

**Al Kout Industrial Projects Company  
K.P.S.C. and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**31 MARCH 2019**

## **INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL KOUT INDUSTRIAL PROJECTS COMPANY K.P.S.C.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Kout Industrial Projects Company K.P.S.C. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 31 March 2019, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

### *Scope of review*

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

### *Conclusion*

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

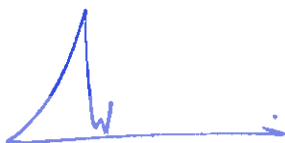
### *Other Matter*

The consolidated financial statements of the Group for the year ended 31 December 2018 and the interim condensed consolidated financial information for the three-month period ended 31 March 2018, were audited and reviewed, respectively, by another auditor who expressed an unmodified opinion and conclusion on those statements on 25 March 2019 and 22 May 2018, respectively.

**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL KOUT INDUSTRIAL PROJECTS COMPANY K.P.S.C. (continued)**

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



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BADER A. AL-ABDULJADER  
LICENCE NO. 207 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

8 September 2019  
Kuwait

Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the period ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 KD	2018 KD
Revenue from contracts with customers		6,648,339	7,072,450
Cost of sales		(4,229,873)	(3,841,450)
<b>GROSS PROFIT</b>		<b>2,418,466</b>	<b>3,231,000</b>
Other income		152,538	29,876
Selling and distribution expenses		(171,935)	(150,025)
General and administrative expenses		(699,254)	(714,751)
Changes in fair value of financial assets at fair value through profit or loss		398,624	(150,332)
Net foreign exchange differences		18,588	(28,226)
<b>OPERATING PROFIT</b>		<b>2,117,027</b>	<b>2,217,542</b>
Share of results of an associate	5	51,134	48,772
Finance costs		(16,754)	(42,154)
<b>PROFIT BEFORE TAX</b>		<b>2,151,407</b>	<b>2,224,160</b>
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(21,003)	(21,754)
National Labour Support Tax ("NLST")		(52,358)	(56,302)
Zakat		(20,432)	(22,033)
Directors' remuneration		(18,400)	(21,875)
<b>PROFIT FOR THE PERIOD</b>		<b>2,039,214</b>	<b>2,102,196</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	4	<b>20.21 Fils</b>	<b>20.83 Fils</b>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

**Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
For the period ended 31 March 2019

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2019</i>	<i>2018</i>
		<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>		<b>2,039,214</b>	<b>2,102,196</b>
<b>Other comprehensive income (loss)</b>			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Share of other comprehensive income of an associate	5	30,446	18,269
Exchange differences on translation of foreign operations		(879)	(30,191)
<b>Other comprehensive income (loss) for the period</b>		<b>29,567</b>	<b>(11,922)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,068,781</b>	<b>2,090,274</b>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2019

		(Audited)	
	Notes	31 March 2019 KD	31 December 2018 KD
			31 March 2018 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		15,847,293	14,845,751
Intangible asset		300,900	318,600
Investment in an associate	5	7,062,737	6,981,157
Goodwill		4,937,402	4,937,402
		<u>28,148,332</u>	<u>27,082,910</u>
			<u>26,945,739</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		1,438,285	1,039,661
Inventories		2,722,798	2,645,916
Accounts receivable and prepayments		10,237,856	9,634,375
Cash and short-term deposits	6	733,241	927,588
		<u>15,132,180</u>	<u>14,247,540</u>
			<u>15,994,839</u>
<b>TOTAL ASSETS</b>		<u><u>43,280,512</u></u>	<u><u>41,330,450</u></u>
			<u><u>42,940,578</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	10,090,080	10,090,080
Statutory reserve		5,186,422	5,186,422
Voluntary reserve		5,148,415	5,148,415
Share of an associate's reserves		(2,605,805)	(2,636,251)
Foreign currency translation reserve		549,256	550,135
Retained earnings		14,854,387	12,815,173
<b>Total equity</b>		<u>33,222,755</u>	<u>31,153,974</u>
			<u>31,863,365</u>
<b>Non-current liabilities</b>			
Borrowings		947,368	1,000,000
Employees' end of service benefits		2,235,952	2,293,006
Accounts payable and accruals		508,371	-
		<u>3,691,691</u>	<u>3,293,006</u>
			<u>7,177,924</u>
<b>Current liabilities</b>			
Borrowings		-	35,000
Accounts payable and accruals		5,670,006	5,574,996
Bank overdrafts	6	696,060	1,308,474
		<u>6,366,066</u>	<u>6,883,470</u>
			<u>3,899,289</u>
<b>Total liabilities</b>		<u>10,057,757</u>	<u>10,176,476</u>
			<u>11,077,213</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>43,280,512</u></u>	<u><u>41,330,450</u></u>
			<u><u>42,940,578</u></u>

Nawaf Arhamah Salim Arhamah  
Deputy Chairman



The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2019 (Unaudited)

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Share of an associate's reserves KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Total KD
As at 1 January 2019	10,090,080	5,186,422	5,148,415	(2,636,251)	550,135	-	12,815,173	31,153,974
Profit for the period	-	-	-	-	-	-	2,039,214	2,039,214
Other comprehensive income (loss) for the period	-	-	-	30,446	(879)	-	-	29,567
Total comprehensive income (loss) for the period	-	-	-	30,446	(879)	-	2,039,214	2,068,781
<b>As at 31 March 2019</b>	<b>10,090,080</b>	<b>5,186,422</b>	<b>5,148,415</b>	<b>(2,605,805)</b>	<b>549,256</b>	<b>-</b>	<b>14,854,387</b>	<b>33,222,755</b>
As at 1 January 2018	10,090,080	5,186,422	5,148,415	304,072	527,064	(162,097)	11,549,034	32,642,990
Impact of adopting IFRS 9 at 1 January 2018	-	-	-	(3,007,456)	-	162,097	(24,540)	(2,869,899)
Balance as at 1 January 2018 (Restated)	10,090,080	5,186,422	5,148,415	(2,703,384)	527,064	-	11,524,494	29,773,091
Profit for the period	-	-	-	-	-	-	2,102,196	2,102,196
Other comprehensive income (loss) for the period	-	-	-	18,269	(30,191)	-	-	(11,922)
Total comprehensive income / (loss) for the period	-	-	-	18,269	(30,191)	-	2,102,196	2,090,274
<b>As at 31 March 2018</b>	<b>10,090,080</b>	<b>5,186,422</b>	<b>5,148,415</b>	<b>(2,685,115)</b>	<b>496,873</b>	<b>-</b>	<b>13,626,690</b>	<b>31,863,365</b>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the three months ended 31 March 2019

	Note	Three months ended 31 March	
		2019 KD	2018 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before tax and directors' remuneration		2,151,407	2,224,160
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation		811,939	778,203
Gain on disposal of property, plant and equipment		-	969
Changes in fair value of financial assets at fair value through profit or loss		(398,624)	150,332
Share of results of an associate		(51,134)	(48,772)
Provision for employees' end of service benefits		70,310	65,255
Finance costs		16,754	42,154
		<u>2,600,652</u>	<u>3,212,301</u>
<i>Working capital adjustments:</i>			
Inventories		(76,882)	(172,620)
Accounts receivable and prepayments		(603,481)	(236,289)
Accounts payable and accruals		(252,959)	(320,967)
Cash flows from operations		<u>1,667,330</u>	<u>2,482,425</u>
Employees' end of service benefits paid		(127,364)	(37,353)
<b>Net cash flows from operating activities</b>		<u>1,539,966</u>	<u>2,445,072</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,043,419)	(414,891)
Proceeds from disposal of property, plant and equipment		-	4,044
Net movement in term deposits		-	(5,449,365)
<b>Net cash flows used in investing activities</b>		<u>(1,043,419)</u>	<u>(5,860,212)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		947,368	5,000,000
Repayment of borrowings		(1,000,000)	(467,837)
Finance costs paid		(16,754)	(42,154)
<b>Net cash flows (used in) from financing activities</b>		<u>(69,386)</u>	<u>4,490,009</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		(380,886)	2,608,676
Net foreign exchange differences		(9,094)	3,766
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	6	<u>37,181</u>	<u>3,687,311</u>
<b>NON-CASH ITEMS</b>			
Transitional adjustment to accounts receivable and prepayments on adoption of IFRS 16 (Adjusted with accounts receivable and prepayments)		14,970	-
Transitional adjustment to accounts payable and accruals on adoption of IFRS 16 (Adjusted with accounts payable and accruals)		744,147	-
Transitional adjustment to property, plant and equipment on adoption of IFRS 16 (Adjusted with additions property, plant and equipment)		(759,117)	-
<b>TOTAL NON-CASH ITEMS</b>		<u>-</u>	<u>-</u>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

**1 CORPORATE INFORMATION**

The interim condensed consolidated financial information of Al Kout Industrial Projects Company K.P.S.C. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the three months ended 31 March 2019 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 5 September 2019.

The consolidated financial statements of the Group for the year ended 31 December 2018 were approved in the annual general assembly meeting (AGM) of the shareholders of the Parent Company held on 30 April 2019.

The Parent Company is a Kuwaiti Shareholding Company incorporated and domiciled in Kuwait, whose shares are publically traded on Boursa Kuwait. The Parent Company registered office is located in Hamra Tower 18<sup>th</sup> Floor, Abdulaziz Al Sayer street, Sharq, Kuwait.

The principal activities of the Group are, as follows:

- ▶ Import, storage and distribution of cement and other bulk materials; establishing, operating and managing storage silos; acquiring interest in other companies engaged in similar activities and investing surplus funds through portfolio managers in shares of investment and real estate companies.
- ▶ Production of chlorine and salt, steel drums to fill soda solid and other petrochemical products (after approval of Public Authority for Industry).
- ▶ Transport Company's products inside and outside the State of Kuwait according to Company's objectives.
- ▶ Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or drawings and any other rights thereto, and renting thereof to other companies whether inside or outside Kuwait.
- ▶ Acquisition of movables and properties necessary for the Parent Company to practice its activities pursuant to the limits prescribed by law.
- ▶ Investing surplus funds in portfolios managed by specialized financial companies.
- ▶ The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad. The Group may also purchase such entities or affiliate them.

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

The interim condensed consolidated financial information of the Group, for the three months ended 31 March 2019 has been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34").

The interim condensed consolidated financial information does not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

**2.2 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the changes in accounting policies and the nature and effect of these changes as described in Note 3 below on account of adoption of IFRS 16 'Leases'.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group.

Certain prior period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity, total assets and profit for the period then ended.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

**3 IMPACT OF ADOPTION OF NEW STANDARD**

The Group has adopted IFRS 16 issued in January 2016 with a date of initial application of 1 January 2019. IFRS 16 replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Group, as a lessee, has adopted the following accounting policy in respect of its leases:

At inception of a contract, the Group assesses whether the contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. If the contract is identified as a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective profit rate method.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. Lease liabilities and right-of-use of assets were both recorded at the present value of future lease payments, thus no impact was recorded on the retained earnings as at 1 January 2019. The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'accounts payable and accruals' in the interim condensed consolidated financial information.

The impact on the interim condensed consolidated statement of financial position (increase/ (decrease)) as at 1 January 2019:

	<i>KD</i>
<b>Assets</b>	
Property, plant and equipment	759,117
Accounts receivable and prepayments	(14,970)
<b>Total assets</b>	<b>744,147</b>
<b>Liabilities</b>	
Accounts payable and accruals	744,147
<b>Total liabilities</b>	<b>744,147</b>

The Group has discounted its future lease obligations using an incremental borrowing rate which is determined at 3.75% at the reporting date.

	<i>Three months ended 31 March 2019 KD</i>
Depreciation expense of right-of-use assets	41,969
Finance cost on lease liabilities	2,842
<b>Total amounts recognised in interim condensed consolidated statement of profit or loss</b>	<b>44,811</b>

As a result of adoption of IFRS 16, general and administrative expenses are lower, and depreciation expense is higher to the extent of KD 41,969.

# Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

### 4 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
Profit for the period (KD)	<b>2,039,214</b>	2,102,196
Weighted average number of shares outstanding during the period (shares)	<b>100,900,800</b>	100,900,800
Basic and diluted EPS (fiils)	<b>20.21</b>	20.83

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

### 5 INVESTMENT IN AN ASSOCIATE

Name	Principal activities	Country of incorporation	Equity interest			Carrying amount		
			%					
			<i>31</i>			<i>31</i>		
			<i>December</i>			<i>December</i>		
			<i>31 March</i>	<i>2018</i>	<i>31 March</i>	<i>31 March</i>	<i>2018</i>	<i>31 March</i>
			<i>2019</i>	<i>(Audited)</i>	<i>2018</i>	<i>2019</i>	<i>(Audited)</i>	<i>2018</i>
						<i>KD</i>	<i>KD</i>	<i>KD</i>
Al Dorra Petroleum Services Company K.S.C. (Closed) (Al Dorra)	Petroleum services to oil and gas sector	Kuwait	37.99%	37.99%	37.99%	<b>7,062,737</b>	6,981,157	6,752,303
						<i>(Audited)</i>		
						<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
						<i>2019</i>	<i>2018</i>	<i>2018</i>
						<i>KD</i>	<i>KD</i>	<i>KD</i>
Opening balance						<b>6,981,157</b>	9,432,875	9,432,875
Impact on adoption of IFRS 9						-	(2,747,613)	(2,747,613)
Share of profit						<b>51,134</b>	228,762	48,772
Share of other comprehensive income						<b>30,446</b>	67,133	18,269
Group's carrying amount of investment in an associate						<b>7,062,737</b>	6,981,157	6,752,303

# Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

### 6 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
Cash on hand	23,188	24,274	14,610
Bank balances	710,053	903,314	1,683,691
Short-term deposits with a maturity of three months or less	-	-	1,989,010
<b>Total cash and short-term deposits</b>	<b>733,241</b>	<b>927,588</b>	<b>3,687,311</b>
Bank overdrafts	<b>(696,060)</b>	<b>(1,308,474)</b>	-
<b>Cash and cash equivalents</b>	<b>37,181</b>	<b>(380,886)</b>	<b>3,687,311</b>

The Group has bank overdraft facilities up to KD 1,500,000 (31 December 2018: KD 1,500,000 and 31 March 2018: KD nil) with interest thereon at a rate of 1% (31 December 2018: KD 1% and 31 March 2018: nil) per annum over the Central Bank of Kuwait discount rate.

### 7 SHARE CAPITAL

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
Authorised, issued and fully paid: 100,900,800 shares of nominal value of 100 fils each, paid in cash	<b>10,090,080</b>	10,090,080	10,090,080

### 8 COMMITMENTS AND CONTINGENCIES

The Group has commitments in respect of future capital expenditure amounting to KD 420,577 (31 December 2018: KD 483,237 and 31 March 2018: KD 1,007,343) relating to ongoing projects under construction.

At 31 March 2019, the Group's bankers have given guarantees, amounting to KD 4,119,579 (31 December 2018: KD 5,492,591 and 31 March 2018: KD 3,365,213) from which it is anticipated that no material liabilities will arise.

### 9 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of payment for these transactions are approved by the Parent Company's management.

There are no significant balances or transactions with related parties during the period (except for transactions with key management personnel).

#### Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

**9 RELATED PARTY DISCLOSURES (continued)**

**Transactions with key management personnel (continued)**

The aggregate value of transactions related to key management personnel were as follows:

	<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
<b>Key management compensation</b>		
Salaries and other short-term benefits	<b>97,919</b>	92,446
Executive committee fees	<b>5,000</b>	15,000
End of service benefits	<b>9,574</b>	9,319
	<b>112,493</b>	116,765

The Board of directors in their meeting held on 19 March 2019 proposed directors' remuneration of KD 87,500 for the year ended 31 December 2018. The shareholders of the Parent Company at the AGM held on 30 April 2019 approved directors' remuneration of KD 35,000.

**10 SEGMENT INFORMATION**

For management's purposes, the Group's products and services are organised into the following operating segments. The principle activities and services under these segments are as follows:

- ▶ Chlor Alkali: Production and sale of chlor alkali products.
- ▶ Petrochemical products: Production and sale of petrochemical products.
- ▶ Logistics and Transport: Logistic and transportation services provided by the Group.
- ▶ Investments: Group's investments in an associate and fair value through profit or loss.

**a. Segment revenue and results**

The following tables present revenue and profit information of the Group's operating segments for the three months ended 31 March 2019 and 2018, respectively:

	<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>Revenue</i>		<i>Results</i>	
Chlor Alkali	<b>4,415,213</b>	5,186,368	<b>1,943,507</b>	2,766,119
Petrochemical products	<b>2,230,041</b>	1,856,473	<b>474,933</b>	462,807
Logistics and transport	<b>3,085</b>	29,609	<b>26</b>	2,074
Investments	<b>-</b>	-	<b>449,758</b>	(101,560)
	<b>6,648,339</b>	7,072,450	<b>2,868,224</b>	3,129,440
Other income			<b>152,538</b>	29,876
Unallocated expenses			<b>(981,548)</b>	(1,057,120)
Profit for the period			<b>2,039,214</b>	2,102,196

Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

10 SEGMENT INFORMATION (continued)

a. Segment revenue and results (continued)

	<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>Purchases of property, plant and equipment</i>		<i>Depreciation</i>	
Chlor Alkali	<b>1,042,566</b>	395,362	<b>(778,348)</b>	(681,376)
Petrochemical products	<b>853</b>	19,529	<b>(14,888)</b>	(15,464)
Logistics and transport	-	-	<b>(65,857)</b>	(81,363)
	<b>1,043,419</b>	414,891	<b>(859,093)</b>	(778,203)

b. Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 31 March 2019, 31 December 2018 and 31 March 2018, respectively:

	<i>31 March 2019</i>	<i>31 December 2018</i>	<i>31 March 2018</i>
<b>Segment assets</b>			
Chlor Alkali	<b>30,083,191</b>	28,300,831	24,565,369
Petrochemical products	<b>3,538,424</b>	3,624,087	8,819,798
Logistics and transport	<b>1,157,875</b>	1,232,619	1,384,093
Investments	<b>8,501,022</b>	8,172,913	8,171,318
<b>Total consolidated segment assets</b>	<b>43,280,512</b>	41,330,450	42,940,578
<b>Segment liabilities</b>			
Chlor Alkali	<b>7,558,020</b>	7,606,393	9,587,632
Petrochemical Products	<b>2,185,962</b>	2,243,821	1,218,973
Logistics and transport	<b>313,775</b>	326,262	270,608
<b>Total consolidated segment liabilities</b>	<b>10,057,757</b>	10,176,476	11,077,213

c. Geographical segments

The geographical analysis of the Group's revenue from external customers has been based on the location of customers from which revenue is derived:

	<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
Kuwait and Middle East	<b>5,845,143</b>	6,031,798
Europe and Africa	<b>760,716</b>	975,852
Asia	<b>42,480</b>	64,800
<b>Total consolidated segment revenue</b>	<b>6,648,339</b>	7,072,450

# Al Kout Industrial Projects Company K.P.S.C. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

### 11 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of its assets and liabilities by valuation technique:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 31 March 2019, 31 December 2018 and 31 March 2018:

	<u>Fair value measurement using</u>	
	<i>Total</i>	<i>Quoted</i>
<b>Financial assets measured at fair value</b>	<i>KD</i>	<i>prices in</i>
		<i>active</i>
		<i>markets</i>
		<i>(Level 1)</i>
		<i>KD</i>
<b>31 March 2019</b>		
<i>Financial assets at FVTPL:</i>		
Quoted equity security	1,438,285	1,438,285
	<hr/>	<hr/>
<b>31 December 2018</b>		
<i>Financial assets at FVTPL:</i>		
Quoted equity security	1,039,661	1,039,661
	<hr/>	<hr/>
<b>31 March 2018</b>		
<i>Financial assets at FVTPL:</i>		
Quoted equity security	1,419,015	1,419,015
	<hr/>	<hr/>

Management assessed that the fair values of other financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments or due to immediate re-pricing based on market movements.

### 12 DISTRIBUTIONS MADE AND PROPOSED

- ▶ The Parent Company's Board of Directors in their meeting held on 19 March 2019 proposed cash dividends of 50 fils per share (aggregating to KD 5,045,040) for the year ended 31 December 2018. This proposal has been approved by the shareholders at the AGM on 30 April 2019.
- ▶ The Parent Company's Board of Directors in their meeting held on 25 March 2018 proposed cash dividends of 50 fils per share (aggregating to KD 5,045,040) for the year ended 31 December 2017. This proposal has been approved by the shareholders at the AGM on 29 April 2018.