



**KINGDOM HOLDING COMPANY**

**(A Saudi Joint Stock Company)**

**Interim Condensed Consolidated Financial  
Statements**

**For the three-month and nine-month periods ended  
30 September 2019  
(unaudited)**

**KINGDOM HOLDING COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019**

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## **REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

To the Shareholders of Kingdom Holding Company  
(A Saudi Joint Stock Company)

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Kingdom Holding Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2019 and the related condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated statements of changes in equity and cash flows for the nine-month period ended 30 September 2019 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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", as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements 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, as 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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**PriceWaterhouseCoopers**

Omar M. Al Sagga  
License Number 369

10 November 2019



**KINGDOM HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	30-Sep-19 (Unaudited)	31-Dec-18 Audited
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		864,398	953,429
Investments at fair value through profit or loss ("FVTPL")	6	-	3,763
Trade and other receivables		504,433	477,985
Prepayments and other current assets		340,580	206,360
Due from related parties		151,628	129,431
Assets held for sale		97,456	44,357
<b>Total current assets</b>		<b>1,958,495</b>	<b>1,815,325</b>
<b>Non-current assets</b>			
Investments at FVTPL	6, 7	2,630,797	2,606,096
Investments at fair value through other comprehensive income ("FVOCI")	6	10,218,666	7,873,434
Equity-accounted investees	8	19,811,217	19,158,568
Investment properties		4,276,994	4,198,664
Property, plant and equipment		6,760,011	7,114,581
Goodwill and intangible assets		1,917,372	1,938,330
Deferred tax assets		6,962	9,025
Other long term assets	11	28,301	156,673
<b>Total non-current assets</b>		<b>45,650,320</b>	<b>43,055,371</b>
<b>Total assets</b>	1	<b>47,608,815</b>	<b>44,870,696</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	9	4,896,226	4,021,510
Accounts payable, accrued expenses and other current liabilities		629,959	554,967
Zakat and income tax payable	11	59,687	400,405
Due to related parties		257,312	241,687
Dividends payable	13	327,971	163,985
<b>Total current liabilities</b>	1	<b>6,171,155</b>	<b>5,382,554</b>
<b>Non-current liabilities</b>			
Borrowings	9	9,072,852	9,255,415
Deferred tax liabilities		158,062	174,711
Employee benefit obligations		169,000	180,955
Other long term liabilities		46,329	27,990
<b>Total non-current liabilities</b>		<b>9,446,243</b>	<b>9,639,071</b>
<b>Total liabilities</b>		<b>15,617,398</b>	<b>15,021,625</b>
<b>Net assets</b>		<b>31,991,417</b>	<b>29,849,071</b>
<b>EQUITY</b>			
Share capital		37,058,823	37,058,823
Statutory reserve		733,589	733,589
Retained earnings		1,017,845	1,271,981
Fair value reserve for investments at FVOCI		(8,701,926)	(11,045,965)
Other reserves		(16,379)	(68,019)
Equity attributable to shareholders of the Company		30,091,952	27,950,409
Non-controlling interests		1,899,465	1,898,662
<b>Net equity</b>		<b>31,991,417</b>	<b>29,849,071</b>

The notes on pages 9 to 17 form an integral part of these condensed consolidated interim financial statements.



**KINGDOM HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Three-month period ended		Nine-month period ended	
	Note	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
<b>Revenues</b>					
Hotels and other operating revenues		432,357	433,243	1,257,062	1,396,180
Dividend income		57,285	50,651	158,348	122,637
(Loss) / gain on investments	7	(442,058)	(2,288)	24,835	307,769
<b>Total revenues</b>		<b>47,584</b>	<b>481,606</b>	<b>1,440,245</b>	<b>1,826,586</b>
 Hotels and other operating costs		 (313,620)	 (280,804)	 (852,558)	 (998,343)
<b>Gross (loss) / profit</b>		<b>(266,036)</b>	<b>200,802</b>	<b>587,687</b>	<b>828,243</b>
 General, administrative and marketing expenses	11	 (55,846)	 (107,218)	 (377,715)	 (365,266)
Reversal of impairment / (impairment) of financial assets	11	80,000	-	(42,844)	-
Share of results from equity-accounted investees	8	425,570	269,409	730,812	1,167,184
Other gains / (losses), net		85,356	60,111	81,402	(315,461)
 <b>Income from operations</b>		 <b>269,044</b>	 <b>423,104</b>	 <b>979,342</b>	 <b>1,314,700</b>
 Financial charges		 (157,640)	 (136,391)	 (453,642)	 (371,447)
 <b>Profit before zakat and income tax</b>		 <b>111,404</b>	 <b>286,713</b>	 <b>525,700</b>	 <b>943,253</b>
 Income tax		 (25,366)	 (34,991)	 (61,114)	 (48,702)
Zakat (provision) / reversal		(4,142)	4,322	(63,316)	(251,066)
 <b>Profit for the period</b>		 <b>81,896</b>	 <b>256,044</b>	 <b>401,270</b>	 <b>643,485</b>
 Profit for the period attributable to:					
- Owners of the Company		86,804	248,551	401,805	634,263
- Non-controlling interests		(4,908)	7,493	(535)	9,222
		<b>81,896</b>	<b>256,044</b>	<b>401,270</b>	<b>643,485</b>
 <b>Basic and diluted earnings per share (Saudi Riyals)</b>	14	 <b>0.02</b>	 <b>0.07</b>	 <b>0.11</b>	 <b>0.17</b>

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**KINGDOM HOLDING COMPANY**  
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended		Nine-month period ended	
		30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
<b>Profit for the period</b>		<b>81,896</b>	<b>256,044</b>	<b>401,270</b>	<b>643,485</b>
<b>Other comprehensive income / (loss):</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net changes in fair value of FVOCI equity investments		(238,075)	(327,513)	2,344,039	(707,806)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Share in other comprehensive income of equity-accounted investees	8	49,731	9,141	224,612	54,161
Exchange differences on translation of foreign operations		(105,560)	(117,291)	(170,349)	(22,829)
<b>Total comprehensive (loss) / income for the period</b>		<b>(212,008)</b>	<b>(179,619)</b>	<b>2,799,572</b>	<b>(32,989)</b>
<b>Total comprehensive (loss) / income for the period attributable to:</b>					
- Owners of the Company		(205,387)	(191,081)	2,797,484	(51,923)
- Non-controlling interests		(6,621)	11,462	2,088	18,934
		<b>(212,008)</b>	<b>(179,619)</b>	<b>2,799,572</b>	<b>(32,989)</b>

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**KINGDOM HOLDING COMPANY**  
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**For the nine-month period ended 30 September 2019**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investments at FVOCI	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Net equity
<b>Balance at 1 January 2019 (Audited)</b>	37,058,823	733,589	1,271,981	(11,045,965)	(68,019)	27,950,409	1,898,662	29,849,071
Profit / (loss) for the period	-	-	401,805	-	-	401,805	(535)	401,270
Net change in fair value of investment at FVOCI	-	-	-	2,344,039	-	2,344,039	-	2,344,039
Share in other comprehensive income of equity-accounted investees	-	-	-	-	224,612	224,612	-	224,612
Exchange differences on translation of foreign operations	-	-	-	-	(172,972)	(172,972)	2,623	(170,349)
<b>Total</b>	-	-	401,805	2,344,039	51,640	2,797,484	2,088	2,799,572
Change in non-controlling interests	-	-	-	-	-	-	(1,285)	(1,285)
<b>Transactions with owners in their capacity as owners:</b>								
Dividends declared (Note 13)	-	-	(655,941)	-	-	(655,941)	-	(655,941)
<b>Balance at 30 September 2019 (Unaudited)</b>	37,058,823	733,589	1,017,845	(8,701,926)	(16,379)	30,091,952	1,899,465	31,991,417

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**KINGDOM HOLDING COMPANY**  
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY** (continued)  
For the nine-month period ended 30 September 2018  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investments at FVOCI	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Net equity
<b>Balance at 1 January 2018</b> <b>(Audited)</b>	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	-	-	634,263	-	-	634,263	9,222	643,485
Net change in fair value of investment at FVOCI	-	-	-	(707,806)	-	(707,806)	-	(707,806)
Share in other comprehensive income of equity-accounted investees	-	-	-	-	54,161	54,161	-	54,161
Exchange differences on translation of foreign operations	-	-	-	-	(32,541)	(32,541)	9,712	(22,829)
<b>Total</b>	-	-	634,263	(707,806)	21,620	(51,923)	18,934	(32,989)
Change in non-controlling interests	-	-	-	-	-	-	(252,020)	(252,020)
<b>Transactions with owners in their capacity as owners:</b>								
Dividends declared (Note 13)	-	-	(655,941)	-	-	(655,941)	-	(655,941)
<b>Balance at 30 September 2018</b> <b>(Unaudited)</b>	37,058,823	665,426	1,292,379	(8,486,363)	284,736	30,815,001	1,918,412	32,733,413

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**KINGDOM HOLDING COMPANY**  
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Nine-month period ended	
	Note	30-Sep-19	30-Sep-18
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat and income tax		525,700	943,253
<u>Adjustments for non-cash items:</u>			
Depreciation and amortisation		129,400	151,224
Amortization of transaction costs		11,970	10,626
Gain on sale of investments classified as FVTPL	7	(134)	-
Unrealised loss on investments classified as FVTPL	7	(24,701)	(307,769)
Share of results from equity-accounted investees		(730,812)	(1,167,184)
Other losses / (gains), net		(81,402)	315,461
Impairment on financial assets		42,844	-
Dividend income		(158,348)	(122,637)
Financial charges		453,642	371,447
		<u>168,159</u>	<u>194,421</u>
<b>Changes in operating assets and liabilities</b>			
Trade and other receivables		36,903	159,326
Prepayments and other current assets		(134,220)	7,214
Due from related parties		(22,197)	(197,695)
Employee benefit obligations		(11,955)	(25,137)
Accounts payable, accrued expenses and other current liabilities		158,457	166,566
Due to related parties		15,625	(90,282)
Investments at FVTPL		-	(1,059,819)
Other long term assets		5,528	32,320
Other long term liabilities		18,339	(20,558)
Cash generated from / (utilized in) operations		<u>234,639</u>	<u>(833,644)</u>
Zakat and income tax paid		<u>(465,148)</u>	<u>(271,035)</u>
<b>Net cash utilized in operating activities</b>		<u>(230,509)</u>	<u>(1,104,679)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposal of equity accounted investee		52,891	774,251
Additions to equity accounted investee		(60,000)	-
Capital repayment and dividend received from equity accounted investee		156,079	321,137
Proceeds from sale of investments at FVTPL		3,897	-
Purchase of investments at FVOCI		(1,193)	57,428
Dividends received		158,348	122,637
Proceeds from disposal of assets held for sale		41,326	422,275
Property, plant and equipment, net		<u>(101,589)</u>	<u>379,742</u>
<b>Net cash generated from investing activities</b>		<u>249,759</u>	<u>2,077,470</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		3,927,514	376,015
Repayments of borrowings		(3,090,198)	(523,275)
Transactions with non-controlling interests		-	(242,308)
Dividends paid		(491,955)	(491,956)
Finance charges paid		<u>(453,642)</u>	<u>(371,447)</u>
<b>Net cash utilized in financing activities</b>		<u>(108,281)</u>	<u>(1,252,971)</u>
Net change in cash and bank balances		<u>(89,031)</u>	<u>(280,180)</u>
Cash and bank balances at the beginning of the period		<u>953,429</u>	<u>1,293,432</u>
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>		<u>864,398</u>	<u>1,013,252</u>

The notes on pages 9 to 17 form an integral part of these condensed consolidated interim financial statements.

**KINGDOM HOLDING COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019**  
*(All amounts in Saudi Riyals thousands unless otherwise stated)*

**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 Investment approved, pursuant to resolution number 128/S dated Jumad Al Awwal 18, 1428H (corresponding to 4 June 2007), the conversion of the Company into a joint stock company.

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

At 30 September 2019, the Group had net current liabilities amounting to Saudi Riyals 4.1 billion (31 December 2018: net current liabilities amounting Saudi Riyals 3.6 billion). This is mainly due to certain borrowing facilities maturing before 30 September 2020. During the nine-month period ended 30 September 2019, the Group has drawn down on three new loan facilities aggregating in total to Saudi Riyals 3.5 billion. At 30 September 2019, the undrawn amount of these three new facilities was Saudi Riyals 1.3 billion. Based on these new facilities, a review of the existing liquid investments portfolio and an analysis of cash flow projections over the next twelve months, management is confident that the Group will be able to meet its obligations as and when they fall due.

These condensed consolidated interim financial statements (the "consolidated financial statements") were authorized for issue by the Company's Board of Directors on 10 November 2019, corresponding to 13 Rabi-Awwal 1441.

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.

**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 (%)	
	30-Sep-19	30-Sep-18
<b><u>Subsidiaries</u></b>		
Kingdom Hotel Investments (KHI) - Cayman Islands	100.0	100.0
Kingdom 5 KR 35 Group (George V) - France (Direct and indirect ownership through KHI)	100.0	100.0
<b><u>Equity-accounted investees</u></b>		
Four Seasons Holding Inc. (FSH Inc.) – Canada	47.5	47.5
Accor S.A. – France	5.8	5.8
Mövenpick El Gouna	-	29.3

**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 58.96% ownership in Breezeroad Limited, a company which is incorporated in the Cayman Islands which in turn hold a 100% ownership in Savoy Hotels Limited in the United Kingdom.

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*(All amounts in Saudi Riyals thousands unless otherwise stated)*

**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:

	Ownership percentage (%)	
	30-Sep-2019	30-Sep-2018
<b><u>Subsidiaries</u></b>		
Kingdom Schools Company Limited (The School) - Saudi Arabia	47.0	47.0
Fashion Village Trading Company Limited (SAKS) - Saudi Arabia	71.8	71.8
Medical Services Projects Company Limited (MSPC) - Saudi Arabia	74.0	74.0
Consulting Clinic SAL (Clinic) – Lebanon	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
<b><u>Equity-accounted investees</u></b>		
National Air Services (NAS) - Saudi Arabia	37.1	34.1
Jeddah Economic Company (JEC) - Saudi Arabia	33.4	33.4
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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - "Interim Financial Reporting" ("IAS-34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

These condensed consolidated interim 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 2018. 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.

The interim results may not be an indicator of the annual results of the Group.

**2.2 Historical cost convention**

These condensed consolidated interim 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 condensed consolidated interim financial statements are presented in Saudi Riyals, which is the Company's functional and Group's presentation currency.

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**3 USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

The preparation of the Group's condensed consolidated interim 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 2018.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim 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 2018. Effective 1 January 2019, the Group has adopted IFRS 16 – Leases. The adoption of this standard has no significant impact on the Group's condensed consolidated interim financial statements.

**Standards issued but not yet effective**

The Group has not early adopted the following new standards, amendments and interpretations effective for annual periods on or after 1 January 2020.

		Effective for annual periods beginning on or after
Annual improvements to IFRSs 2015 – 2017 cycle	IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	1 January 2020
	IAS 12 Income Taxes	1 January 2020
	IAS 23 Borrowing Costs	1 January 2020
Uncertainty over Income Tax Treatments	IFRIC 23	1 January 2020
IFRS 17	Insurance contracts	1 January 2022

The Group does not expect any significant impact on its consolidated financial position or results of its operations as a result of these new standards and amendments.



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**5 SEGMENT INFORMATION**

The Group is a diversified organization and derives its revenues and profits from a variety of sources. The investment committee, comprising senior management and the Chief Executive Officer, organise and manage its operations by business segments and have identified the following 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 hospitals, pharmacies 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	Health care	All other segments	Total
<b>2019 (unaudited)</b>						
Total revenue						
For the three-month period ended 30 September	(384,773)	255,131	85,936	67,072	24,218	47,584
For the nine-month period ended 30 September	183,183	665,825	309,829	215,060	66,348	1,440,245
Net profit / (loss)						
For the three-month period ended 30 September	38,964	21,997	10,864	4,428	5,643	81,896
For the nine-month period ended 30 September	363,539	(46,383)	55,749	17,638	10,727	401,270
Total assets as at 30 September	34,455,014	6,266,963	6,218,346	425,983	242,509	47,608,815
Total liabilities as at 30 September	11,213,225	3,289,553	869,168	143,907	101,545	15,617,398
<b>Timing of revenue recognition</b>						
At point in time	N/A	Yes	N/A	Yes	N/A	-
Over a period of time	N/A	N/A	N/A	N/A	Yes	-
	Equity investments	Hotels	Real estate	Health care	All other segments	Total
<b>2018 (unaudited)</b>						
Total revenue						
For the three-month period ended 30 September	48,363	239,320	98,144	71,449	24,330	481,606
For the nine-month period ended 30 September	430,406	773,912	330,386	219,536	72,346	1,826,586
Net profit / (loss)						
For the three-month period ended 30 September	309,456	(70,208)	8,495	5,227	3,074	256,044
For the nine-month period ended 30 September	802,943	(221,995)	52,140	12,277	(1,880)	643,485
Total assets as of 31 December 2018	31,665,898	6,705,194	5,684,373	526,150	289,081	44,870,696
Total liabilities as of 31 December 2018	10,462,917	3,687,617	620,877	144,344	105,870	15,021,625
<b>Timing of revenue recognition</b>						
At point in time	N/A	Yes	N/A	Yes	N/A	-
Over a period of time	N/A	N/A	N/A	N/A	Yes	-

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

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**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 investments carried at FVOCI and FVTPL which are carried at fair values. These investments are all in equity securities.

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 indication 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 FVTPL and FVOCI 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 measured and recognised at fair value on a recurring basis including their levels in the fair value hierarchy at on a recurring basis:

	Level 1	Level 2	Level 3	Total
<b>As at 30 September 2019 (unaudited)</b>				
<b>Financial assets</b>				
<i>Investments at FVTPL:</i>				
- United States of America (non-current)	1,460,677	-	-	1,460,677
- France (non-current)	-	213,525	-	213,525
- Middle East (non-current)	-	956,595	-	956,595
	1,460,677	1,170,120	-	2,630,797
<i>Investments at FVOCI (non-current):</i>				
- United States of America	9,608,481	-	45,060	9,653,541
- Middle East	565,125	-	-	565,125
	10,173,606	-	45,060	10,218,666
<b>Total financial assets at fair value</b>	<b>11,634,283</b>	<b>1,170,120</b>	<b>45,060</b>	<b>12,849,463</b>
<b>As at 31 December 2018 (Audited)</b>				
<b>Financial assets</b>				
<i>Investments at FVTPL:</i>				
- United States of America (current)	3,763	-	-	3,763
- United States of America	-	1,720,918	-	1,720,918
- France	-	213,525	-	213,525
- Middle East	-	671,653	-	671,653
Total (non-current)	-	2,606,096	-	2,606,096
<i>Investments at FVOCI (non-current):</i>				
- United States of America	7,183,418	-	45,060	7,228,478
- Middle East	644,956	-	-	644,956
	7,828,374	-	45,060	7,873,434
<b>Total financial assets at fair value</b>	<b>7,832,137</b>	<b>2,606,096</b>	<b>45,060</b>	<b>10,483,293</b>

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**6 FAIR VALUE (continued)**

(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. Also see Note 11.

(iii) Valuation process

The Group has a team that performs / reviews the valuations 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 quarter, in line with the Group's reporting periods.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period.

(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 condensed consolidated interim statement of financial position. For the majority of these instruments, management has concluded that the fair values are not materially different from their carrying amounts.

(v) Transfers between levels 1 and 2 and changes in valuation techniques

See Note 7 with respect to transfer of investment in Lyft from Level 2 to Level 1.

**7 (LOSS) / GAIN ON INVESTMENTS**

	Three-month period ended		Nine-month period ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	Unaudited	Unaudited	Unaudited	Unaudited
Realized gain on sale of investments classified as FVTPL	-	-	134	-
Unrealized (loss) / gain on investments classified as FVTPL	(442,058)	(2,288)	24,701	307,769
	<b>(442,058)</b>	<b>(2,288)</b>	<b>24,835</b>	<b>307,769</b>

- On 25 March 2019, the Group announced it had signed an agreement to participate in a deal which will lead to a disposal of its entire investment in Careem to Uber. Management has concluded, based on their knowledge of the progress and current publicly available information that the progress of this transaction is very positive and the deal is expected to conclude by early 2020. As a result, the Group has valued its investment in Careem and recognized a gain amounting to Saudi Riyals 285 million during the three-month period ended 30 September 2019. The investment has been valued using various outcomes based methodology and applying probabilities to those outcomes.
- During the three-month period ended 31 March 2019, Lyft's shares became listed on the NASDAQ stock exchange. The Group had fair valued its investment since then using Lyft's quoted market price, less a discount for lack of marketability due to the restriction from selling its shares for a period of six months, which was lifted in the last week of September 2019. Therefore, as of 30 September 2019, Lyft has been valued using the quoted market price and this investment has now been transferred from Level 2 to Level 1. The share price of Lyft has decreased during the three-month period ended 30 September 2019 which has resulted in a loss amounting to Saudi Riyals 727 million.



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**8 EQUITY-ACCOUNTED INVESTEEES**

	<b>30-Sep-19</b> <b>(Unaudited)</b>	<b>31-Dec-18</b> <b>(Audited)</b>
At beginning of the period / year	19,158,568	19,230,889
Additions during the period / year	60,000	65,407
Capital repayment and dividends from associates	(156,079)	(387,470)
Disposals during the period / year	(52,891)	(577,883)
Share in income	730,812	1,176,330
Share in other comprehensive income / (loss)	224,612	(9,946)
Impairment loss recognised during the period / year	-	(200,000)
Unrealized exchange loss on translation	(153,805)	(144,582)
Other	-	5,823
At end of the period / year	<b>19,811,217</b>	<b>19,158,568</b>

The significant movements during 2018 have been explained in Note 13 to the annual consolidated financial statements for the year ended 31 December 2018.

**9 BORROWINGS**

	<b>30-Sep-19</b> <b>(Unaudited)</b>	<b>31-Dec-18</b> <b>(Audited)</b>
Kingdom Holding Company	5,343,728	4,502,545
Kingdom 5-KR-11 Limited	5,249,408	5,245,591
Kingdom 5-KR-35 Group	1,427,184	1,494,095
Kingdom KR-114 Limited	1,228,319	1,269,472
Others	720,439	765,222
	<b>13,969,078</b>	<b>13,276,925</b>

The above outstanding balance is presented as follows:

	<b>30-Sep-19</b> <b>(Unaudited)</b>	<b>31-Dec-18</b> <b>(Audited)</b>
Current portion of term loans	4,896,226	4,021,510
Term loan including long term revolving facility	9,072,852	9,255,415
	<b>13,969,078</b>	<b>13,276,925</b>

During the nine-month period ended 30 September 2019, the Group entered into new syndicated and revolving credit facilities with different commercial banks for Saudi Riyals 4.8 billion carrying interest based on Saudi Inter Bank Offered Rate ("SIBOR") and London Inter-Bank Offered Rate ("LIBOR") plus a spread and are secured against certain investments of the Group. The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 5 years. These new facilities include certain financial covenants with respect to minimum tangible net worth, consolidated EBIT, consolidated net commission costs, loan to value ratio, minimum standalone and consolidated total assets, debt service ratio and interest coverage ratio.

Included in the total borrowings are borrowings from a related party amounting to Saudi Riyals 324 million (2018: Saudi Riyals 357 million).

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**10 CONTINGENCIES AND COMMITMENTS**

The Group is a defendant in various legal claims arising in the normal course of business. Management believes that the provisions maintained for such claims are adequate and any additional liabilities that may result in connection with other claims are not expected to have a material effect on the Group's financial position or results of operations.

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

**11 OTHER SIGNIFICANT TRANSACTIONS DURING THE CURRENT REPORTING PERIOD**

- During 2018 and the six-month period ended 30 June 2019, the Company received assessments from the GAZT for the years 2011 to 2017 resulting in additional zakat which were being contested by management. Agreements were reached with the GAZT for these seven years and two payments amounting to Saudi Riyals 90 million (for 2011 and 2012 on 28 January 2019) and Saudi Riyals 254 million (for 2013 to 2017 on 24 July 2019) were made.

As a result of the above and upon final payment during July 2019, management has determined that certain provisions for legal and professional charges are no longer required and therefore an amount of Saudi Riyals 73 million has been released during the three-month period ended 30 September 2019.

- During the three-month period ended 30 September 2019, the Group has partially reversed a specific provision maintained against a trade receivable based on updated assumptions with respect to its collection. During the three-month period ended 31 March 2019, the Group has written-off a long term receivable amounting to Saudi Riyals 122 million. This amount was receivable for more than 5 years and management determined that it will not be able to recover this amount.

**12 RELATED PARTY TRANSACTIONS**

The Group enters into various other transactions with related parties at mutually agreed terms. Other than those mentioned specifically in these condensed consolidated interim financial statements, these transactions for the three-month period ended 30 September 2019, individually or in aggregate, are not material to the condensed consolidated interim financial statements.

**13 DIVIDENDS DECLARATION**

The General Assembly of the Company, in its annual meeting held on 20 Shawwal 1440H (corresponding to 23 June 2019), approved quarterly cash dividends distribution totaling to Saudi Riyals 656 million for the year as recommended by the Company's Board of Directors. The cash distributions have to be made to all shareholders on record as of the dates approved in the General Assembly meeting. The first and second dividend distribution was made to all shareholders on record as of the date approved in the General Assembly meeting. The fourth distribution of the dividend relating to the year ended 31 December 2018 was paid during the three-month period ended 31 March 2019.

**14 EARNINGS PER SHARE**

Earnings per share for the three-month and nine-month periods ended 30 September 2019 and 2018 have been computed by dividing the net income for each of the period by the number of shares outstanding during such period of 3,706 million shares.