

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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009

Ernst & Young



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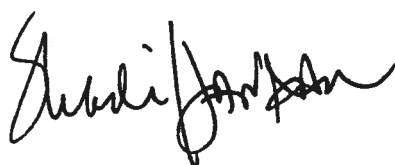
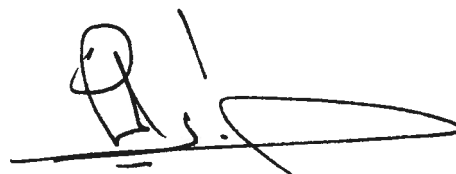
KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED BALANCE SHEET – (UNAUDITED)

As at 30 June 2009

(SR'000)

	<i>Note</i>	<i>30 June 2009</i>	<i>30 June 2008</i>
ASSETS			
Current assets:			
Cash and cash equivalents		3,084,723	1,486,511
Accounts receivable and other assets		1,812,311	1,928,691
Net assets held for sale	4	213,125	364,133
Total current assets		5,110,159	3,779,335
Available for sale investments	5	4,462,146	28,279,229
Investments in associates	6	9,764,017	8,619,770
Investments in real estate	10	3,106,183	4,880,039
Property and equipment		11,470,279	11,634,334
Intangible assets	7	11,755,700	13,598,435
Other long term assets		1,030,248	993,294
Total assets		46,698,732	71,784,436
LIABILITIES AND EQUITY			
Current liabilities:			
Bank borrowings	8	399,411	257,312
Accounts payable and other liabilities		1,780,465	1,928,314
Total current liabilities		2,179,876	2,185,626
Loans and bank borrowings	8	12,701,430	19,312,754
Due to principal shareholder	9	1,707,797	-
Other long term liabilities		2,309,311	2,425,988
Total liabilities		18,898,414	23,924,368
Shareholders' equity:			
Share capital	1	63,000,000	63,000,000
Statutory reserve		121,020	121,020
General reserve	1	3,131,106	3,131,106
(Accumulated losses) / retained earnings		(28,679,767)	1,927,735
Unrealized loss from available for sale investments	5	(17,008,222)	(29,169,685)
Foreign currency translation adjustments and other		(96,536)	255,658
Total shareholders' equity		20,467,601	39,265,834
Minority interests		7,332,717	8,594,234
Total liabilities and equity		46,698,732	71,784,436

The attached notes 1 to 15 form part of these interim consolidated financial statements.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENTS OF INCOME – (UNAUDITED)

For the three and six months ended 30 June 2009

(SR'000)

	Note	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
REVENUES					
Hotels and other operating revenues		972,064	1,249,170	1,889,084	2,343,628
Dividends income		38,009	309,629	164,794	589,117
(Loss) / income from associates, net	6	(74,773)	99,575	(48,156)	180,137
Other		82,352	101,572	135,049	129,070
Total revenues		1,017,652	1,759,946	2,140,771	3,241,952
COSTS AND EXPENSES					
Hotels and other operating costs		(687,527)	(794,704)	(1,336,480)	(1,516,654)
General and administrative expenses		(102,889)	(261,135)	(219,879)	(379,270)
Total costs and expenses		(790,416)	(1,055,839)	(1,556,359)	(1,895,924)
GROSS PROFIT		227,236	704,107	584,412	1,346,028
Depreciation and amortization		(108,431)	(126,915)	(213,906)	(231,666)
Finance charges, net		(110,146)	(156,218)	(243,002)	(362,583)
Gain on sale of investments, net	10	186,997	244,463	159,110	355,281
INCOME FROM OPERATIONS		195,656	665,437	286,614	1,107,060
Minority interests		(92,474)	(73,628)	(129,378)	(112,432)
INCOME BEFORE ZAKAT AND TAX		103,182	591,809	157,236	994,628
Zakat and tax	11	(11,124)	(57,064)	(15,008)	(156,079)
NET INCOME FOR THE PERIOD		92,058	534,745	142,228	838,549
Earnings per share (SR)					
<i>Attributable to:</i>					
Income from operations		0.03	0.11	0.05	0.18
Net income for the period		0.01	0.08	0.02	0.13

The attached notes 1 to 15 form part of these interim consolidated financial statements.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

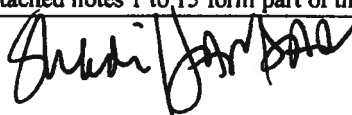
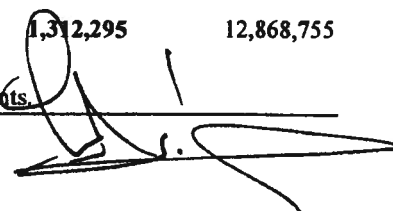
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – (UNAUDITED)

For the six months ended 30 June 2009

(SR'000)

	<i>Six months ended</i>	
	<u>30 June 2009</u>	<u>30 June 2008</u>
Operating activities:		
Income before zakat and tax	157,236	994,628
Adjustments to reconcile net income to net cash (used in) from operating activities:		
Depreciation and amortization	213,906	231,666
Loss / (income) from associates, net	48,156	(180,137)
Gain on sale of investments, net	(159,110)	(355,281)
	<u>260,188</u>	<u>690,876</u>
Changes in operating assets and liabilities		
Accounts receivable and other assets	(391,090)	(327,534)
Other long term assets	(320,869)	(188,167)
Accounts payable and other liabilities	(126,025)	(135,363)
Other long term liabilities	230,553	461,704
	<u>(347,243)</u>	<u>501,516</u>
Cash (used in) from operations	(347,243)	501,516
Zakat and tax paid	(15,008)	(44,079)
	<u>(362,251)</u>	<u>457,437</u>
Net cash (used in) from operating activities	<u>(362,251)</u>	<u>457,437</u>
Investing activities:		
Net assets held for sale	1,008	1,881,610
Acquisition of available for sale investments	(517)	(2,615,368)
Proceeds from sale of available for sale investments	2,743,273	571,387
Acquisition of investment in associates	-	(95,200)
Dividends from associates	206,602	121,060
Proceeds from sale of investment in associates	536,211	-
Additions to investments in real estate	(52,014)	(168,716)
Proceeds from sale of investments in real estate	1,383,789	-
Property and equipment, net	(441,580)	(2,467,618)
Intangible assets	(193,903)	(236,122)
	<u>4,182,869</u>	<u>(3,008,767)</u>
Net cash from (used in) investing activities	<u>4,182,869</u>	<u>(3,008,767)</u>
Financing activities:		
Loans and bank borrowings, net	(2,400,153)	1,439,001
Due to principal shareholder	(249,380)	-
Foreign currency translation adjustments and other	22,887	74,613
Minority interests, net	(1,793)	214,885
	<u>(2,628,439)</u>	<u>1,728,499</u>
Net cash (used in) from financing activities	<u>(2,628,439)</u>	<u>1,728,499</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,192,179	(822,831)
Cash and cash equivalents at the beginning of the period	1,892,544	2,309,342
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>3,084,723</u></u>	<u><u>1,486,511</u></u>
Non cash transactions		
Unrealized loss from available for sale investments	1,312,295	12,868,755

The attached notes 1 to 15 form part of these interim consolidated financial statements.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)

30 June 2009

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 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.

Prior to such conversion, the shareholders of the Company resolved to increase the share capital from SR 10 million to SR 63,000 million by capitalizing the shareholder's current account and transferred an amount of SR 3,131 million to the general reserve.

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 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 2008.

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 2008. 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.

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.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) – continued
30 June 2009

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statements of income reflect 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 statements 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 statements 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 statements 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.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) – continued
30 June 2009

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 statements 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 statements 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 statements 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 consolidated statements of income.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) – continued
30 June 2009

4 NET ASSETS HELD FOR SALE

The Group management has approved and committed to a formal plan to actively market certain identified properties for sale. Accordingly, the following assets and related liabilities have been classified as held for sale:

<i>Description</i>	<i>30 June 2009 (Unaudited)</i>			<i>30 June 2008 (Unaudited)</i>
	<i>Total assets (SR'000)</i>	<i>Total liabilities (SR'000)</i>	<i>Net assets held for sale (SR'000)</i>	<i>Net assets held for sale (SR'000)</i>
Assets held for sale by the Group	770,761	(557,636)	213,125	364,133
Net assets held for sale	770,761	(557,636)	213,125	364,133

During the period ended 30 June 2008, the Group disposed of certain assets held for sale, resulting in a gain of SR 72 million (note 10).

5 AVAILABLE FOR SALE INVESTMENTS

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

	<i>30 June 2009 (Unaudited) SR'000</i>	<i>30 June 2008 (Unaudited) SR'000</i>
Local and regional	702,003	8,975,454
International	3,760,143	19,303,775
	4,462,146	28,279,229

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

	<i>30 June 2009 (Unaudited)</i>			<i>30 June 2008 (Unaudited)</i>
	<i>Quoted SR'000</i>	<i>Unquoted SR'000</i>	<i>Total SR'000</i>	<i>Total SR'000</i>
<i>Cost:</i>				
At the beginning of the period	24,871,081	38,095	24,909,176	55,121,845
(Disposals) / additions, net *	(3,400,713)	(38,095)	(3,438,808)	2,327,069
At the end of the period	21,470,368	-	21,470,368	57,448,914
<i>Unrealized loss:</i>				
At the beginning of the period	(15,695,927)	-	(15,695,927)	(16,300,930)
Change during the period, net	(1,312,295)	-	(1,312,295)	(12,868,755)
At the end of the period	(17,008,222)	-	(17,008,222)	(29,169,685)
<i>Net carrying amount</i>	4,462,146	-	4,462,146	28,279,229

* During the period ended 30 June 2009, the Group disposed of certain AFS investments and incurred a net loss of SR 606 million (30 June 2008: gain of SR 229 million) (note 10).

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) – continued
30 June 2009

5 AVAILABLE FOR SALE INVESTMENTS (continued)

Given the current significant difficulties in the global financial markets and their resultant impact on volatility and prices of equity investments, management has considered that the current quoted prices of its available for sale equity investments do not necessarily reflect the fair values. In assessing the amount of the impairment, management has considered certain information and financial analysis generally available from unrelated third parties, which include assumptions and expectations of future performance and market behavior. Based on a review carried out by the management during the year ended 31 December 2008, the Company reported an impairment loss of SR 12,256 million. For the period ended 30 June 2009, the Company has determined that no additional impairment loss is required to be recorded in the interim consolidated statements of income.

The changes in market value of the AFS investments as of 30 June 2009 and 30 June 2008 of approximately SR 17,008 million and SR 29,170 million respectively, have been reported as “unrealized loss on available for sale investments” in the shareholders’ equity.

6 INVESTMENTS IN ASSOCIATES

Following is the movement of investments in associates:

	<i>Six months ended 30 June 2009 (Unaudited) SR'000</i>	<i>Six months ended 30 June 2008 (Unaudited) SR'000</i>
At the beginning of the period	10,311,433	8,465,693
Movements during the period, net (Loss) / income from associates, net	(499,260) (48,156)	(26,060) 180,137
At the end of the period	<u>9,764,017</u>	<u>8,619,770</u>

During the period ended 30 June 2009, the Group disposed of certain investments in associates, resulting in a gain of SR 243 million (30 June 2008: SR nil) (note 10).

7 INTANGIBLE ASSETS

	<i>30 June 2009 (Unaudited) SR'000</i>	<i>30 June 2008 (Unaudited) SR'000</i>
Goodwill	7,882,799	9,609,872
Other intangible assets	3,872,901	3,988,563
	<u>11,755,700</u>	<u>13,598,435</u>

Goodwill includes the portion relating to the goodwill of minority interests of subsidiaries, aggregating to SR 2,340 million (30 June 2008: SR 3,139 million).

Other intangible assets include management contracts that relate to subsidiaries that are 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 statements of income.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) – continued
30 June 2009

8 BANK BORROWINGS AND TERM LOANS

	<i>30 June 2009</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>30 June 2008</i> <i>(Unaudited)</i> <i>SR'000</i>
Current:		
Bank overdraft	18,264	57,353
Short term loans	27,404	19,383
	<u>45,668</u>	<u>76,736</u>
Current portion of long term loans	353,743	180,576
	<u>399,411</u>	<u>257,312</u>
Non – current:		
Term loans, net	12,701,430	19,312,754
	<u>13,100,841</u>	<u>19,570,066</u>

Bank borrowings and term loans with 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 period ended 30 June 2009, the Company repaid SR 3,173 million, and its subsidiaries borrowed SR 773 million, for a net repayment of SR 2,400 million.

9 DUE TO PRINCIPAL SHAREHOLDER

This balance includes a loan provided by the principal shareholder to the Company at the end of 2008, that carries interest at normal commercial rates with no specific repayment date and, certain personally owned quoted investment securities that were transferred at market price by the principal shareholder to the Company.

10 GAIN ON SALE OF INVESTMENTS, NET

	<i>Three months ended</i> <i>SR'000</i>		<i>Six months ended</i> <i>SR'000</i>	
	<i>30 June 2009</i> <i>(Unaudited)</i>	<i>30 June 2008</i> <i>(Unaudited)</i>	<i>30 June 2009</i> <i>(Unaudited)</i>	<i>30 June 2008</i> <i>(Unaudited)</i>
(Loss) / gain on available for sale investments (note 5 (b))	(13,387)	228,795	(605,910)	228,795
Gain on real estate *	126,187	-	354,718	-
Gain on associates (note 6)	65,572	-	243,553	-
Gain on assets held for sale (note 4)	-	-	-	72,193
Other investments	8,625	15,668	166,749	54,293
	<u>186,997</u>	<u>244,463</u>	<u>159,110</u>	<u>355,281</u>

* During the period ended 30 June 2009, the Company sold certain real estate in the Kingdom of Saudi Arabia and realized a gain of SR 355 million.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) – continued
30 June 2009

11 ZAKAT AND TAX

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>SR'000</i>		<i>SR'000</i>	
	<i>30 June 2009</i>	<i>30 June 2008</i>	<i>30 June 2009</i>	<i>30 June 2008</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Zakat	2,013	5,761	4,134	18,093
Income tax charge / (credit)	8,827	(15,847)	5,451	(399)
Withholding tax on foreign dividends	284	67,150	5,423	138,385
	<u>11,124</u>	<u>57,064</u>	<u>15,008</u>	<u>156,079</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 6,300 million.

13 CONTINGENCIES

The Company and its consolidated subsidiaries are defendants in various legal claims arising in the normal course of business operations. Provision has 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 organised into the 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.

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.

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED) – continued
30 June 2009

14 SEGMENT INFORMATION (continued)

The total assets and total liabilities as at 30 June 2009 and 30 June 2008, total revenues and net income for the three and six months period then ended, by segment, are as follows:

SR '000'

2009 (Unaudited)	Segment			
	Equity	Hotels	Real Estate and Domestic	Total
Total assets	6,972,834	33,732,638	5,993,260	46,698,732
Total liabilities	6,976,960	11,288,191	633,263	18,898,414
Total revenues:				
For the three months ended 30 June	8,192	828,605	180,855	1,017,652
For the six months ended 30 June	210,395	1,556,753	373,623	2,140,771
Net (loss) income:				
For the three months ended 30 June	(65,001)	16,029	141,030	92,058
For the six months ended 30 June	(408,742)	161,569	389,401	142,228

SR '000'

2008 (Unaudited)	Segment			
	Equity	Hotels	Real Estate and Domestic	Total
Total assets	30,624,773	33,841,202	7,318,461	71,784,436
Total liabilities	12,857,685	10,294,032	772,651	23,924,368
Total revenues:				
For the three months ended 30 June	377,283	1,205,049	177,614	1,759,946
For the six months ended 30 June	802,556	2,092,798	346,598	3,241,952
Net income:				
For the three months ended 30 June	447,818	71,182	15,745	534,745
For the six months ended 30 June	714,401	98,433	25,715	838,549

15 COMPARATIVE FIGURES

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