Prepayments and other current assets		263,147	312,114
Due from related parties		90,000	102,036
Assets held for sale		54,935	477,210
<b>Total current assets</b>		<b>1,792,776</b>	<b>2,661,542</b>
<b>Non-current assets</b>			
Investments at fair value through profit or loss ("FVTPL")	6	907,517	907,517
Investments at fair value through other comprehensive income ("FVOCI")	6	10,639,878	11,211,596
Equity-accounted investees	8	19,569,440	19,230,889
Investment properties		4,217,202	4,219,808
Property, plant and equipment		8,115,377	7,964,079
Goodwill and intangible assets		2,393,769	2,394,212
Deferred tax assets		38,549	37,992
Other long term assets		136,904	138,565
<b>Total non-current assets</b>		<b>46,018,636</b>	<b>46,104,658</b>
<b>Total assets</b>		<b>47,811,412</b>	<b>48,766,200</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	9	405,003	409,858
Accounts payable, accrued expenses and other current liabilities		294,289	443,849
Zakat and income tax payable		486,605	457,154
Due to related parties		148,339	135,493
Dividends payable		491,956	--
<b>Total current liabilities</b>		<b>1,826,192</b>	<b>1,446,354</b>
<b>Non-current liabilities</b>			
Borrowings	9	12,889,866	13,213,247
Deferred tax liabilities		199,461	193,729
Employee benefit obligations		179,839	177,059
Other long term liabilities		81,665	61,448
<b>Total non-current liabilities</b>		<b>13,350,831</b>	<b>13,645,483</b>
<b>Total liabilities</b>		<b>15,177,023</b>	<b>15,091,837</b>
<b>Net assets</b>		<b>32,634,389</b>	<b>33,674,363</b>
<b>EQUITY</b>			
Share capital	12	37,058,823	37,058,823
Statutory reserve		665,426	665,426
Retained earnings		801,158	1,314,057
Unrealised loss on investments at fair value through other comprehensive income ("FVOCI")		(8,354,775)	(7,778,557)
Other reserves	13	550,179	263,116
Equity attributable to shareholders of the Company		<b>30,720,811</b>	<b>31,522,865</b>
Non-controlling interests		<b>1,913,578</b>	<b>2,151,498</b>
<b>Total equity</b>		<b>32,634,389</b>	<b>33,674,363</b>

The notes on pages 10 to 16 form an integral part of these interim condensed consolidated financial statements.



**KINGDOM HOLDING COMPANY**  
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**31 March 2018**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		Three-month period ended	
		31-Mar-18	31-Mar-17
	Notes	SAR '000	SAR '000
		(Unaudited)	(Unaudited)
<b>Revenues</b>			
Hotels and other operating revenues		475,500	387,787
Dividend income		36,053	19,511
Gain on investments	7	1,494	254,614
<b>Total revenues</b>		<b>513,047</b>	<b>661,912</b>
Hotels and other operating costs		(351,281)	(307,121)
<b>Gross profit</b>		<b>161,766</b>	<b>354,791</b>
General, administrative and marketing expenses		(73,494)	(64,189)
Share of results from equity-accounted investees	8	196,240	(6,568)
Other losses, net		(12,695)	(26,111)
<b>Income from operations</b>		<b>271,817</b>	<b>257,923</b>
Financial charges, net		(99,959)	(105,529)
<b>Profit before zakat and income tax</b>		<b>171,858</b>	<b>152,394</b>
Zakat and income tax		(30,418)	(23,155)
<b>Profit for the period</b>		<b>141,440</b>	<b>129,239</b>
Profit / (loss) for the period attributable to:			
- Owners of the Parent		143,042	129,088
- Non-controlling interests		(1,602)	151
		<b>141,440</b>	<b>129,239</b>
<b>Basic and diluted earnings per share (Saudi Riyals)</b>		<b>0.04</b>	<b>0.03</b>

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		Three-month period ended	
	Note	31-Mar-18 SAR '000 (Unaudited)	31-Mar-17 SAR '000 (Unaudited)
<b>Profit for the period</b>		<b>141,440</b>	<b>129,239</b>
<b>Other comprehensive (loss) / income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Investments at fair value through other comprehensive income – net changes in fair value		(576,218)	297,023
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share in other comprehensive income of equity-accounted investees	8	27,738	54,653
Exchange differences on translation of foreign operations		263,086	(83,083)
<b>Total comprehensive (loss) / income for the period</b>		<b>(143,954)</b>	<b>397,832</b>
<b>Total comprehensive (loss) / income for the period attributable to:</b>			
- Owners of the Parent		(146,113)	395,458
- Non-controlling interests		2,159	2,374
		<b>(143,954)</b>	<b>397,832</b>

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**

SAR '000	Share capital	Statutory reserve	Retained earnings	Unrealised loss on investments at fair value through other comprehensive income	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2018	37,058,823	665,426	1,314,057	(7,778,557)	263,116	31,522,865	2,151,498	33,674,363
Profit for the period	--	--	143,042	--	--	143,042	(1,602)	141,440
Movement in unrealised loss on investments at fair value through other comprehensive income	--	--	--	(576,218)	--	(576,218)	--	(576,218)
Share in other comprehensive income of equity-accounted investees	--	--	--	--	27,738	27,738	--	27,738
Exchange differences on translation of foreign operations	--	--	--	--	259,325	259,325	3,761	263,086
<b>Total</b>	--	--	143,042	(576,218)	287,063	(146,113)	2,159	(143,954)
Change in non-controlling interests	--	--	--	--	--	--	(240,079)	(240,079)
Transactions with owners in their capacity as owners:								
Dividends declared (note 14)	--	--	(655,941)	--	--	(655,941)	--	(655,941)
<b>Balance at 31 March 2018</b>	<b>37,058,823</b>	<b>665,426</b>	<b>801,158</b>	<b>(8,354,775)</b>	<b>550,179</b>	<b>30,720,811</b>	<b>1,913,578</b>	<b>32,634,389</b>

The notes on pages 10 to 16 form an integral part of these interim condensed consolidated financial statements.






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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (Continued)**

SAR '000	Share capital	Statutory reserve	Retained earnings	Unrealised loss on investments at fair value through other comprehensive income	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
<b>Balance at 1 January 2017</b>	37,058,823	599,069	1,270,814	(10,177,824)	(517,729)	28,233,153	1,090,889	29,324,042
Profit for the period	--	--	129,088	--	--	129,088	151	129,239
Movement in unrealised gain on investments at fair value through other comprehensive income	--	--	--	297,023	--	297,023	--	297,023
Share in other comprehensive income of equity-accounted investees	--	--	--	--	54,653	54,653	--	54,653
Exchange differences on translation of foreign operations	--	--	--	--	(85,306)	(85,306)	2,223	(83,083)
<b>Total</b>	--	--	129,088	297,023	(30,653)	395,458	2,374	397,832
Change in non-controlling interests	--	--	--	--	--	--	6,713	6,713
<b>Balance at 31 March 2017</b>	37,058,823	599,069	1,399,902	(9,880,801)	(548,382)	28,628,611	1,099,976	29,728,587

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	31-Mar-18 SAR '000 (Unaudited)	31-Mar-17 SAR '000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat and income tax		171,858	152,394
<i>Adjustments for non-cash items:</i>			
Depreciation and amortisation		77,732	60,120
Gain on investments, net	7	(1,494)	(254,614)
Amortization of transaction costs		3,688	3,508
Goodwill written off		63,750	--
(Income) / loss from equity accounted investees	8	(196,240)	6,568
		119,294	(32,024)
<b>Changes in operating assets and liabilities</b>			
Trade and other receivables		(69,205)	18,230
Prepayments and other current assets		48,967	(92,781)
Due from related parties		12,036	824
Employee benefit obligations, net		2,780	56
Accounts payable, accrued expenses and other current liabilities		(149,560)	(42,111)
Due to related parties		12,846	4,546
Proceeds from disposal of investments at fair value through profit or loss		--	720,005
Other long term assets		1,661	2,465
Other long term liabilities		20,217	(4,543)
Cash generated from operations		(964)	574,667
Zakat and income tax paid		(967)	(8,299)
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,931)</b>	<b>566,368</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of assets held for sale		422,275	--
Payments for property, plant and equipment, net		(45,781)	(24,430)
<b>Net cash generated from / (used in) investing activities</b>		<b>376,494</b>	<b>(24,430)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		--	459,466
Repayments of borrowings		(426,686)	(576,679)
Transactions with non-controlling interests		(240,079)	6,713
Dividends paid		(163,985)	--
<b>Net cash used in financing activities</b>		<b>(830,750)</b>	<b>(110,500)</b>
Net change in cash and bank balances		(456,187)	431,438
Cash and bank balances at the beginning of the period		1,293,432	4,337,052
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>		<b>837,245</b>	<b>4,768,490</b>
<b>Non-cash transactions:</b>			
Movement in investments at fair value through other comprehensive income		(576,218)	297,023
Exchange differences on translation of foreign operations		263,086	(83,083)

The notes on pages 10 to 16 form an integral part of these interim condensed consolidated financial statements.

**KINGDOM HOLDING COMPANY**  
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Notes to the interim condensed consolidated financial statements for the three-month period ended  
31 March 2018

**1 CORPORATE INFORMATION**

Kingdom Holding Company (the "Company" or "KHC") is a Saudi Joint Stock Company ("JSC") operating in the Kingdom of Saudi Arabia. The Company was previously formed as a limited liability company and operated under commercial registration number 1010142022 dated Muharram 11, 1417H (corresponding to 28 May 1996). The Ministry of Commerce and Industry approved, pursuant to resolution number 128/S dated Jumad Awwal 18, 1428H (corresponding to June 4, 2007), the conversion of the Company into a joint stock company.

The Company and its subsidiaries (the "Group") carry out its activities through the entities listed below. The principal activities of the Group are hotel management and operation, commercial services, education, investments and medical services.

The shares of the Company commenced trading on the Saudi Stock Exchange on 28 July 2007 after approval by the Capital Market Authority.

The Company's head office is located in Riyadh at the following address:

Kingdom Holding Company  
66<sup>th</sup> Floor, Kingdom Centre  
P.O. Box 1, Riyadh 11321  
Kingdom of Saudi Arabia

These interim condensed consolidated financial statements (the "consolidated financial statements") were authorized for issue by the Company's Board of Directors on 23 Sha'aban 1439 H, corresponding to 9<sup>th</sup> May 2018.

**a) Kingdom 5-KR-11 Limited (KR-11)**

KR-11 is a fully owned limited liability company incorporated in the Cayman Islands. The company's principal activity represents investments in international quoted securities, through its wholly owned subsidiaries.

**b) Kingdom 5-KR-100 Limited (KR-100)**

KR-100 is a fully owned limited liability company incorporated in the Cayman Islands. The company's principal activity represents ownership and management of funds, through its equity-accounted investees.

**c) Kingdom 5-KR-132 Limited (KR-132)**

KR-132 is a fully owned limited liability company incorporated in the Cayman Islands. The company's principal activity includes holding investments in the following subsidiaries and equity-accounted investees that own and manage properties and hotels:

	Effective Ownership Percentage		
	31-Mar-18	31-Dec-17	31-Mar-17
<b><u>Subsidiaries</u></b>			
Kingdom Hotel Investments (KHI) - Cayman Islands	100.0	100.0	100.0
Kingdom 5 KR 35 Group (George V) - France (Direct and indirect ownership through KHI)	100.0	100.0	100.0
<b><u>Equity-accounted investees</u></b>			
Four Seasons Holding Inc. (FSH Inc.) - Canada	47.5	47.5	47.5
Mövenpick Hotels and Resorts AG (Mövenpick) - Switzerland	33.3	33.3	33.3
Sahara Plaza LLC - United States of America	--	--	25.0
Accor S.A. - France	5.8	5.8	5.8

**d) Kingdom 5-KR-114 Limited (KR-114)**

KR-114 is a fully owned limited liability company incorporated in the Cayman Islands. The company holds 58.83% ownership in Breezeroad Limited, which operates the Savoy Hotel in London.

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**1 CORPORATE INFORMATION (Continued)**

**e) Local and regional subsidiaries**

The Company also has ownership in the following local and regional subsidiaries and equity-accounted investees:

	Effective Ownership Percentage		
	31-Mar-18	31-Dec-17	31-Mar-17
<u><b>Subsidiaries</b></u>			
Kingdom Schools Company Limited (The School) - Saudi Arabia	47.0	47.0	47.0
Fashion Village Trading Company Limited (SAKS) - Saudi Arabia	71.8	71.8	71.8
Medical Services Projects Company Limited (MSPC) - Saudi Arabia	74.0	74.0	74.0
Consulting Clinic SAL (Clinic) – Lebanon	50.4	50.4	50.4
Real Estate Investment Company (REIC) - Saudi Arabia	69.4	69.4	--
Trade Centre Company Limited (TCCL) - Saudi Arabia	70.6	70.6	--
Kingdom Real Estate Development Company (KRED) - Saudi Arabia	100.0	100.0	100.0
<u><b>Equity-accounted investees</b></u>			
National Air Services (NAS) - Saudi Arabia	34.1	34.1	34.1
Jeddah Economic Company (JEC) - Saudi Arabia	33.4	33.4	33.4
Real Estate Investment Company (REIC) - Saudi Arabia	--	--	38.9
Trade Centre Company Limited (TCCL) - Saudi Arabia	--	--	36.0
Banque Saudi Fransi (BSF) – Saudi Arabia	16.2	16.2	--

The principal activities and the various segments of the Group are described in Note 5.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").

These interim condensed consolidated financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2017. These do not include all of the information required for a complete set of IFRS Financial Statements however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements.

**2.2 Historical cost convention**

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at fair value. Further, the employee termination benefits are calculated using the projected unit credit method (PUCM) and actuarial assumptions.

**2.3 Functional and presentation currency**

These interim condensed consolidated financial statement is presented in Saudi Riyals ("SR"), which is the Company's functional and presentation currency.

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Notes to the interim condensed consolidated financial statements for the three-month period ended  
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**3 USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's last annual audited consolidated financial statements as at and for the year ended 31 December 2017.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's last annual audited consolidated financial statements as at and for the year ended 31 December 2017. Effective 1 January 2018, the Group has adopted IFRS 15 – Revenue from Contracts with Customers. The adoption of this standard has no material impact on the Group's interim condensed consolidated financial statements.

**4.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Group has not early adopted the following new standard effective for annual periods on or after 1 January 2018.

		Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019
Annual improvements to IFRSs 2015 – 2017 cycle	IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	1 January 2019
	IAS 12 Income Taxes	1 January 2019
	IAS 23 Borrowing Costs	1 January 2019

The Group does not anticipate any material impact to the Group's consolidated financial position or results of its operations as a result of these new standards or amendments.

**5 SEGMENT INFORMATION**

The Group organises and manages its operations by business segments. Management treats the operations of these segments separately for the purposes of monitoring, decision making and performance assessment.

Description of segments and principal activities

The Group's primary operations are organised into the following segments:

Equity Investments	International - The principal activity includes investments in international quoted securities.
	Domestic and regional - The principal activity includes investments in securities quoted on the Saudi Stock Exchange, the regional Stock Exchanges and investments in associates other than real estate.
	Private equity - The principal activity includes investments in private equities, managed funds and other entities existing within the structure of the Group.
Hotels	The principal activity of this segment includes investments in subsidiaries and associates that are in the business of managing and owning hotel properties and related activities.
Real estate	The principal activity includes investments in activities relating to ownership and development of land and real estate projects.
Health Care	The principal activity includes hospital, pharmacy and consulting clinics.
All other segments	The principal activities include operations of Kingdom School and other trading activities carried by the Group.



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**5 SEGMENT INFORMATION (Continued)**

	Equity Investments	Hotels	Real Estate --- SAR '000 ---	Health Care	All other segments	Total
<b>2018 (unaudited)</b>						
Total revenue for the three-month period ended 31 March	37,547	255,506	119,193	77,200	23,601	513,047
Net profit / (loss) for the three-month period ended 31 March	99,037	14,535	25,359	4,219	(1,710)	141,440
Total assets as at 31 March	21,060,117	16,721,617	9,239,081	446,008	344,589	47,811,412
Total liabilities as at 31 March	9,770,988	4,272,671	784,183	178,414	170,767	15,177,023
<b>2017</b>						
Total revenue for the three-month period ended 31 March (unaudited)	274,125	279,172	--	83,380	25,235	661,912
Net profit / (loss) for the three-month period ended 31 March (unaudited)	125,755	(10,198)	6,244	5,000	2,438	129,239
Total assets as at 31 December (audited)	22,411,047	16,587,436	9,063,841	451,247	252,629	48,766,200
Total liabilities as at 31 December (audited)	9,793,919	4,271,706	738,639	181,068	106,505	15,091,837

The management believes that the inter-segment revenues for the Group are insignificant and therefore have not been disclosed.

**6 FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's financial instruments are measured under the historical cost convention, except for investment carried at FVOCI and FVTPL which are carried at fair values.

The Group estimates the fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop these estimates. Accordingly, estimates of fair values are not necessarily an indicative of what the Group could realise in a current market exchange. The use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

**(i) Fair value hierarchy**

**Level 1:** The fair value of financial instruments traded in active markets (such as trading and fair value through other comprehensive income securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are classified as level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, then the instrument is classified as level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is classified as level 3.

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value including their levels in the fair value hierarchy at 31 March 2018 on a recurring basis:

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**6 FAIR VALUE (Continued)**

	Level 1	Level 2	Level 3	Total
	--- SAR '000 ---			
As at 31 Mar 2018 (Unaudited)				
Financial assets				
Investments at FVTPL:				
- United States of America (current)	24,144	--	--	24,144
- United States of America (non-current)	--	574,623	--	574,623
- Middle East (non-current)	--	332,894	--	332,894
	--	907,517	--	907,517
	24,144	907,517	--	931,661
Investments at FVOCI (non-current):				
- United States of America	9,672,279	75,037	45,060	9,792,476
- Middle East	842,902	4,500	--	847,402
	10,515,281	79,537	45,060	10,639,878
Total financial assets at fair value	10,539,425	987,054	45,060	11,571,539
As at 31 December 2017 (Audited)				
Financial assets				
Investments at FVTPL:				
- United States of America (current)	22,650	--	--	22,650
- United States of America (non-current)	--	574,623	--	574,623
- Middle East (non-current)	--	332,894	--	332,894
	--	907,517	--	907,517
	22,650	907,517	--	930,167
Investments at FVOCI (non-current):				
- United States of America	10,393,386	75,037	45,060	10,513,483
- Middle East	698,113	--	--	698,113
	11,091,499	75,037	45,060	11,211,596
Total financial assets at fair value	11,114,149	982,554	45,060	12,141,763

*(ii) Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include, the use of quoted market prices or dealer quotes for similar instruments, observable market inputs and latest transaction price.

*(iii) Valuation process*

The Group has a team that performs / reviews the valuations of non-property items required for financial reporting purposes, including fair values of financial instruments. This team reports directly to the chief investment officer (CIO). Discussions of valuation processes and results are held between the CIO and the valuation team at least once every six months, in line with the group's half-yearly reporting periods.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion.

*(iv) Fair value of other financial instruments*

The group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates (mostly due to frequent re-pricing) or the instruments are short-term in nature.

The Group has determined that the fair values of these financial instruments at period end approximate their carrying amounts.

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**7 GAIN ON INVESTMENTS**

	31-Mar-18 --- SAR '000 --- (Unaudited)	31-Mar-17 --- SAR '000 --- (Unaudited)
Realized gain on sale of investments classified as FVTPL	--	234,827
Unrealized gain on investments classified as FVTPL	1,494	19,787
	<u>1,494</u>	<u>254,614</u>

**8 EQUITY-ACCOUNTED INVESTEEES**

	31-Mar-18 --- SAR '000 --- (Unaudited)	31-Dec-17 --- SAR '000 --- (Audited)
At beginning of the period / year	19,230,889	14,123,741
Additions during the period / year	--	5,802,455
Capital repayment and dividends from associates	--	(115,811)
Disposals during the period / year	--	(49,193)
Share in income	196,240	261,941
Transfer due to business combination	--	(1,042,753)
Transfer to investment at FVOCI	--	(111,349)
Share in other comprehensive income	27,738	(45,844)
Impairment loss recognized during the period / year	--	(37,261)
Unrealized exchange gain on translation	115,177	446,595
Other	(604)	(1,632)
At end of the period / year	<u>19,569,440</u>	<u>19,230,889</u>

**9 BORROWINGS**

	31-Mar-18 --- SAR '000 --- (Unaudited)	31-Dec-17 --- SAR '000 --- (Audited)
Kingdom Holding Company	3,931,205	4,303,123
Kingdom 5-KR-11 Limited	5,058,355	5,057,763
Kingdom KR-114 Limited	1,680,682	1,610,661
Kingdom 5-KR-35 Group	1,596,301	1,551,054
Kingdom Hotel Investments	412,930	433,671
Others	615,396	666,833
	<u>13,294,869</u>	<u>13,623,105</u>

The above outstanding balance is presented as follows:

	31-Mar-18 --- SAR '000 --- (Unaudited)	31-Dec-17 --- SAR '000 --- (Audited)
<u>Current</u>		
Short-term loans	--	2,208
Current portion of term loans	405,003	407,650
	<u>405,003</u>	<u>409,858</u>
<u>Non-current</u>		
Term loans, including long-term revolving facilities	12,889,866	13,213,247

**10 CONTINGENCIES AND COMMITMENTS**

The Group is a defendant in various legal claims arising in the normal course of business. Provision has been established for certain claims, based on the information presently available. Management believes that the existing liabilities provided for such claims are adequate. Any additional liabilities including any potential zakat and tax assessments that may result in connection with other claims are not expected to have a material effect on the Group's condensed consolidated statement of financial position or condensed consolidated statement of profit or loss.

There have been no significant change in contingencies, capital and operating lease commitments during the period.

**11 RELATED PARTY TRANSACTIONS**

The Company entered into various transactions with related parties at mutually agreed terms. These transactions, individually or in aggregate, are not material to the interim condensed consolidated financial statements.

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**12 SHARE CAPITAL**

The share capital as at 31 March 2018 and 31 December 2017 consists of 3,706 million authorized and issued shares at par value of SAR 10 each.

**13 OTHER RESERVES**

	Share in other comprehensive income of equity- accounted investees	Exchange differences on translation of foreign operations including equity- accounted investees --- SAR '000 ---	Re- measurements of employee benefit obligations	Total
At 1 January 2017	(29,291)	(474,495)	(13,943)	(517,729)
Share in other comprehensive income	(47,155)	--	--	(47,155)
Actuarial losses on employee benefit obligations during the year	1,311	--	2,457	3,768
Unrealised exchange loss for the period on retranslation of foreign operations	--	824,232	--	824,232
At 31 December 2017 (Audited)	(75,135)	349,737	(11,486)	263,116
Share in other comprehensive income	27,738	--	--	27,738
Unrealised exchange gain for the period on translation	--	259,325	--	259,325
At 31 March 2018 (Unaudited)	(47,397)	609,062	(11,486)	550,179

**14 DIVIDENDS DECLARATION**

The Board of Directors on 29<sup>th</sup> March 2018 exercised its authority provided by the shareholders of the Company and approved dividend distribution of SR 655.9 million to be paid in equal quarterly installments of SR 163.9 million.

**15 SUBSEQUENT EVENT**

Subsequent to the period end, the Company signed an agreement to sell its entire stake in Movenpick Hotels and Resorts AG (an Associate) to Accor S.A (another Associate). The transaction is expected to be completed in the second half of 2018.