



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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2010

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 2010 and the related interim consolidated statements of income and cash flows for the 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 the impact of such a transaction on the carrying value of the Company's investments.

for Ernst & Young



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Riyadh: 5 Jumada Awal 1431H
(19 April 2010)

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED BALANCE SHEET – (UNAUDITED)

As at 31 March 2010

(SR'000)

	Note	31 March 2010	31 March 2009
ASSETS			
Current assets:			
Cash and cash equivalents		2,028,402	2,690,805
Accounts receivable and other assets		1,577,689	1,325,879
Net assets held for sale		138,800	213,125
Total current assets		<u>3,744,891</u>	<u>4,229,809</u>
Non-current assets:			
Available for sale investments	4	9,351,235	3,725,897
Investments in associates	5	12,098,414	10,190,099
Investments in real estate	5 & 10	1,320,421	3,286,622
Property and equipment, net		11,792,763	11,227,384
Intangible assets	6	11,856,684	11,506,524
Other long term assets		983,912	993,884
Total non-current assets		<u>47,403,429</u>	<u>40,930,410</u>
Total assets		<u><u>51,148,320</u></u>	<u><u>45,160,219</u></u>
LIABILITIES AND EQUITY			
Liabilities:			
Current liabilities:			
Bank borrowings	7	1,029,561	491,952
Accounts payable and other liabilities		1,783,384	1,867,690
Total current liabilities		<u>2,812,945</u>	<u>2,359,642</u>
Non-current liabilities:			
Loans and bank borrowings	7	13,012,092	12,594,007
Due to principal shareholder	8	-	1,782,797
Other long term liabilities		2,042,652	2,075,093
Total non-current liabilities		<u>15,054,744</u>	<u>16,451,897</u>
Total liabilities		<u>17,867,689</u>	<u>18,811,539</u>
Equity:			
Shareholders' equity:			
Share capital	9	37,058,823	63,000,000
Statutory reserve		121,020	121,020
General reserve	9	-	3,131,106
Retained earnings / (accumulated losses)	9	728,088	(28,771,825)
Unrealized loss from available for sale investments	4	(12,148,060)	(18,105,178)
Foreign currency translation adjustments and other		65,220	(173,962)
Total shareholders' equity		<u>25,825,091</u>	<u>19,201,161</u>
Minority interests	6	<u>7,455,540</u>	<u>7,147,519</u>
Total equity		<u>33,280,631</u>	<u>26,348,680</u>
Total liabilities and equity		<u><u>51,148,320</u></u>	<u><u>45,160,219</u></u>

The attached notes 1 to 16 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 2010

(SR'000)

	Note	Three-months period ended	
		31 March 2010	31 March 2009
REVENUES			
Hotels and other operating revenues		994,474	917,020
Dividends income		15,817	126,785
Income from associates, net	5	251,365	26,617
Other		17,380	52,697
Total revenues		1,279,036	1,123,119
COSTS AND EXPENSES			
Hotels and other operating costs		(762,134)	(648,953)
General and administrative expenses		(158,175)	(116,990)
Total costs and expenses		(920,309)	(765,943)
GROSS PROFIT		358,727	357,176
Depreciation and amortization		(114,666)	(105,475)
Finance charges, net		(144,262)	(132,856)
Loss on investments, net	10	(34,625)	(27,887)
INCOME FROM OPERATIONS		65,174	90,958
Minority interests		25,283	(36,904)
INCOME BEFORE ZAKAT AND TAX		90,457	54,054
Zakat and tax	11,	(15,247)	(3,884)
NET INCOME FOR THE PERIOD		75,210	50,170
Earnings per share (SR):			
<i>Attributable to:</i>			
Income from operations	12	0.02	0.02
Net income for the period		0.02	0.01



The attached notes 1 to 16 form part of these interim consolidated financial statements.

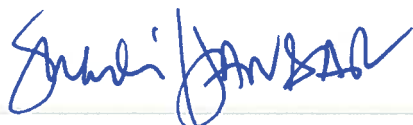
KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – (UNAUDITED)

For the three-months period ended 31 March 2010

(SR'000)

	<i>Three-months period ended</i>	
	<i>31 March 2010</i>	<i>31 March 2009</i>
Operating activities:		
Income before zakat and tax	90,457	54,054
Adjustments to reconcile income to net cash used in operating activities:		
Depreciation and amortization	114,666	105,475
Income from associates, net	(251,365)	(26,617)
Loss on investments, net	34,625	27,887
	(11,617)	160,799
Changes in operating assets and liabilities		
Accounts receivable and other assets	(105,501)	95,342
Other long term assets	19,655	(219,277)
Accounts payable and other liabilities	157,213	(49,425)
Other long term liabilities	(162,484)	(58,204)
	(102,734)	(70,765)
Cash used in operations	(102,734)	(70,765)
Zakat and tax paid	(13,247)	(1,884)
	(115,981)	(72,649)
Investing activities:		
Net assets held for sale	167,250	1,008
Proceeds from sale of available for sale investments	-	2,485,578
Advances to associate	(89,899)	-
Dividends from associates and others, net	1,485	-
Proceeds from sale of investments in associates	-	325,932
Additions to investments in real estate	(4,759)	337
Proceeds from sale of investments in real estate	-	1,136,450
Property and equipment, net	(118,903)	(201,892)
Intangible assets	8,063	55,273
	(36,763)	3,802,686
Net cash (used in) from investing activities	(36,763)	3,802,686
Financing activities:		
Loans and bank borrowings, net	(60,847)	(2,315,035)
Due to principal shareholder	-	(429,750)
Minority interests, net	8,591	(186,991)
	(52,256)	(2,931,776)
Net cash used in financing activities	(52,256)	(2,931,776)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(205,000)	798,261
Cash and cash equivalents at the beginning of the period	2,233,402	1,892,544
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,028,402	2,690,805
Non cash transactions:		
Unrealized gain (loss) from available for sale investments (note 4)	1,095,356	(2,409,251)
Reduction in capital to absorb losses (note 9)	25,941,177	-
Transfer of general reserve to absorb losses (note 9)	3,131,106	-




The attached notes 1 to 16 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 2010

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 14.

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 statement 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 2009.

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 2009. 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.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) - continued
31 March 2010

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. 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

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 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, investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The interim consolidated statement of income reflects the Group's share in the results of operations of associates.

Real estate

Real estates 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 estates are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is 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 an intangible asset 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.

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 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 consolidated statement of income when incurred.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) - continued
31 March 2010

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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's 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 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 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 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.

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 recognised in the 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 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 statement 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 consolidated statement of income.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) - continued
31 March 2010

4 AVAILABLE FOR SALE INVESTMENTS

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

	<i>31 March 2010</i> <i>SR'000</i>	<i>31 March 2009</i> <i>SR'000</i>
Local and regional	1,053,965	820,610
International	8,297,270	2,905,287
	<u>9,351,235</u>	<u>3,725,897</u>

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

	<i>31 March 2010</i> <i>SR'000</i>	<i>31 March 2009</i> <i>SR'000</i>
<i>Cost:</i>		
At the beginning of the period	21,499,295	24,909,176
Disposals, net *	-	(3,078,101)
At the end of the period	<u>21,499,295</u>	<u>21,831,075</u>
<i>Unrealized loss:</i>		
At the beginning of the period	(13,243,735)	(15,695,927)
Change during the period, net	1,095,675	(2,409,251)
At the end of the period	<u>(12,148,060)</u>	<u>(18,105,178)</u>
<i>Net carrying amount</i>	<u>9,351,235</u>	<u>3,725,897</u>

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

In assessing the impairment of available for sale investments, the Company has considered the above transaction, in addition to other factors that relate to the performance and fair value of these investments. Management will also continue to review its available for sale investments and assess the impact of changes in the factors mentioned above on the impairment of these investments, if any.

* During the three-months period ended 31 March 2009, the Group disposed of certain AFS investments and incurred a net loss of SR 593 million (note 10).

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) - continued
31 March 2010

5 INVESTMENTS IN ASSOCIATES

Following is the movement of investments in associates:

	<i>Three-months period ended</i>	
	<i>31 March 2010</i>	<i>31 March 2009</i>
	<i>SR'000</i>	<i>SR'000</i>
At the beginning of the period	11,758,635	10,311,433
Income from associates, net	251,365	26,617
Other movements	88,414	(147,951)
At the end of the period	12,098,414	10,190,099

During the three-months period ended 31 March 2010, the Company has completed an exchange transaction with a newly established company; Jeddah Economic Company (JEC) – an associate, through contribution of certain land of SR 1,832 million. The Company has an ownership of 40% in JEC, which will be engaged in the development of large real estate projects in Jeddah, Kingdom of Saudi Arabia. As a result of completing certain defined milestones pertaining to this investment, the Company has recognized an income of SR 394 million, which represents a portion of the income that is attributable to the equity interest of other partners in JEC.

During the three-months period ended 31 March 2009, the Group disposed of certain investments in associates, resulting in a gain of SR 178 million (note 10).

6 INTANGIBLE ASSETS

	<i>31 March 2010</i>	<i>31 March 2009</i>
	<i>SR'000</i>	<i>SR'000</i>
Goodwill	7,891,597	7,851,491
Other intangible assets	3,965,087	3,655,033
	11,856,684	11,506,524

Goodwill includes the portion relating to the goodwill of minority interests of subsidiaries, aggregating to SR 2,340 million (31 March 2009: 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.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) - continued
31 March 2010

7 BANK BORROWINGS AND TERM LOANS

	<i>31 March 2010</i> <i>SR'000</i>	<i>31 March 2009</i> <i>SR'000</i>
Current:		
Revolving credit facilities	59,780	24,433
Short term loans	27,446	45,996
	<u>87,226</u>	<u>70,429</u>
Current portion of long term loans	942,335	421,523
	<u>1,029,561</u>	<u>491,952</u>
Non - current:		
Term loans, net	13,012,092	12,594,007
	<u>14,041,653</u>	<u>13,085,959</u>

Bank borrowings and term loans which are obtained from various financial institutions 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 2010, the Group repaid SR 61 million (31 March 2009: SR 2,315 million) of bank borrowings and term loans.

8 DUE TO PRINCIPAL SHAREHOLDER

This balance represented a loan provided by the principal shareholder to the Company at the end of 2008, that carried interest at normal commercial rates, in addition to certain personally owned quoted investment securities that were transferred by the principal shareholder to the Company at market value. The balance was fully settled during 2009.

9 ABSORPTION OF LOSSES AND REDUCTION IN SHARE CAPITAL

In its Extraordinary General Meeting on 26 Safar 1431H (10 February 2010), the General Assembly has 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.

10 LOSS ON INVESTMENTS, NET

	<i>Three-months period ended</i>	
	<i>31 March 2010</i> <i>SR'000</i>	<i>31 March 2009</i> <i>SR'000</i>
Loss on disposition of available for sale investments (note 4)	-	(592,523)
Gain on sale of real estate *	-	228,531
Gain on sale of investments in associates (note 5)	-	177,981
Others	(34,625)	158,124
	<u>(34,625)</u>	<u>(27,887)</u>

* During the three months ended 31 March 2009, the Company sold certain real estate in the Kingdom of Saudi Arabia and realized a gain of SR 229 million.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) - continued
31 March 2010

11 ZAKAT AND TAX

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

	<i>Three-months period ended</i>	
	<i>31 March 2010</i>	<i>31 March 2009</i>
	<i>SR'000</i>	<i>SR'000</i>
Zakat provision	2,128	2,121
Income tax provision / (recovery)	8,374	(3,376)
Withholding tax on foreign dividends	4,745	5,139
	<u>15,247</u>	<u>3,884</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.

12 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 2010.

The earnings per share for the comparative period of 2009 has been adjusted to reflect the effect of the capital reduction, retrospectively (note 9).

13 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.

14 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.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) - continued
31 March 2010

14 SEGMENT INFORMATION (continued)

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 liabilities as at 31 March 2010 and 31 March 2009, total revenues and net income (loss) for the three-months period then ended, by segment, are as follows:

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	567,306	1,279,036
Net (loss) / income	(97,241)	(190,358)	362,809	75,210

SR '000'

2009	Segment			
	Equity	Hotels	Real Estate and Domestic	Total
Total assets	6,161,920	33,048,876	5,949,423	45,160,219
Total liabilities	7,297,316	10,881,671	632,552	18,811,539
Total revenues	202,203	728,148	192,768	1,123,119
Net (loss) / income	(343,741)	145,540	248,371	50,170

15 SUBSEQUENT AND OTHER EVENTS

- a. Subsequent to the period end, the shareholders of Fairmont Raffles Holding International (FRHI) - a subsidiary, signed an agreement with Voyager Partners Limited and Qatari Diar Hotel and Property Investment Limited for the sale of 40% of the subsidiary's capital through issuance of additional shares. The total sales value is around SR 3,200 million, which includes cash consideration and the assignment of future management contracts of hotels to FRHI.

As a result of the above, the Group's ownership interest in FRHI will be reduced from 58% to 35%.

- b. During March 2010, the Group has made an offer to buy the shares of the minority shareholders of Kingdom Hotel Investments (KHI), a listed subsidiary, representing 44% of the total issued share capital of KHI. The offer price is US\$ 5 per share. This offer has been approved by the board of directors of KHI, subject to receipt of acceptance by the shareholders of KHI and completion of necessary legal formalities.

It is currently expected that this transaction will be completed in the second or third quarter of 2010.

16 COMPARATIVE FIGURES

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