



KINGDOM HOLDING COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial
Statements

For the three-month period ended
31 March 2019
(unaudited)

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
For the three-month period ended 31 March 2019

INDEX	PAGE
Report on review of condensed consolidated interim financial statements	2
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of comprehensive income	5
Condensed consolidated interim statement of changes in equity	6 - 7
Condensed consolidated interim statement of cash flows	8
Notes to the condensed consolidated interim financial statements	9 - 16



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 31 March 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended 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 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

12 May 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	31-Mar-19 (Unaudited)	31-Dec-18 Audited
ASSETS			
Current assets			
Cash and bank balances		701,693	953,429
Investments at fair value through profit or loss ("FVTPL")	6	-	3,763
Trade and other receivables		464,686	477,985
Prepayments and other current assets		174,137	206,360
Due from related parties		140,601	129,431
Assets held for sale		130,787	44,357
Total current assets		1,611,904	1,815,325
Non-current assets			
Investments at fair value through profit or loss ("FVTPL")	6	3,072,855	2,606,096
Investments at fair value through other comprehensive income ("FVOCI")	6	9,573,340	7,873,434
Equity-accounted investees	8	19,302,704	19,158,568
Investment properties		4,197,970	4,198,664
Property and equipment		6,853,781	7,114,581
Goodwill and intangible assets		1,967,772	1,938,330
Deferred tax assets		8,633	9,025
Other long term assets		29,050	156,673
Total non-current assets		45,006,105	43,055,371
Total assets		46,618,009	44,870,696
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Borrowings	9	7,618,198	4,021,510
Accounts payable, accrued expenses and other current liabilities		522,317	554,967
Zakat and income tax payable		408,588	400,405
Due to related parties		230,704	241,687
Dividends payable	15	655,941	163,985
Total current liabilities		9,435,748	5,382,554
Non-current liabilities			
Borrowings	9	5,577,103	9,255,415
Deferred tax liabilities		162,562	174,711
Employee benefit obligations		171,896	180,955
Other long term liabilities		50,521	27,990
Total non-current liabilities		5,962,082	9,639,071
Total liabilities		15,397,830	15,021,625
Net assets		31,220,179	29,849,071
EQUITY			
Share capital	13	37,058,823	37,058,823
Statutory reserve		733,589	733,589
Retained earnings		787,442	1,271,981
Fair value reserve for investments at FVOCI		(9,347,239)	(11,045,965)
Other reserves	14	91,967	(68,019)
Equity attributable to shareholders of the Company		29,324,582	27,950,409
Non-controlling interests		1,895,597	1,898,662
Total equity		31,220,179	29,849,071

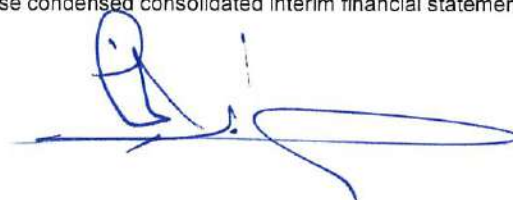
The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial statements.

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)

	Notes	Three-month periods ended	
		31-Mar-19	31-Mar-18
Revenues			
Hotels and other operating revenues		411,673	475,500
Dividend income		50,532	36,053
Gain on investments at FVTPL	7	466,893	1,494
Total revenues		929,098	513,047
Hotels and other operating costs		(302,033)	(351,281)
Gross profit		627,065	161,766
General, administrative and marketing expenses	11	(182,394)	(73,494)
Share of results from equity-accounted investees	8	119,287	196,240
Other losses, net	11	(111,203)	(12,695)
Income from operations		452,755	271,817
Financial charges		(144,263)	(99,959)
Profit before zakat and income tax		308,492	171,858
Income tax		(16,859)	(14,493)
Zakat	11	(111,286)	(15,925)
Profit for the period		180,347	141,440
Profit for the period attributable to:			
- Owners of the Company		171,402	143,042
- Non-controlling interests		8,945	(1,602)
		180,347	141,440
Basic and diluted earnings per share (Saudi Riyals)	16	0.05	0.04

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial statements.




KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

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

	Note	Three-month periods ended	
		31-Mar-19	31-Mar-18
Profit for the period		180,347	141,440
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Net changes in fair value of investments at FVOCI		1,698,726	(576,218)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share in other comprehensive income of equity-accounted investees	8	98,887	27,738
Exchange differences on translation of foreign operations		49,767	263,086
Total comprehensive income/(loss) for the period		2,027,727	(143,954)
Total comprehensive income/(loss) for the period attributable to:			
- Owners of the Company		2,030,114	(146,113)
- Non-controlling interests		(2,387)	2,159
		2,027,727	(143,954)

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial statements.




KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three-month periods ended 31 March 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	Total equity
Balance at 1 January 2019 (Audited)	37,058,823	733,589	1,271,981	(11,045,965)	(68,019)	27,950,409	1,898,662	29,849,071
Profit for the period	-	-	171,402	-	-	171,402	8,945	180,347
Net change in fair value of investments at FVOCI	-	-	-	1,698,726	-	1,698,726	-	1,698,726
Share in other comprehensive income of equity-accounted investees (Note 8)	-	-	-	-	98,887	98,887	-	98,887
Exchange differences on translation of foreign operations	-	-	-	-	61,099	61,099	(11,332)	49,767
Total	-	-	171,402	1,698,726	159,986	2,030,114	(2,387)	2,027,727
Change in non-controlling interests	-	-	-	-	-	-	(678)	(678)
Transactions with owners:								
Dividends declared (Note 15)	-	-	(655,941)	-	-	(655,941)	-	(655,941)
Balance at 31 March 2019 (Unaudited)	37,058,823	733,589	787,442	(9,347,239)	91,967	29,324,582	1,895,597	31,220,179

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial statements.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the three-month periods ended 31 March 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	Total equity
Balance at 1 January 2018 (Audited)	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
Net change in fair value of investments at FVOCI	-	-	-	(576,218)	-	(576,218)	-	(576,218)
Share in other comprehensive income of equity-accounted investees (Note 8)	-	-	-	-	27,738	27,738	-	27,738
Exchange differences on translation of foreign operations	-	-	-	-	259,325	259,325	3,761	263,086
Total	-	-	143,042	(576,218)	287,063	(146,113)	2,159	(143,954)
Change in non-controlling interests	-	-	-	-	-	-	(240,079)	(240,079)
Transactions with owners:								
Dividends declared (Note 15)	-	-	(655,941)	-	-	(655,941)	-	(655,941)
Balance at 31 March 2018 (Unaudited)	37,058,823	665,426	801,158	(8,354,775)	550,179	30,720,811	1,913,578	32,634,389

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial statements.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

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

	Notes	Three-month periods ended	
		31-Mar-19	31-Mar-18
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		308,492	171,858
<i>Adjustments for non-cash items:</i>			
Depreciation and amortisation		75,561	77,732
Unrealised gain on investments classified as FVTPL	7	(466,759)	(1,494)
Amortization of transaction costs		3,990	3,688
Goodwill written off		-	63,750
Share of results from equity-accounted investees	8	(119,287)	(196,240)
Impairment of long term assets		111,203	-
		(86,800)	119,294
Changes in operating assets and liabilities			
Trade and other receivables		1,150	(69,205)
Prepayments and other current assets		32,223	48,967
Due from related parties		(11,170)	12,036
Employee benefit obligations, net		(9,059)	2,780
Accounts payable, accrued expenses and other current liabilities		(32,258)	(149,560)
Due to related parties		(10,983)	12,846
Other long term assets		16,420	1,661
Other long term liabilities		22,531	20,217
Cash utilized in operations		(77,946)	(964)
Zakat and income tax paid		(119,962)	(967)
Net cash utilized in operating activities		(197,908)	(1,931)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment at FVOCI		2,583	422,275
Property and equipment, net		279,618	(45,781)
Asset held for sale, net		(86,430)	-
Net cash generated from investing activities		195,771	376,494
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings, net		(85,614)	(426,686)
Transactions with non-controlling interests		-	(240,079)
Dividends paid		(163,985)	(163,985)
Net cash utilized in financing activities		(249,599)	(830,750)
Net change in cash and cash equivalents		(251,736)	(456,187)
Cash and bank balances at the beginning of the period		953,429	1,293,432
Cash and cash equivalents at the end of the period		701,693	837,245

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim financial statements.

KINGDOM HOLDING COMPANY
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Notes to the condensed consolidated interim financial statements
For the three-month periods ended 31 March 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 Awwal 18, 1428H (corresponding to 4 June 2007), and the conversion of the Company into a joint stock company.

The Company and its subsidiaries (the "Group") carry out activities through the entities listed below. The principal activities of the Group are hotel management and operations, commercial services, education, investment 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
66th Floor, Kingdom Centre
P.O. Box 1, Riyadh 11321
Kingdom of Saudi Arabia

At 31 March 2019, the Group had net current liabilities amounting to Saudi Riyals 7.82 billion (31 December 2018: net current liabilities amounting Saudi Riyals 3.4 billion). This is mainly due to certain borrowing facilities maturing before 31 March 2020. During the three-month period ended 31 March 2019 the Group has drawn down on a new loan facility and signed two additional borrowing facilities, aggregating in total to Saudi Riyals 3.4 billion. Based on these new facilities, a review of the existing investments portfolio, potential renegotiation of terms of existing loans facilities 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 4 Ramadan 1440H, corresponding to 9 May 2019.

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-19	31-Mar-18
<u>Subsidiaries</u>		
Kingdom Hotel Investments (KHI) - Cayman Islands	100.0	100.0
Kingdom 5 KR 35 Group (George V) - France <i>(Direct and indirect ownership through KHI)</i>	100.0	100.0
<u>Equity-accounted investees</u>		
Four Seasons Holding Inc. (FSH Inc.) - Canada	47.5	47.5
Mövenpick Hotels and Resorts AG (Mövenpick) - Switzerland	-	33.3
Accor S.A. - France	5.8	5.8
Movenpick El Gouna	29.3	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 holds a 100% ownership in Savoy Hotels Limited in the United Kingdom.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month periods ended 31 March 2019

(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 (%)	
	31-Mar-2019	31-Dec-2018
<u>Subsidiaries</u>		
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
<u>Equity-accounted investees</u>		
National Air Services (NAS) - Saudi Arabia	34.1	34.1
Jeddah Economic City 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 that are 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 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.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month periods ended 31 March 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 recognized 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 2021

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.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month periods ended 31 March 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

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, organize 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 organized 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.

	Equity investments	Hotels	Real estate	Health care	All other segments	Total
2019 (Unaudited)						
Total revenue for the three-month period ended 31 March 2019	517,424	204,553	111,654	74,335	21,132	929,098
Net profit / (loss) for the three-month period ended 31 March 2019	172,281	(28,599)	28,222	5,279	3,164	180,347
Total assets as of 31 March 2019	33,598,857	6,507,382	5,712,868	542,723	256,179	46,618,009
Total liabilities as of 31 March 2019	11,096,949	3,411,284	612,787	153,980	122,830	15,397,830
Timing of revenue recognition						
At point in time	N/A	Yes	N/A	Yes	N/A	-
Over a period of time	N/A	N/A	Yes	N/A	Yes	-
	Equity investments	Hotels	Real estate	Health care	All other segments	Total
2018 (audited)						
Total revenue for the three-month period ended 31 March 2018	37,547	255,506	119,193	77,200	23,601	513,047
Net profit / (loss) for the three-month period ended 31 March 2018	99,037	14,535	25,359	4,219	(1,710)	141,440
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	3,687,817	620,877	144,344	105,870	15,021,625
Timing of revenue recognition						
At point in time	N/A	Yes	N/A	Yes	N/A	-
Over a period of time	N/A	N/A	Yes	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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(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month periods ended 31 March 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 recognized at fair value on a recurring basis including their levels in the fair value hierarchy at 31 March 2019 on a recurring basis:

	Level 1	Level 2	Level 3	Total
As at 31 March 2019 (Unaudited)				
Financial assets				
<i>Investments at FVTPL:</i>				
- United States of America (non-current)	-	2,187,677	-	2,187,677
- France (non-current)	-	213,525	-	213,525
- Middle East (non-current)	-	671,653	-	671,653
Total non-current	-	3,072,855	-	3,072,855
<i>Investments at FVOCI (non-current):</i>				
- United States of America	8,761,382	-	45,060	8,806,442
- Middle East	766,898	-	-	766,898
Total non-current	9,528,280	-	45,060	9,573,340
Total financial assets at fair value	9,528,280	3,072,855	45,060	12,646,195
As at 31 December 2018 (Audited)				
Financial assets				
<i>Investments at FVTPL:</i>				
- United States of America (current)	3,763	-	-	3,763
- United States of America (non-current)	-	1,720,918	-	1,720,918
- France (non-current)	-	213,525	-	213,525
- Middle East (non-current)	-	671,653	-	671,653
	3,763	2,806,096	-	2,609,859
<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
Total financial assets at fair value	7,832,137	2,606,096	45,060	10,483,293

KINGDOM HOLDING COMPANY
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Notes to the condensed consolidated interim financial statements
For the three-month periods ended 31 March 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

6 FAIR VALUE (continued)

Also see Note 11.

(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 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 2 and 3 and changes in valuation techniques

There have been no transfer of equity securities between levels 2 and 3 during the three-month period ended 31 March 2019. Also, there were no changes made to any of the valuation techniques applied as at 31 December 2018.

7 GAIN ON INVESTMENTS AT FVTPL

	<u>Three-month periods ended</u>	
	31-Mar-19	31-Mar-18
Realized gain on sale of investments classified as FVTPL	134	-
Unrealized gain on investments classified as FVTPL (Note 11)	466,759	1,494
	<u>466,893</u>	<u>1,494</u>

8 EQUITY-ACCOUNTED INVESTEEES

	31-Mar-19	31-Dec-18
At beginning of the period / year	19,158,568	19,230,889
Additions during the period / year	-	65,407
Capital repayment and dividends from associates	-	(387,470)
Disposals during the period / year	-	(577,883)
Share in income	119,287	1,176,330
Share in other comprehensive income / (loss)	98,887	(9,946)
Impairment loss recognized during the period / year	-	(200,000)
Unrealized exchange loss on translation	(74,038)	(144,582)
Other	-	5,823
At end of the period / year	<u>19,302,704</u>	<u>19,158,568</u>

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

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month periods ended 31 March 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

9 BORROWINGS

	31-Mar-19	31-Dec-18
Kingdom 5-KR-11 Limited	5,243,815	5,245,591
Kingdom Holding Company	4,609,422	4,502,545
Kingdom 5-KR-35 Group	1,459,759	1,494,095
Kingdom KR-114 Limited	1,299,438	1,269,472
Kingdom Hotel Investments	56,112	233,154
Others	526,755	532,068
	13,195,301	13,276,925

The above outstanding balance is presented as follows:

	31-Mar-19	31-Dec-18
<u>Current</u>		
Current portion of term loans	7,618,198	4,021,510
Term loans, including long-term revolving facilities	5,577,103	9,255,415
	13,195,301	13,276,925

Included in the total borrowings are borrowings from a related party amounting to Saudi Riyals 364 million (2018: Saudi Riyals 357 million).

10 CONTINGENCIES AND COMMITMENTS

The Group is a defendant in various legal claims arising in the normal course of business. Based on the information presently available, there are no significant claims, other than those mentioned in Note 11 below, against the Group requiring a provision. Management believes that the provisions maintained for such claims are adequate. Any additional liabilities including any potential zakat assessments (Note 11) 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 change in contingencies, capital and operating lease commitments during the period.

11 OTHER SIGNIFICANT TRANSACTIONS DURING THE CURRENT REPORTING PERIOD

- During the three-month period ended 31 March 2019, Lyft's shares became listed on NASDAQ. The Group has fair valued its investment in Lyft at 31 March 2019 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 will be lifted in the last week of September 2019. This discount has been valued using a put option pricing model.
- On 25 March 2019, the Group announced it has signed an agreement to participate in a deal which will lead to a disposal of its entire investment in Careem to Uber. The Group will record the impact of this transaction in the next nine to twelve months after the completion of certain legal and regulatory procedures relating to this transaction. At this stage, management believes that the deal is at an early stage and the final selling price is not indicative of the fair value of the investment at 31 March 2019. As a result, no material adjustment is required to the 2018 year end carrying value.
- During 2018, the Company received assessment from the GAZT for the years 2011 and 2012 resulting in additional zakat assessment. Management contested the matters included in the assessment and filed an appeal providing its detailed arguments against the assessment. An agreement has been reached with the GAZT for these two years and the payment amounting to Saudi Riyals 90 million has been made on 28 January 2019.

Due to on-going discussions with the GAZT and an assessment received for the years 2013-2014 during the three-month period ended 31 March 2019, management has increased the overall provisions recorded for the open years from 2013 to 2018. This has resulted in an additional charge amounting to Saudi Riyals 96 million that has been recorded in the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2019. Based on advice from the zakat consultant and based on precedence made as a result of the settlements made during 2018 and 2019, management believes that the eventual outcome for the open assessment years from 2013 to 2018 will not result in any additional material liability.

- 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.
- The Group has received a legal claim for which it is going into arbitration. Based on legal advice, the Group has recorded a provision amounting to Saudi Riyals 92 million during the three-month period ended 31 March 2019.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month periods ended 31 March 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 31 March 2019, individually or in aggregate, are not material to the condensed consolidated interim financial statements.

13 SHARE CAPITAL

The share capital as at 31 March 2019 and 31 December 2018 consists of 3,706 million authorized and issued shares at a par value of Saudi Riyals 10 each.

14 OTHER RESERVES

	Share in other comprehensive income of equity-accounted investees	Exchange differences on translation of foreign operations including equity-accounted investees	Re-measurement of employee benefit obligations	Total
At 1 January 2018 (Audited)	(75,135)	349,737	(11,466)	263,116
Share in other comprehensive loss (Note 8)	(4,667)	-	-	(4,667)
Actuarial losses on re-measurement of employee benefit obligations during the year	(5,279)	-	(597)	(5,876)
Unrealized exchange loss for the period on translation of foreign operations	-	(320,592)	-	(320,592)
At 31 December 2018 (Audited)	(85,081)	29,145	(12,083)	(68,019)
Share in other comprehensive income (Note 8)	98,887	-	-	98,887
Unrealized exchange gain for the period on translation of foreign operations	-	61,099	-	61,099
At 31 March 2019 (Unaudited)	13,806	90,244	(12,083)	91,967

15 DIVIDENDS DECLARATION

The Board of Directors on 28 March 2019 exercised its authority provided by the shareholders of the Company and approved dividend distribution of Saudi Riyals 655.9 million to be paid in equal quarterly instalments of Saudi Riyals 163.9 million. 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.

16 EARNINGS PER SHARE

Earnings per share for the three-month period ended 31 March 2019 and 2018 have been computed by dividing the profit for each of the period presented by the number of shares outstanding during such period amounting to 3,706 million shares.