

Our ref: KIPCO/TMO 228/19 dated March 21, 2019

Boursa Kuwait Company
KUWAIT

المحترمين

السادة/ شركة بورصة الكويت
دولة الكويت

Subject: Results of KIPCO's Board of Directors meeting

الموضوع: نتائج اجتماع مجلس إدارة شركة كيبيكو

As per regulations of the fourth chapter from module ten "Disclosure & Transparency" of the executive bylaws of Law No. (7) of 2010, amended by Law No. (22) of 2015 on the establishment of the Capital Market Authority and the regulation of securities activity and its amendments.

عملاً بأحكام الفصل الرابع من الكتاب العاشر (الإفصاح والشفافية) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 المعدل بموجب القانون رقم (22) لسنة 2015 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاته.

We are pleased to inform you that the Board of Directors held its meeting on 21 March 2019 at 1 pm Where it has discussed and approved consolidated financial statements of 2018, proposed dividends and general assembly agenda. Also, please find enclosed the annual financial statements form for the year ended 31 December 2018 along with auditor report.

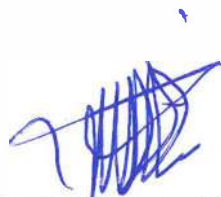
نفيدكم علماً بأن مجلس الإدارة قد عقد اجتماعه بتاريخ 21 مارس 2019 في تمام الساعة الواحدة ظهراً وقد تمت مناقشة واعتماد البيانات المالية المجمعة للعام 2018 والتوصية بتوزيعات الأرباح واعتماد جدول أعمال الجمعية العامة، كما تجدون أيضاً مرفق طيه النموذج الخاص بالبيانات المالية السنوية المنتهية في 31 ديسمبر 2018 مع تقرير مراقب الحسابات.

Pursuant to the requirements of Boursa Kuwait rulebook issued under resolution (1) 2018 and since KIPCO has been classified within the 'Premier Market', KIPCO is glad to announce that the analyst conference will be conducted on Monday 25 March 2019 at 3:00 p.m. local time through a conference call. Interested parties may visit our website www.kipco.com under Investor Relations page for instructions on how to participate in the conference call or contact KIPCO via email: kipco.ir@kipco.com.

وعملاً بمتطلبات قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018، وحيث أنه تم تصنيف كيبيكو ضمن "السوق الأول" من قبل شركة بورصة الكويت، فإنه يسرنا الإعلان عن مؤتمر المحللين/المستثمرين والذي تقرر انعقاده عن طريق البث المباشر لمكالمة هاتفية جماعية (Live Conference Call) في تمام الساعة الثالثة (وفقاً للتوقيت المحلي) من بعد ظهر يوم الاثنين الموافق 25 مارس 2019، ويرجى من الأطراف المعنية زيارة قسم علاقات المستثمرين في موقعنا الإلكتروني www.kipco.com أو التواصل من خلال البريد الإلكتروني kipco.ir@kipco.com وذلك لتزويدهم بتفاصيل المشاركة بالتالي: kipco.ir@kipco.com بالمؤتمر.

Sincerely,

وتفضلوا بقبول فائق الاحترام ،،



Faisal Hamad Al Ayyar
Vice Chairman (Executive)

كيبيكو
KIPCO
شركة مشاريع الكويت (القابضة)
Kuwait Projects Company (Holding)

مكا

فيصل حمد العيار
نائب رئيس مجلس الإدارة (التنفيذي)

Annual Financial Statement Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية السنوية
الشركات الكويتية (د.ك.)

Financial Year Ended on	31/12/2018	السنة المالية المنتهية في
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Company Name	اسم الشركة
Kuwait Projects Company (Holding) K.S.C.P.	شركة مشاريع الكويت (القابضة) ش.م.ك.ع
Board of Directors Meeting Date	تاريخ اجتماع مجلس الإدارة
21/03/2019	

التغيير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2017/12/31	2018/12/31	
20%	23,572,000	28,279,000	صافي الربح/الخسارة الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
30%	11.51	15.01	ربحية/خسارة السهم الأساسية والمخفضة (فلس) Basic & Diluted Earnings per Share (fils)
11%	5,141,664,000	5,687,882,000	الموجودات المتداولة Current Assets
0.2%	10,345,139,000	10,370,311,000	إجمالي الموجودات Total Assets
(0.5%)	7,220,509,000	7,185,033,000	المطلوبات المتداولة Current Liabilities
3%	9,133,057,000	9,359,676,000	إجمالي المطلوبات Total Liabilities
(37%)	439,275,000	277,063,000	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
13%	685,789,000	774,368,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
2%	132,083,000	134,543,000	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
(57%)	162%	70%	أرباح (خسائر) مرحلة / رأس المال المدفوع Retained Profit (Loss) / Paid-Up Share Capital

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كيبكو
KIPCO
شركة مشاريع الكويت (القابضة)
Kuwait Projects Company (Holding)

التغيير (%) Change (%)	الربع الرابع المقارن Fourth Quarter Comparative Period	الربع الرابع الحالي Fourth Quarter Current Period	البيان Statement
	2017/12/31	2018/12/31	
524%	1,266,000	7,906,000	صافي الربح/الخسارة الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
579%	0.82	5.57	ربحية/خسارة السهم الأساسية والمخفضة (فلس) Basic & Diluted Earnings per Share (fils)
20%	177,401,000	213,448,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
3%	26,443,000	27,203,000	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

سبب ارتفاع/انخفاض صافي الربح/الخسارة	Increase/Decrease in Net Profit/(Loss) is due to
يعود سبب ارتفاع أرباح العام 2018 مقارنة بأرباح العام 2017 بشكل رئيسي إلى ارتفاع أرباح قطاع الخدمات المالية.	The increase in net profit for the year ended 31 December 2018 as compared to 2017 was mainly driven by the increase in Financial services sector's profits.
بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	Total Revenue realized from dealing with related parties (value, KWD)
34,278,000	34,278,000
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	Total Expenditures incurred from dealing with related parties (value, KWD)
6,736,000	6,736,000

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كيبكو
KIPCO
شركة مشاريع الكويت (القابضة)
Kuwait Projects Company (Holding)

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)
النسبة	القيمة	
12% (12 فلس كويتي لكل سهم) (12 Kuwaiti Fils per share)	16,803,956 دينار كويتي	توزيعات نقدية Cash Dividend
-----	لا يوجد / None	توزيعات أسهم منحة مجانية Stock Dividend
-----	لا يوجد / None	توزيعات أخرى Other Dividend
-----	-----	عدم توزيع أرباح No Dividends
	علاوة الإصدار Issue Premium	زيادة رأس المال Capital Increase
	لا يوجد / None	تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
 شركة مشاريع الكويت (القابضة) Kuwait Projects Company (Holding)		Vice Chairman (Executive) نائب رئيس مجلس الإدارة (التنفيذي)	Faisal Hamad Al Ayyar فيصل حمد العيار

- Auditor Report Attached

- مرفق تقرير مراقب الحسابات

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Projects Company Holding K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with the *IESBA Code*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Expected credit losses (ECL) on loans and advances

Loans and advances of the Group's commercial banking subsidiaries represent a significant part of the total assets. The implementation of IFRS 9: *Financial Instruments* (IFRS 9) significantly changed the approach to determine the provisions against financial assets and incorporated a more forward-looking approach to determine the recoverability of the financial assets. IFRS 9 replaced the 'incurred loss' approach under IAS 39: *Financial Instruments – Recognition and Measurement* (IAS 39) with a forward looking ECL approach. Under IFRS 9, ECL are recognised on initial recognition based on expectations of potential credit losses at the time of initial recognition, and then continuously remeasured to reflect changes to the credit risk characteristics.

This forward looking approach requires the management to make judgements and assumptions regarding the counterparties to assess the level of ECL to be recognised against the credit exposures. Because of the complexity of requirements under IFRS 9, significance of judgements applied and the Group's exposure to loans and advances forming a major portion of the Group's assets, ECL for loans and advances is considered as a key audit matter.

As part of our audit of the commercial banking subsidiaries our audit procedures included:

- Gaining an understanding of the Group's key credit processes comprising granting, booking, monitoring and provisioning and testing the operating effectiveness of key controls over these processes;
- We obtained the understanding of the design and tested the operating effectiveness of relevant controls over ECL model, including model build and approval, ongoing monitoring / validation, model governance and arithmetical accuracy. We have also checked completeness and accuracy of the data used and the reasonableness of the management assumptions;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Expected credit losses (ECL) on loans and advances (continued)

- We understood and assessed the significant modeling assumptions for exposures as well as overlays with a focus on:
 - Key modeling assumptions adopted by the Group; and
 - Basis for and data used to determine overlays.
- We assessed:
 - the Group's IFRS 9 based impairment provisioning policy including significant increase in credit risk criteria with the requirements of IFRS 9;
 - the Group's ECL modeling techniques and methodology against the requirements of IFRS 9; and
 - the soundness of the Group's loan grading processes and mathematical integrity of the models.
- For a sample of exposures, we performed procedures to evaluate:
 - Appropriateness of exposure at default, probability of default and loss given default (including collateral values used) in the calculation of ECL;
 - Timely identification of exposures with a significant increase in credit risk and appropriateness of the Group's staging; and
 - ECL calculation.
- For forward looking information used by the Group's management in its ECL calculations, we held discussions with management and checked internal approvals by management for the economic outlook used for purposes of calculating ECL.

We further considered the adequacy of the disclosures in the consolidated financial statements in relation to impairment of loans and advances as required under IFRS 9. Refer to the critical accounting estimates and judgements and disclosures of loans and advances in Note 2.7 and 4 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Impairment testing of investment in associates

The Group has interests in number of associates which are significant to the Group's consolidated financial statements. The Group's carrying value of its investments in Qurain Petrochemical Industries Company K.S.C.P. ("QPIC"), Gulf Insurance Group K.S.C.P. ("GIG") and Advance Technology Company K.S.C.P. ("ATC") are significantly higher than the proportion of equity attributable to Group's ownership interest in these associates. Significant management judgement is required in determining the investment's recoverable amount based on its value-in-use. The projected future cash flows and discount rates used by the Group in determining the investment's value-in-use are subject to estimation uncertainty and sensitivity. Therefore, we considered this as a key audit matter.

Our audit procedures included, amongst others:

- We involved our valuation specialists to assist us in assessment of the Group's methodology and testing the key assumptions used by the Group to calculate value-in-use of the investments in associates.
- We evaluated the reasonableness of the cash flow projections and considered the appropriateness of key inputs such as long-term growth rates used to extrapolate these cash flows and the discount rate and compared these to available external data.

We also assessed the adequacy of the Group's disclosure in Note 8 of the consolidated financial statements.

Impairment testing of goodwill and intangible assets

Impairment testing of goodwill and intangible assets performed by the management was significant to our audit because the assessment of the recoverable amount of goodwill and intangible assets under the value-in-use basis is complex and requires considerable judgment on the part of management. Estimates of future cash flows are based on management's views of variables such as the interest margins, discount rates, market share assumptions, projected growth rates and economic conditions such as the economic growth and expected inflation rates. We considered this area to be as key audit matter.

Our audit procedures included, amongst others:

- We involved our valuation experts to assist us in evaluating the appropriateness of the valuation model and testing key assumptions used in the impairment analysis, such as the discount rate and terminal growth rate.
- We also evaluated the sensitivity analyses performed by management around key assumptions noted above and challenged the outcomes of the assessment.

Furthermore, we assessed the adequacy of the Group's disclosures included in Note 10 of the consolidated financial statements related to those assumptions. The Group's policy on impairment testing is disclosed in Note 2 of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment properties

Investment properties are significant to the Group's consolidated financial statements. The management determines the fair value of its investment properties and uses external appraisers to support the valuation. The valuation of the investment properties at fair value is highly dependent on estimates and assumptions, such as average net initial yield, reversionary yield, inflation rate, vacancy rates, growth in rental rates, market knowledge and historical transactions. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we considered this as a key audit matter.

Our audit procedures included, amongst others:

- We evaluated the quality and objectivity of the valuation process and the independence and expertise of external appraisers. We also evaluated the accuracy of the property data provided by the Group to the external appraisers, which are used as input for the purpose of valuations.
- We have assessed the appropriateness and reasonableness of the valuation methodologies, key assumptions and estimates used in the valuations on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry.

We further evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the fair value of investment properties. We also assessed the adequacy of the disclosures relating to the assumptions and sensitivity of such assumptions in Note 9 of the consolidated financial statements.

Valuation of derivative financial instruments

The Group has significant derivative financial instruments, the valuation of which is determined through the application of valuation techniques, which often involve the exercise of judgement and the use of assumptions and estimates. Due to the significance of derivative financial instruments and the related estimation uncertainty, this was considered as a key audit matter.

Our audit procedures included, amongst others:

- We involved our valuation specialists to assist us in evaluation of the methodologies, inputs and assumptions used by the Group in determining the fair values of the derivative financial instruments.
- We challenged inputs used to externally available market data to assess whether appropriate assumptions were used in the valuation.
- We also compared valuations derived from our internal valuation model, for a sample of instruments, to the fair values determined by the Group.

Further we evaluated the adequacy of the Group's disclosures in Note 27 in the consolidated financial statements about the valuation basis and inputs used in the fair value measurement.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KUWAIT PROJECTS COMPANY HOLDING K.S.C.P. (continued)**

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no 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, have occurred during the year ended 31 December 2018, 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



NAYEF M. AL-BAZIE
LICENCE NO. 91 A
RSM ALBAZIE & CO.

21 March 2019
Kuwait