

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

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

30 SEPTEMBER 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 30 September 2019, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the nine-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 nine-month period ended 30 September 2018, were audited and reviewed, respectively, by another auditor who expressed an unmodified opinion and conclusion on those statements on 25 March 2019 and 13 November 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 nine-month period ended 30 September 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



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

6 November 2019
Kuwait

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)**

For the period ended 30 September 2019

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		2019	2018	2019	2018
		KD	KD	KD	KD
Revenue from contracts with customers		7,143,895	7,344,273	20,886,226	21,644,302
Cost of sales		(5,009,438)	(4,740,253)	(14,223,393)	(13,540,148)
GROSS PROFIT		2,134,457	2,604,020	6,662,833	8,104,154
Other income		34,177	34,738	270,265	172,165
Selling and distribution expenses		(73,529)	(212,414)	(349,268)	(590,381)
General and administrative expenses		(680,730)	(734,492)	(2,048,796)	(2,076,986)
Changes in fair value of financial assets at fair value through profit or loss		(67,928)	(299,539)	332,284	(437,225)
Net foreign exchange differences		24,397	25,849	44,994	39,958
OPERATING PROFIT		1,370,844	1,418,162	4,912,312	5,211,685
Share of results of an associate	5	150,408	54,839	205,327	239,821
Finance costs		(12,546)	(51,148)	(50,094)	(147,067)
PROFIT BEFORE TAX		1,508,706	1,421,853	5,067,545	5,304,439
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(13,583)	(13,670)	(48,622)	(50,646)
National Labour Support Tax ("NLST")		(37,077)	(39,566)	(126,733)	(135,304)
Zakat		(13,288)	(13,915)	(48,640)	(51,723)
Directors' remuneration		(16,720)	(21,870)	(53,410)	(65,615)
PROFIT FOR THE PERIOD		1,428,038	1,332,832	4,790,140	5,001,151
BASIC AND DILUTED EARNINGS PER SHARE	4	14.15 Fils	13.21 Fils	47.47 Fils	49.57 Fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2019

	Note	Three months ended 30 September		Nine months ended 30 September	
		2019	2018	2019	2018
		KD	KD	KD	KD
Profit for the period		1,428,038	1,332,832	4,790,140	5,001,151
Other comprehensive income (loss)					
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		79	7,643	(993)	14,790
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income of an associate	5	12,180	207,050	18,269	219,228
Other comprehensive income for the period		12,259	214,693	17,276	234,018
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,440,297	1,547,525	4,807,416	5,235,169

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2019

		30 September 2019 KD	(Audited) 31 December 2018 KD	30 September 2018 KD
	Notes			
ASSETS				
Non-current assets				
Property, plant and equipment		17,665,588	14,845,751	14,691,169
Investment in an associate	5	7,204,753	6,981,157	7,144,311
Goodwill and intangible assets		5,202,902	5,256,002	5,273,702
Financial assets at fair value through profit or loss		1,371,945	1,039,661	1,132,122
		<u>31,445,188</u>	<u>28,122,571</u>	<u>28,241,304</u>
Current assets				
Inventories		2,973,617	2,645,916	2,803,500
Accounts receivable and prepayments		8,589,054	9,634,375	9,400,704
Cash and bank balances	6	1,783,961	927,588	2,220,834
		<u>13,346,632</u>	<u>13,207,879</u>	<u>14,425,038</u>
TOTAL ASSETS		<u>44,791,820</u>	<u>41,330,450</u>	<u>42,666,342</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	7	10,090,080	10,090,080	10,090,080
Statutory reserve		5,186,422	5,186,422	5,186,422
Voluntary reserve		5,148,415	5,148,415	5,148,415
Share of an associate's reserves		(2,617,982)	(2,636,251)	(2,484,156)
Foreign currency translation reserve		549,142	550,135	541,854
Retained earnings		12,560,273	12,815,173	11,480,605
Total equity		<u>30,916,350</u>	<u>31,153,974</u>	<u>29,963,220</u>
Non-current liabilities				
Borrowings		-	1,000,000	5,000,000
Employees' end of service benefits		2,294,803	2,293,006	2,257,729
Accounts payable and accruals		443,686	-	-
		<u>2,738,489</u>	<u>3,293,006</u>	<u>7,257,729</u>
Current liabilities				
Accounts payable and accruals		10,746,020	5,574,996	5,445,393
Bank overdrafts	6	390,961	1,308,474	-
		<u>11,136,981</u>	<u>6,883,470</u>	<u>5,445,393</u>
Total liabilities		<u>13,875,470</u>	<u>10,176,476</u>	<u>12,703,122</u>
TOTAL EQUITY AND LIABILITIES		<u>44,791,820</u>	<u>41,330,450</u>	<u>42,666,342</u>

Mohammad Ahmad Mohammad Hussain
Chairman



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2019

	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	-	-	-	-	-	-	4,790,140	4,790,140
Other comprehensive income (loss) for the period	-	-	-	18,269	(993)	-	-	17,276
Total comprehensive income (loss) for the period	-	-	-	18,269	(993)	-	4,790,140	4,807,416
Cash dividends (Note 12)	-	-	-	-	-	-	(5,045,040)	(5,045,040)
At 30 September 2019	10,090,080	5,186,422	5,148,415	(2,617,982)	549,142	-	12,560,273	30,916,350
As at 1 January 2018 as previously reported (audited)	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)
Adjusted 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	-	-	-	-	-	-	5,001,151	5,001,151
Other comprehensive income for the period	-	-	-	219,228	14,790	-	-	234,018
Total comprehensive income for the period	-	-	-	219,228	14,790	-	5,001,151	5,235,169
Cash dividends (Note 12)	-	-	-	-	-	-	(5,045,040)	(5,045,040)
At 30 September 2018	10,090,080	5,186,422	5,148,415	(2,484,156)	541,854	-	11,480,605	29,963,220

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

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the nine months ended 30 September 2019

		<i>Nine months ended 30 September</i>	
		2019	2018
	<i>Notes</i>	KD	KD
OPERATING ACTIVITIES			
Profit before tax		5,067,545	5,304,439
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation		2,643,635	2,391,159
Loss on disposal of property, plant and equipment		-	1,875
Changes in fair value of financial assets at fair value through profit or loss		(332,284)	437,225
Share of results of an associate	5	(205,327)	(239,821)
Dividend income		(53,600)	(53,250)
Provision for employees' end of service benefits		248,664	234,277
Finance costs		50,094	147,067
		7,418,727	8,222,971
<i>Working capital adjustments:</i>			
Inventories		(327,701)	(548,841)
Accounts receivable and prepayments		1,045,321	(1,175,759)
Accounts payable and accruals		(137,448)	1,347,446
Cash flows from operations		7,998,899	7,924,417
Taxes paid		(165,484)	(268,633)
Employees' end of service benefits paid		(246,867)	(126,570)
Net cash flows from operating activities		7,586,548	7,450,614
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,666,231)	(1,417,698)
Purchase of intangible assets		-	(354,000)
Proceeds from disposal of property, plant and equipment		-	26,920
Dividend income received		53,600	53,250
Acquisition of a subsidiary, net of cash acquired		-	(5,449,365)
Net cash flows used in investing activities		(4,612,631)	(7,140,893)
FINANCING ACTIVITIES			
Proceeds from borrowings		-	6,000,000
Repayment of borrowings		(1,000,000)	(1,502,837)
Finance costs paid		(37,434)	(147,067)
Payment of lease liabilities		(161,610)	-
Dividends paid		-	(5,045,040)
Net cash flows used in financing activities		(1,199,044)	(694,944)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,774,873	(387,842)
Cash and cash equivalents at 1 January		(380,886)	2,608,676
Net foreign exchange differences		(987)	(2,619)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	1,393,000	2,220,834
NON-CASH ITEMS EXCLUDED FROM THE STATEMENT OF CASH FLOWS:			
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)	-
		-	-

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al Kout Industrial Projects Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the nine months ended 30 September 2019 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 6 November 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, 18th 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 nine months ended 30 September 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.

The interim condensed consolidated financial information provides comparative information with respect to the previous period. Certain comparative information has been reclassified to conform to the current periods presentation and improve overall quality of the interim condensed consolidated financial information. Such reclassifications do not affect the previously reported net profit or total equity.

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 adoption of new standards effective as of January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies for the first time IFRS 16 "*Leases*". As required by IAS 34, the nature and effect of these changes are disclosed in Note 3 below.

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.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 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>
Assets	
Property, plant and equipment	759,117
Accounts receivable and prepayments	(14,970)
Total assets	744,147
Liabilities	
Accounts payable and accruals	744,147
Total liabilities	744,147

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

	<i>Nine months ended 30 September 2019 KD</i>
Depreciation expense of right-of-use assets	155,415
Finance costs on lease liabilities	12,660
Total amounts recognised in interim condensed consolidated statement of profit or loss	168,075

As a result of adoption of IFRS 16, general and administrative expenses are lower, and depreciation expense is higher to the extent of KD 155,415.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)
 As at and for the period ended 30 September 2019

3 IMPACT OF ADOPTION OF NEW STANDARD (continued)

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	<i>Right-of-use assets KD</i>	<i>Lease liabilities KD</i>
At 1 January 2019	744,147	744,147
Depreciation expense	(155,415)	-
Finance costs	-	12,660
Payments	-	(161,610)
At 30 September 2019	588,732	595,197

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 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Profit for the period (KD)	1,428,038	1,332,832	4,790,140	5,001,151
Weighted average number of shares outstanding during the period (shares)	100,900,800	100,900,800	100,900,800	100,900,800
Basic and diluted EPS (fils)	14.15	13.21	47.47	49.57

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

The Group has 37.99% interest in Al Dorra Petroleum Services Company K.S.C. (Closed), an associate involved in providing integrated services in the oil and gas sector. The Group's interest in the associate is accounted for using the equity method. The reconciliation with the carrying amount of the investment is set out below:

	<i>30 September 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>30 September 2018 KD</i>
Opening balance	6,981,157	9,432,875	9,432,875
Impact on adoption of IFRS 9	-	(2,747,613)	(2,747,613)
Share of profit	205,327	228,762	239,821
Share of other comprehensive income	18,269	67,133	219,228
Group's carrying amount of investment in an associate	7,204,753	6,981,157	7,144,311

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 30 September 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:

	30 September 2019 KD	(Audited) 31 December 2018 KD	30 September 2018 KD
Cash on hand	12,494	24,274	14,636
Bank balances	1,771,467	903,314	2,206,198
Total cash and bank balances	1,783,961	927,588	2,220,834
Bank overdrafts	(390,961)	(1,308,474)	-
Cash and cash equivalents	1,393,000	(380,886)	2,220,834

The Group has bank overdraft facilities up to KD 1,500,000 (31 December 2018: KD 1,500,000 and 30 September 2018: KD 1,500,000) with interest thereon at a rate of 1% (31 December 2018: KD 1% and 30 September 2018: 1%) per annum over the Central Bank of Kuwait discount rate.

7 SHARE CAPITAL

	30 September 2019 KD	(Audited) 31 December 2018 KD	30 September 2018 KD
Authorised, issued and fully paid: 100,900,800 shares of nominal value of 100 fils each, paid in cash	<u>10,090,080</u>	<u>10,090,080</u>	<u>10,090,080</u>

8 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 435,860 (31 December 2018: KD 483,237 and 30 September 2018: KD 514,692) relating to ongoing projects under construction.

Guarantees

At 30 September 2019, the Group's bankers have provided guarantees amounting to KD 5,729,057 (31 December 2018: KD 5,492,591 and 30 September 2018: KD 5,871,113) arising in the ordinary course of business 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.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 30 September 2019

9 RELATED PARTY DISCLOSURES (continued)

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Key management compensation				
Salaries and other short-term benefits	63,147	79,483	229,041	262,921
Executive committee fees	15,000	15,000	42,776	45,000
End of service benefits	6,712	9,322	22,922	32,546
	<u>84,859</u>	<u>103,805</u>	<u>294,739</u>	<u>340,467</u>

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 nine months ended 30 September 2019 and 2018, respectively:

	<i>Nine months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
	<i>Revenue</i>		<i>Results</i>	
Chlor Alkali	13,204,119	14,286,657	4,935,294	6,754,364
Petrochemical products	7,655,770	7,310,410	1,727,334	1,293,626
Logistics and transport	26,337	47,235	205	2,914
Investments	-	-	591,211	(144,154)
	<u>20,886,226</u>	<u>21,644,302</u>	<u>7,254,044</u>	<u>7,906,750</u>
Other income			270,265	172,165
Finance costs			(50,094)	(147,067)
Unallocated expenses			(2,684,075)	(3,077,764)
Profit for the period			<u>4,790,140</u>	<u>5,001,151</u>

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

10 SEGMENT INFORMATION (continued)

a. Segment revenue and results

	<i>Nine months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2019	2018	2019	2018
	KD	KD	KD	KD
	<i>Purchases of property, plant and equipment</i>		<i>Depreciation and amortisation</i>	
Chlor Alkali	4,536,358	1,291,152	(2,412,157)	(2,111,597)
Petrochemical products	5,802	23,193	(38,721)	(46,201)
Logistics and transport	124,071	103,353	(192,757)	(233,361)
	<u>4,666,231</u>	<u>1,417,698</u>	<u>(2,643,635)</u>	<u>(2,391,159)</u>

b. Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 30 September 2019, 31 December 2018 and 30 September 2018, respectively:

	<i>30 September 2019 KD</i>	<i>31 December 2018 KD</i>	<i>30 September 2018 KD</i>
Segment assets			
Chlor Alkali	29,235,624	28,452,926	29,067,784
Petrochemical products	5,832,667	3,624,087	4,039,680
Logistics and transport	1,146,831	1,232,619	1,281,445
Investments	8,576,698	8,020,818	8,276,433
Total consolidated segment assets	<u>44,791,820</u>	<u>41,330,450</u>	<u>42,666,342</u>
Segment liabilities			
Chlor Alkali	11,544,642	7,606,393	9,885,313
Petrochemical Products	2,018,473	2,243,821	2,480,321
Logistics and transport	312,355	326,262	337,488
Total consolidated segment liabilities	<u>13,875,470</u>	<u>10,176,476</u>	<u>12,703,122</u>

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>Nine months ended 30 September</i>	
	2019	2018
	KD	KD
Kuwait and GCC	18,101,074	18,952,762
Europe and North Africa	2,694,144	2,499,804
Asia	91,008	191,736
Total consolidated segment revenue	<u>20,886,226</u>	<u>21,644,302</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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11 FAIR VALUE 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
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial assets at fair value through profit or loss represent quoted equity securities that are based on Level 1 inputs.

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.

Dividend payable as at 30 September 2019 amounted to KD 5,045,040 and recorded within "accounts payable and accruals" in the interim condensed consolidated statement of financial position.

- ▶ 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 was approved by the shareholders at the AGM on 29 April 2018 and subsequently distributed.