



**Kingdom Holding Company
(A Saudi Joint Stock Company)**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS - (UNAUDITED)**

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2011

Ernst & Young

 **ERNST & YOUNG**

**LIMITED REVIEW REPORT
TO THE SHAREHOLDERS OF
KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)**

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Kingdom Holding Company - A Saudi Joint Stock Company (the Company) - and its subsidiaries (the Group) as at 31 March 2011 and the related interim consolidated statements of income, cash flows and changes in equity for the three months period then ended. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Emphasis of a matter

We draw attention to Note 4 to the interim consolidated financial statements pertaining to the transfer of certain available for sale investments from the principal shareholder to the Company and to the management's current assessment, and the impact on the carrying value of such investments.

for Ernst & Young



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Riyadh: 15 Jumad Awal 1432 H
(19 April 2011)

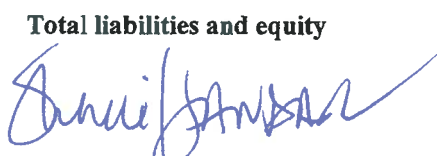
Kingdom Holding Company (A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET – (UNAUDITED)

As at 31 March 2011

(SR'000)

	Note	31 March 2011	31 March 2010
ASSETS			
Current assets:			
Cash and cash equivalents		1,263,802	2,028,402
Held for trading investments		105,133	-
Accounts receivable and other assets		1,255,841	1,577,689
Net assets held for sale	15	137,000	138,800
Total current assets		2,761,776	3,744,891
Non-current assets:			
Available for sale investments	4	10,387,648	9,351,235
Investments in associates	5	16,554,315	12,098,414
Investments in real estate		1,844,656	1,320,421
Property and equipment, net		9,235,877	11,792,763
Intangible assets	6	1,837,393	11,856,684
Other long term assets		134,005	983,912
Total non-current assets		39,993,894	47,403,429
Total assets		42,755,670	51,148,320
LIABILITIES AND EQUITY			
Liabilities:			
Current liabilities:			
Bank borrowings and term loans	7	1,128,199	1,029,561
Accounts payable and other liabilities		1,144,910	1,783,384
Dividends payable	14	550,324	-
Total current liabilities		2,823,433	2,812,945
Non-current liabilities:			
Term loans	7	10,956,889	13,012,092
Other long term liabilities		731,728	2,042,652
Total non-current liabilities		11,688,617	15,054,744
Total liabilities		14,512,050	17,867,689
Equity:			
Shareholders' equity:			
Share capital	8	37,058,823	37,058,823
Statutory reserve		181,545	121,020
Retained earnings		737,919	728,088
Unrealized loss from available for sale investments	4	(10,977,486)	(12,148,060)
Foreign currency translation adjustments and other		(90,706)	65,220
Total shareholders' equity		26,910,095	25,825,091
Minority interests	6	1,333,525	7,455,540
Total equity		28,243,620	33,280,631
Total liabilities and equity		42,755,670	51,148,320




The attached notes 1 to 17 form part of these interim consolidated financial statements.

Kingdom Holding Company (A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME – (UNAUDITED)

For the three months period ended 31 March 2011

(SR'000)

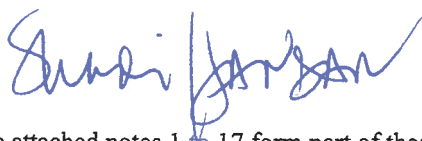
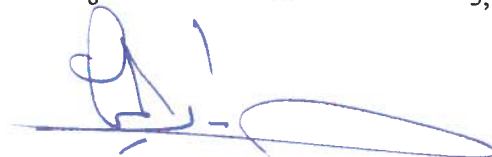
	Note	Three months period ended	
		31 March 2011	31 March 2010
REVENUES			
Hotels and other operating revenues		547,151	994,474
Sale of real estate		250,000	-
Dividends income		17,477	15,817
(Loss) income from associates, net	5	(79,519)	251,365
Income (loss) from investments, net	9	59,243	(34,625)
Other		20,455	17,380
Total revenues		814,807	1,244,411
COSTS AND EXPENSES			
Hotels and other operating costs		(355,682)	(762,134)
Cost of real estate		(160,483)	-
General and administrative expenses		(121,315)	(158,175)
Total costs and expenses		(637,480)	(920,309)
GROSS PROFIT		177,327	324,102
Depreciation and amortization		(62,741)	(114,666)
Finance charges, net		(104,469)	(144,262)
Reversal of impairment loss	15	93,800	-
INCOME FROM OPERATIONS		103,917	65,174
Minority interests		(9,696)	25,283
INCOME BEFORE ZAKAT AND TAX		94,221	90,457
Zakat and tax	10	(3,577)	(15,247)
NET INCOME FOR THE PERIOD		90,644	75,210
Earnings per share (SR):			
<i>Attributable to:</i>			
Income from operations		0.03	0.02
Net income for the period		0.02	0.02

Kingdom Holding Company (A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – (UNAUDITED)

For the three months period ended 31 March 2011
(SR'000)

	Note	Three months period ended	
		31 March 2011	31 March 2010
Operating activities:			
Income before zakat and tax		94,221	90,457
Adjustments to reconcile income to net cash from (used in) operating activities:			
Depreciation and amortization		62,741	114,666
Loss (income) from associates, net		79,519	(251,365)
(Income) loss from investments, net		(59,243)	34,625
Reversal of impairment loss		(93,800)	-
		<u>83,438</u>	<u>(11,617)</u>
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(89,039)	(105,501)
Investments in real estate		57,104	(4,759)
Other long term assets		(5,735)	19,655
Accounts payable and other liabilities		(435,594)	157,213
Dividends payable		550,324	-
Other long term liabilities		(88,248)	(162,484)
		<u>72,250</u>	<u>(107,493)</u>
Cash from (used in) operations		72,250	(107,493)
Zakat and tax paid		(6,520)	(13,247)
		<u>65,730</u>	<u>(120,740)</u>
Net cash from (used in) operating activities			
Investing activities:			
Property and equipment, net		(144,211)	(118,903)
Intangible assets		507	8,063
Net assets held for sale		-	167,250
Advance to associates		-	(88,414)
		<u>(143,704)</u>	<u>(32,004)</u>
Net cash used in investing activities			
Financing activities:			
Loans and bank borrowings, net		24,934	(60,847)
Minority interests, net		18,237	8,591
		<u>43,171</u>	<u>(52,256)</u>
Net cash from (used in) financing activities			
DECREASE IN CASH AND CASH EQUIVALENTS			
		(34,803)	(205,000)
Cash and cash equivalents at the beginning of the period		1,298,605	2,233,402
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
		1,263,802	2,028,402
Non cash transactions:			
Reduction in unrealized loss from available for sale investments	4	292,434	1,095,675
Reclassification of assets held for sale to investments in real estate	15	95,600	-
Transfer of available for sale investments to held for trading investments	4	77,666	-
Reduction in capital to absorb losses	8	-	25,941,177
Transfer of general reserve to absorb losses	8	-	3,131,106

The attached notes 1 to 17 form part of these interim consolidated financial statements.

Kingdom Holding Company (A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – (UNAUDITED)

For the three months period ended 31 March 2011
(SR'000)

	Shareholders' equity					Minority interests	Total equity		
	Share capital	Statutory Reserve	General Reserve	Retained earnings	Unrealized loss from available for sale investments and other			Foreign currency translation adjustments and other	Total
31 March 2011									
Balance at 1 January 2011	37,058,823	181,545	-	1,197,599	(11,269,920)	(86,636)	27,081,411	1,315,287	28,396,698
Net income for the period	-	-	-	90,644	-	-	90,644	-	90,644
Dividends declared (note 14)	-	-	-	(550,324)	-	-	(550,324)	-	(550,324)
Net movement during the period	-	-	-	-	292,434	(4,070)	288,364	18,238	306,602
Balance at 31 March 2011	37,058,823	181,545	-	737,919	(10,977,486)	(90,706)	26,910,095	1,333,525	28,243,620
31 March 2010									
Balance at 1 January 2010	63,000,000	121,020	3,131,106	(28,419,405)	(13,243,735)	(9,691)	24,579,295	7,446,949	32,026,244
Reduction in capital to absorb losses (note 8)	(25,941,177)	-	-	25,941,177	-	-	-	-	-
Transfer of general reserve to absorb losses (note 8)	-	-	(3,131,106)	3,131,106	-	-	-	-	-
Net income for the period	-	-	-	75,210	-	-	75,210	-	75,210
Net movement during the period	-	-	-	-	1,095,675	74,911	1,170,586	8,591	1,179,177
Balance at 31 March 2010	37,058,823	121,020	-	728,088	(12,148,060)	65,220	25,825,091	7,455,540	33,280,631

The attached notes 1 to 17 form part of these interim consolidated financial statements.

Kingdom Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS – (UNAUDITED)

31 March 2011

1 ACTIVITIES

Kingdom Holding Company (the Company) 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 11 Muharram 1417H (corresponding to 28 May 1996). The Minister of Commerce and Industry has approved, pursuant to resolution number 128/S dated 18 Jumada Awal 1428H (corresponding to 4 June 2007), the conversion of the Company into a JSC.

The objectives of the Company are hotel management and operation, general contracting, operation and maintenance, wholesale and retail trading of construction materials, foodstuff, agriculture products and metals for non-construction and petroleum products, trading of transportation equipment, advertising, commercial services, education, medical services, commercial agencies and investment and establishment of other companies.

The principal activities and the various segments of the Group are described in Note 13.

During 2010, the Group made an offer to buy the publicly listed shares of the minority shareholders of Kingdom Hotel Investments (KHI) - a subsidiary, representing 44% of the total issued share capital of KHI. The offer price was SR 18.75 (US\$ 5) per share and the overall consideration was SR 1,388 million. This offer was approved by the board of directors of KHI and an independent committee of the Board, and was later accepted by KHI's shareholders. As a result, the Group currently owns 100% of the issued capital of KHI.

2 BASIS OF PREPARATION

The interim consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiaries (the Group). A subsidiary is a company in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts a practical control. A subsidiary company is consolidated from the date on which the Group obtains a practical control until the date such control ceases. Minority interests has been calculated and reflected separately in the interim consolidated balance sheet and interim consolidated statements of income. Significant balances and transactions between the Group companies have been eliminated in the interim consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with the Saudi Organization for Certified Public Accountants Standard on Interim Financial Statements. The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2010.

The preparation of interim consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenue and expenses during the period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Group's interim results may not be indicative of its annual results of the operations.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2010. In the opinion of management, the interim consolidated financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim period presented.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

A brief summary of the principal accounting policies of the Group is set out below:

Assets held for sale

The Group considers properties to be assets held for sale when management approves and commits to a formal plan to actively market a property or group of properties for sale and it is probable that the sale will close within twelve months of the balance sheet date. Upon designation of an asset held for sale, the Group records the value of each property or group of properties at the lower of its carrying value or its estimated fair value, less estimated cost to sell.

Investments

Held for trading investments

Held for trading investments are investments in readily marketable securities, which are bought for trading purposes, are stated at market value and included under current assets. Changes in market value are credited or charged to the interim consolidated statement of income.

Available for sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity are classified as available for sale. Such investments are included in non-current assets unless management has expressed intention of holding the investment for less than twelve months from the balance sheet date, in which case they are included in current assets. After initial recognition, investments purchased neither with the intention of being held to maturity nor for trading purposes are remeasured at fair value. Unrealized gains and losses are reported as a separate component of shareholders' equity until the investment is derecognized or the investment is determined to be impaired.

Investments in associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Under the equity method, investments in associate are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The interim consolidated statement of income reflect the Group's share in the results of associates.

Investments in real estate

Real estate investments that are being developed for future purposes are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less cost to complete, redevelopment and selling expenses. Real estate is derecognized when either they have been disposed off or when the investment in real estate is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of investments in real estate are recognized in the interim consolidated statement of income in the period of retirement or disposal.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is considered the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and bank borrowings

Loans and bank borrowings are recognized initially at fair value, net of transaction costs incurred; and any differences between the proceeds (net of transaction costs) and the redemption value are recognized in the interim consolidated statement of income over the period of the loan using the effective interest method. Loans are classified as current liabilities unless the Group has the right and intention to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the interim consolidated statement of income when incurred.

Revenue recognition

Hotel revenues are recognized when services are performed or when food and beverages are sold. Other revenues are recognized when services are provided and ultimate collection is reasonably assured. Management fees and other revenues from managed properties are recognized when performance conditions have been met, in accordance with the terms specified in the related management contracts.

Revenue from real estate leasing operations is recognized on accrual basis, rateably over the term of the lease. Revenue from sale of real estate is recognized upon the execution of sale contract and the delivery of the real estate, whichever comes last.

Dividends income from available for sale investments is recognized when the right to receive the dividends is established. Commission income is recognized as the commission accrues.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Foreign currencies

The interim consolidated financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency. Each subsidiary in the Group determines its own functional currency, and as a result, items included in the interim financial statements of each subsidiary are measured using that functional currency.

At the subsidiary level, transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the interim consolidated statement of income.

At the consolidation level, financial statements of foreign subsidiaries are translated into the presentation currency of the Company (Saudi Riyals) using the exchange rate at each balance sheet date for assets and liabilities, and the average exchange rate for each period for revenues and expenses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments are recorded as a separate component of equity.

Impairment

Tangible and intangible assets

At each fiscal year end, the Group reviews the carrying amounts of its long term tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amounts were determined on the basis of value-in-use calculations. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Kingdom Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS –
(UNAUDITED) (Continued)
31 March 2011

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Tangible and intangible assets (continued)

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized in the interim consolidated statement of income.

Financial assets

An assessment is made at each balance sheet date to determine whether there is an objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the interim consolidated statement of income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statements of income;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

For impairment of available for sale investments, the unrealized gain or loss previously reported in shareholders' equity is included in the interim consolidated statement of income.

4 AVAILABLE FOR SALE INVESTMENTS

- (a) Available for Sale (AFS) investments consist of the following:

	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
Local and regional	1,242,440	1,053,965
International	9,145,208	8,297,270
	<u>10,387,648</u>	<u>9,351,235</u>

- (b) The movement in AFS investments is set out below:

	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
<i>Cost:</i>		
At the beginning of the period	21,442,800	21,499,295
Transfer to held for trading investments	(77,666)	-
At the end of the period	<u>21,365,134</u>	<u>21,499,295</u>
<i>Unrealized loss:</i>		
At the beginning of the period	(11,269,920)	(13,243,735)
Reduction in unrealized loss during the period, net	292,434	1,095,675
At the end of the period	<u>(10,977,486)</u>	<u>(12,148,060)</u>
<i>Net carrying amount</i>	<u>10,387,648</u>	<u>9,351,235</u>

At the end of 2009, the principal shareholder transferred to the Company certain available for sale investments - which had a market value of SR 2,234 million - at no consideration (no cost to the Company). As a result, the average cost of these available for sale investments was reduced and the gap between the cost of these investments and their market price was significantly narrowed.

Kingdom Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS –
(UNAUDITED) (Continued)
31 March 2011

4 AVAILABLE FOR SALE INVESTMENTS (continued)

The Company performs an assessment to determine whether the decline in value of its available for sale investments is temporary or non-temporary. Based on this assessment, the management has concluded that such a decline is considered to be temporary. In reaching to this conclusion, management has considered several factors, including; the financial performance of the investee, the fair value of the investment, information from financial analysts about the forecasted market price, the Company's intent and ability to hold these investments until the market price recovers and its intent and ability to mitigate any potential impairment that could be incurred on such investments.

Management will continue to monitor and review its available for sale investments and assess the impact of changes in the factors referred to above to determine the need for any impairment.

5 INVESTMENTS IN ASSOCIATES

Following is the movement of investments in associates:

	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
At the beginning of the period	<u>16,690,681</u>	<u>11,758,635</u>
(Loss) income from associates, net	(79,519)	251,365
Other movements	(56,847)	88,414
At the end of the period	<u><u>16,554,315</u></u>	<u><u>12,098,414</u></u>

During the second quarter of 2010, the shareholders of Fairmont Raffles Holding International (FRHI) - a former 58% owned subsidiary, signed an agreement with Voyager Partners Limited and Qatari Diar Hotel and Property Investment Limited for the sale of 40% of FRHI's capital through the issuance of additional shares. As a result, the Group's ownership interest was reduced from 58% to 35%. Also, during the same period and due to certain changes in the management and operating control structure of Real Estate Investment Company (REIC) (a former 39% owned subsidiary), KHC has no longer exercise control over REIC. Accordingly, both investments have been reclassified during the second quarter of 2010 to investments in associates.

6 INTANGIBLE ASSETS

	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
Goodwill	1,712,957	7,891,597
Other intangible assets	124,436	3,965,087
	<u><u>1,837,393</u></u>	<u><u>11,856,684</u></u>

Goodwill includes the portion relating to the goodwill of minority interests of subsidiaries, aggregating to SR 112 million (2010: SR 2,340 million).

Other intangible assets include management contracts that relate to subsidiaries that operate in the hotel business. Such intangibles have definite lives and are amortized over the duration of the contracts. Amortization has been reported in the interim consolidated statement of income.

Most of the balances for 2010 reported above relate to FRHI, which was reclassified as associate in the second quarter of 2010 (note 5).

Kingdom Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS –
(UNAUDITED) (Continued)
31 March 2011

7 BANK BORROWINGS AND TERM LOANS

	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
Current:		
Revolving credit facilities	24,183	59,780
Short term loans	27,475	27,446
	<u>51,658</u>	<u>87,226</u>
Current portion of long term loans	1,076,541	942,335
	<u>1,128,199</u>	<u>1,029,561</u>
Non - current:		
Term loans, net	10,956,889	13,012,092
	<u>12,085,088</u>	<u>14,041,653</u>

Bank borrowings and term loans are obtained from various financial institutions and are secured by promissory notes and pledge of certain shares that are held under available for sale investments. They carry borrowing costs at normal commercial rates.

During the three months period ended 31 March 2011, the Group obtained bank borrowings and term loans of SR 25 million, net (2010: Repaid SR 61 million, net).

8 ABSORPTION OF LOSSES AND REDUCTION IN SHARE CAPITAL

In its Extraordinary General Meeting on 26 Safar 1431H (10 February 2010), the General Assembly resolved to reduce the Company's capital by SR 25,941 million, in order to use this amount and the general reserve balance of SR 3,131 million to absorb accumulated losses of SR 29,072 million. As a result, the Company's capital was reduced from SR 63,000 million to SR 37,059 million.

9 INCOME (LOSS) FROM INVESTMENTS, NET

	<i>Three months period ended</i>	
	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
Change in market value of held for trading investments	27,467	-
Others, net *	31,776	(34,625)
	<u>59,243</u>	<u>(34,625)</u>

* Others, for 2010, include certain costs of SR 31 million, incurred by the Group during the previous period in connection with the acquisition of additional shares in KHI (note 1).

10 ZAKAT AND TAX

Zakat and tax reported in the interim consolidated statements of income consist of the following:

	<i>Three months period ended</i>	
	<i>31 March 2011 SR'000</i>	<i>31 March 2010 SR'000</i>
Zakat provision	4,504	2,128
Income tax (credit) / provision, net	(4,926)	8,374
Withholding tax on foreign dividends	3,999	4,745
	<u>3,577</u>	<u>15,247</u>

Zakat for the period represents the Zakat due on the Company and its local subsidiaries. The Group's subsidiaries that are incorporated outside the Kingdom of Saudi Arabia are subject to related tax laws of the country of operations. Foreign dividends are subject to withholding taxes.

Kingdom Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS –

(UNAUDITED) (Continued)

31 March 2011

11 EARNINGS PER SHARE

Earnings per share attributable to income from operations and net income for the period is calculated by dividing income from operations and net income for the period, respectively, by the number of shares outstanding of 3,706 million as at 31 March 2011.

12 CONTINGENCIES

The Company and its consolidated subsidiaries are defendants in various legal claims arising in the normal course of business. Provisions have been established for certain claims, based on the information presently available. Any additional liabilities including any potential tax assessments that may result in connection with other claims are not expected to have a material adverse effect on the Group's financial position or results of operation.

13 SEGMENT INFORMATION

The Group's primary activities are organized into three segments, as follows:

Equity

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 and Domestic

Real Estate - The principal activity includes investments in activities relating to ownership and development of land and real estate projects.

Domestic - The principal activity includes investments in local entities.

The total assets and total liabilities as at 31 March 2011 and 2010, total revenues and net income for the three months period ended, by segment, are as follows:

SR '000'

2011	Segment			
	Equity	Hotels	Real Estate and Domestic	Total
Total assets	15,337,786	20,546,161	6,871,723	42,755,670
Total liabilities	7,945,671	5,435,117	1,131,262	14,512,050
Total revenues	1,378	372,313	441,116	814,807
Net income (loss)	(87,695)	72,463	105,876	90,644

SR '000'

2010	Segment			
	Equity	Hotels	Real Estate and Domestic	Total
Total assets	13,776,147	31,010,250	6,361,923	51,148,320
Total liabilities	6,682,401	10,398,733	786,555	17,867,689
Total revenues	(32,453)	744,183	532,681	1,244,411
Net income (loss)	(97,241)	(190,358)	362,809	75,210

Kingdom Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS –

(UNAUDITED) (Continued)

31 March 2011

14 DIVIDENDS PAYABLE

The General Assembly of the Company, in its annual meeting which was held on 22 Rabi Thani 1432H (corresponding to 27 March 2011) approved the cash dividends distribution of SR 137.5 million per quarter totaling to SR 550.3 million for the year, as recommended by Company's board of directors.

The first dividends distribution was made on 5 Jumad Awal 1432H (corresponding to 9 April 2011) to all shareholders of record as of the date of the General Assembly meeting.

15 REVERSAL OF IMPAIRMENT LOSS

During the period ended 31 March 2011, the Company has reviewed the carrying value of certain assets held for sale based on an updated study of the current fair value of these investments. This has resulted in an increase in the carrying value of SR 93.8 million. Accordingly, such increase has been recorded as a reversal of impairment loss, which had been recorded in 2008.

16 SUBSEQUENT EVENTS

Kingdom Holding Company jointly with Bahrain's Batelco Group has signed on a non-binding term sheet on 2 Jumad Awal 1432H (corresponding to 6 April 2011) with Mobile Telecommunications Company (Zain Kuwait) relating to the possible acquisition of Zain's 25 percent equity stake in Mobile Telecommunications Company Saudi Arabia (Zain KSA). The due diligence process will start as soon as approval from the Board of Zain Saudi Arabia is confirmed.

17 COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current year.

In addition, prior period amounts reflect the consolidation of certain subsidiaries that were classified as associates during the current period (note 5).