



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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009

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 30 September 2009 and the related interim consolidated statements of income for the three months and nine months period then ended and the related interim consolidated statement of cash flows for the nine 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. Except for the matter referred to in the explanatory paragraph, 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.

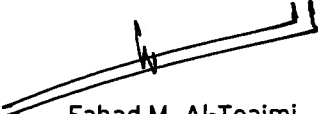
Explanatory Paragraph

As described in note 5 to the interim consolidated financial statements, the Group has substantial investments in available for sale equity instruments. Given the current significant difficulties in the global financial markets and their resultant impact on the decline in prices of its equity investments, management considers that the current quoted prices of equity investments do not necessarily reflect their fair values. Accordingly, in assessing the amount of the impairment, management has considered certain information and financial analysis generally available from independent parties, which relate to assumptions and expectations of future performance of such investments. As we are unable to assess the reasonableness of such information because of its inherent nature, we have not been able to determine the adequacy of the decline other than temporary in the value of available for sale investments and the resulting effect on the net income for the period; while this has no effect on the reported shareholders' equity at the period end, as the decline in market values has already been reflected in equity.

Conclusion

Based on our limited review, subject to the effect of such adjustments, if any, to the net income for the three and nine months period ended 30 September 2009, as described above, 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.

for Ernst & Young


Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354



Riyadh: 30 Shawwal 1430H

(19 October 2009)

Abdulaziz A. Alsowailim 277
Fahad M. Al-Toaimi 354

Samir F. Farah 168
Abdulhamid M. Bushnao 155

Abdulaziz Alshubaibi 339
Ahmed I. Reda 356

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED BALANCE SHEET – (UNAUDITED)

As at 30 September 2009
(SR'000)

| | Note | 30 September 2009 | 30 September 2008 |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | | 3,395,471 | 1,546,819 |
| Accounts receivable and other assets | | 1,797,847 | 1,665,210 |
| Net assets held for sale | 4 | 138,800 | 364,133 |
| Total current assets | | 5,332,118 | 3,576,162 |
| Available for sale investments | 5 | 6,113,233 | 28,931,589 |
| Investments in associates | 6 | 9,785,671 | 8,685,465 |
| Investments in real estate | 10 | 3,126,698 | 4,974,899 |
| Property and equipment, net | | 11,749,830 | 11,350,664 |
| Intangible assets | 7 | 11,867,902 | 13,381,176 |
| Other long term assets | | 1,036,917 | 954,508 |
| Total assets | | 49,012,369 | 71,854,463 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Bank borrowings | 8 | 616,451 | 354,466 |
| Accounts payable and other liabilities | | 1,810,917 | 1,895,790 |
| Total current liabilities | | 2,427,368 | 2,250,256 |
| Loans and bank borrowings | 8 | 12,748,031 | 19,654,389 |
| Due to principal shareholder | 9 | 1,707,797 | - |
| Other long term liabilities | | 2,423,103 | 2,353,856 |
| Total liabilities | | 19,306,299 | 24,258,501 |
| 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 | | (28,574,930) | 2,154,230 |
| Unrealized loss from available for sale investments | 5 | (15,358,964) | (29,266,325) |
| Foreign currency translation adjustments and other | | (34,977) | 106,447 |
| Total shareholders' equity | | 22,283,255 | 39,246,478 |
| Minority interests | 7 | 7,422,815 | 8,349,484 |
| Total equity | | 29,706,070 | 47,595,962 |
| Total liabilities and equity | | 49,012,369 | 71,854,463 |

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 nine months ended 30 September 2009

(SR'000)

| | Note | <i>Three months ended</i> | | <i>Nine months ended</i> | |
|---|------|---------------------------|--------------------|--------------------------|--------------------|
| | | <i>30 September</i> | | <i>30 September</i> | |
| | | <i>2009</i> | <i>2008</i> | <i>2009</i> | <i>2008</i> |
| REVENUES | | | | | |
| Hotels and other operating revenues | | 1,007,730 | 1,177,035 | 2,896,814 | 3,520,663 |
| Dividends income | | 83,636 | 257,188 | 248,430 | 846,305 |
| (Loss) / income from associates, net | 6 | (21,469) | 54,161 | (69,625) | 234,298 |
| Other | | 27,381 | 60,472 | 162,430 | 189,542 |
| Total revenues | | 1,097,278 | 1,548,856 | 3,238,049 | 4,790,808 |
| COSTS AND EXPENSES | | | | | |
| Hotels and other operating costs | | (684,799) | (790,296) | (2,021,279) | (2,306,950) |
| General and administrative expenses | | (128,785) | (226,660) | (348,664) | (605,930) |
| Total costs and expenses | | (813,584) | (1,016,956) | (2,369,943) | (2,912,880) |
| GROSS PROFIT | | 283,694 | 531,900 | 868,106 | 1,877,928 |
| Depreciation and amortization | | (106,419) | (108,578) | (320,325) | (340,244) |
| Finance charges, net | | (87,956) | (145,367) | (330,958) | (507,950) |
| Gain / (loss) on sale of investments, net | 10 | 74,925 | (1,161) | 234,035 | 354,120 |
| INCOME FROM OPERATIONS | | 164,244 | 276,794 | 450,858 | 1,383,854 |
| Minority interests | | (9,809) | 39,823 | (139,187) | (72,609) |
| INCOME BEFORE ZAKAT AND TAX | | 154,435 | 316,617 | 311,671 | 1,311,245 |
| Zakat and tax | 11 | (49,598) | (90,124) | (64,606) | (246,203) |
| NET INCOME FOR THE PERIOD | | 104,837 | 226,493 | 247,065 | 1,065,042 |
| Earnings per share (SR) | | | | | |
| <i>Attributable to:</i> | | | | | |
| Income from operations | 12 | 0.03 | 0.04 | 0.07 | 0.22 |
| Net income for the period | | 0.02 | 0.04 | 0.04 | 0.17 |

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 nine months ended 30 September 2009

(SR'000)

| | <i>Nine months ended</i> | |
|---|------------------------------|------------------------------|
| | <i>30 September 2009</i> | <i>30 September 2008</i> |
| Operating activities: | | |
| Income before zakat and tax | 311,671 | 1,311,245 |
| Adjustments to reconcile net income to net cash (used in) from operating activities: | | |
| Depreciation and amortization | 320,325 | 340,244 |
| Loss / (income) from associates, net | 69,625 | (234,298) |
| Gain on sale of investments, net | (234,035) | (354,120) |
| | 467,586 | 1,063,071 |
| Changes in operating assets and liabilities | | |
| Accounts receivable and other assets | (376,626) | (64,053) |
| Other long term assets | (716,272) | (149,381) |
| Accounts payable and other liabilities | (94,823) | (116,887) |
| Other long term liabilities | 344,345 | 389,572 |
| | (375,790) | 1,122,322 |
| Cash (used in) from operations | (375,790) | 1,122,322 |
| Zakat and tax paid | (58,606) | (185,203) |
| | (434,396) | 937,119 |
| Investing activities: | | |
| Net assets held for sale | 143,508 | 154,643 |
| Acquisition of available for sale investments | (517) | (3,206,027) |
| Proceeds from sale of available for sale investments | 2,831,586 | 366,592 |
| Acquisition of investments in associates | (39,629) | (71,951) |
| Dividends from associates | 48,003 | 131,770 |
| Proceeds from sale of investments in associates | 691,316 | - |
| Additions to investments in real estate | (71,565) | (263,576) |
| Proceeds from sale of investments in real estate | 1,494,463 | - |
| Property and equipment, net | (640,596) | (565,559) |
| Intangible assets | (306,105) | (88,587) |
| | 4,150,464 | (3,542,695) |
| Net cash from (used in) investing activities | 4,150,464 | (3,542,695) |
| Financing activities: | | |
| Loans and bank borrowings, net | (2,136,512) | 1,877,790 |
| Due to principal shareholder | (249,380) | - |
| Foreign currency translation adjustments and other | 84,446 | (74,560) |
| Minority interests, net | 88,305 | 39,823 |
| | (2,213,141) | 1,843,053 |
| Net cash (used in) from financing activities | (2,213,141) | 1,843,053 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,502,927 | (762,523) |
| 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 | 3,395,471 | 1,546,819 |
| Non cash transactions: | | |
| Unrealized gain (loss) from available for sale investments | 336,963 | (12,965,395) |

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 September 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 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.

Prior to the conversion, the shareholders of the Company resolved to increase the share capital from SR 10 million to SR 63,000 million by capitalizing the principal 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 September 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 September 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 September 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 September 2009</i> <i>(Unaudited)</i> | | | <i>30 September 2008</i> <i>(Unaudited)</i> |
|-----------------------------------|--|---|--|--|
| | <i>Total assets</i> <i>(SR'000)</i> | <i>Total liabilities</i> <i>(SR'000)</i> | <i>Net assets held for sale</i> <i>(SR'000)</i> | <i>Net assets held for sale</i> <i>(SR'000)</i> |
| Assets held for sale by the Group | 681,436 | (542,636) | 138,800 | 364,133 |
| Net assets held for sale | 681,436 | (542,636) | 138,800 | 364,133 |

During the period ended 30 September 2009, the Group disposed of certain assets held for sale, resulting in a gain of SR 68 million (2008: SR 72 million) (note 10).

5 AVAILABLE FOR SALE INVESTMENTS

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

| | <i>30 September 2009</i> <i>(Unaudited)</i> <i>SR'000</i> | <i>30 September 2008</i> <i>(Unaudited)</i> <i>SR'000</i> |
|--------------------|---|---|
| Local and regional | 789,612 | 8,189,114 |
| International | 5,323,621 | 20,742,475 |
| | 6,113,233 | 28,931,589 |

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

| | <i>30 September 2009</i> <i>(Unaudited)</i> | | | <i>30 September 2008</i> <i>(Unaudited)</i> |
|--------------------------------|--|----------------------------------|-------------------------------|--|
| | <i>Quoted</i> <i>SR'000</i> | <i>Unquoted</i> <i>SR'000</i> | <i>Total</i> <i>SR'000</i> | <i>Total</i> <i>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 * | (3,398,884) | (38,095) | (3,436,979) | 3,076,069 |
| At the end of the period | 21,472,197 | - | 21,472,197 | 58,197,914 |
| <i>Unrealized loss:</i> | | | | |
| At the beginning of the period | (15,695,927) | - | (15,695,927) | (16,300,930) |
| Change during the period, net | 336,963 | - | 336,963 | (12,965,395) |
| At the end of the period | (15,358,964) | - | (15,358,964) | (29,266,325) |
| <i>Net carrying amount</i> | 6,113,233 | - | 6,113,233 | 28,931,589 |

* During the period ended 30 September 2009, the Group disposed of certain AFS investments and incurred a net loss of SR 606 million (30 September 2008: gain of SR 237 million) (note 10).

KINGDOM HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

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

5 AVAILABLE FOR SALE INVESTMENTS (continued)

Given the current 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 September 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 September 2009 and 30 September 2008 of approximately SR 15,359 million and SR 29,266 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>Nine months ended 30 September 2009 (Unaudited) SR'000</i> | <i>Nine months ended 30 September 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 | (456,137) (69,625) | (14,526) 234,298 |
| At the end of the period | <u>9,785,671</u> | <u>8,685,465</u> |

During the period ended 30 September 2009, the Group disposed of certain investments in associates, resulting in a gain of SR 244 million (30 September 2008: SR nil) (note 10).

7 INTANGIBLE ASSETS

| | <i>30 September 2009 (Unaudited) SR'000</i> | <i>30 September 2008 (Unaudited) SR'000</i> |
|-------------------------|---|---|
| Goodwill | 7,903,499 | 9,468,364 |
| Other intangible assets | 3,964,403 | 3,912,812 |
| | <u>11,867,902</u> | <u>13,381,176</u> |

Goodwill includes the portion relating to the goodwill of minority interests of subsidiaries, aggregating to SR 2,340 million (30 September 2008: SR 3,070 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 September 2009

8 BANK BORROWINGS AND TERM LOANS

| | <i>30 September 2009 (Unaudited) SR'000</i> | <i>30 September 2008 (Unaudited) SR'000</i> |
|------------------------------------|---|---|
| Current: | | |
| Overdraft | 51,100 | 56,859 |
| Short term loans | 28,025 | 21,443 |
| | <u>79,125</u> | <u>78,302</u> |
| Current portion of long term loans | 537,326 | 276,164 |
| | <u>616,451</u> | <u>354,466</u> |
| Non – current: | | |
| Term loans, net | 12,748,031 | 19,654,389 |
| | <u>13,364,482</u> | <u>20,008,855</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 September 2009, the Company repaid SR 3,201 million, and its subsidiaries borrowed SR 1,064 million, for a net repayment of SR 2,137 million.

9 DUE TO PRINCIPAL SHAREHOLDER

This balance represented 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 by the principal shareholder to the Company at market price.

10 GAIN (LOSS) ON SALE OF INVESTMENTS, NET

| | <i>Three months ended SR'000</i> | | <i>Nine months ended SR'000</i> | |
|--|--|--|--|--|
| | <i>30 September 2009 (Unaudited)</i> | <i>30 September 2008 (Unaudited)</i> | <i>30 September 2009 (Unaudited)</i> | <i>30 September 2008 (Unaudited)</i> |
| Gain / (loss) on available for sale investments (note 5 (b)) | - | 7,839 | (605,910) | 236,634 |
| Gain on real estate * | - | - | 354,718 | - |
| Gain on investments in associates (note 6) | - | - | 243,553 | - |
| Gain on assets held for sale (note 4) | 68,175 | - | 68,175 | 72,193 |
| Others | 6,750 | (9,000) | 173,499 | 45,293 |
| | <u>74,925</u> | <u>(1,161)</u> | <u>234,035</u> | <u>354,120</u> |

* During the period ended 30 September 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 September 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>Nine months ended</i> | |
|--------------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | <i>SR'000</i> | | <i>SR'000</i> | |
| | <i>30 September</i> | <i>30 September</i> | <i>30 September</i> | <i>30 September</i> |
| | <i>2009</i> | <i>2008</i> | <i>2009</i> | <i>2008</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Zakat | 2,178 | 9,245 | 6,312 | 27,338 |
| Income tax | 43,624 | 10,354 | 49,075 | 9,955 |
| Withholding tax on foreign dividends | 3,796 | 70,525 | 9,219 | 208,910 |
| | <u>49,598</u> | <u>90,124</u> | <u>64,606</u> | <u>246,203</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. 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 organised 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.

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 September 2009

14 SEGMENT INFORMATION (continued)

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

SR '000'

| 2009 (Unaudited) | Segment | | | |
|---|------------|------------|--------------------------|------------|
| | Equity | Hotels | Real Estate and Domestic | Total |
| Total assets | 10,956,118 | 32,108,176 | 5,948,075 | 49,012,369 |
| Total liabilities | 6,757,950 | 11,726,904 | 821,445 | 19,306,299 |
| Total revenues: | | | | |
| For the three months ended 30 September | 93,999 | 899,929 | 103,350 | 1,097,278 |
| For the nine months ended 30 September | 304,394 | 2,456,682 | 476,973 | 3,238,049 |
| Net income: | | | | |
| For the three months ended 30 September | 107,658 | (7,769) | 4,948 | 104,837 |
| For the nine months ended 30 September | (301,085) | 153,800 | 394,350 | 247,065 |

SR '000'

| 2008 (Unaudited) | Segment | | | |
|---|------------|------------|--------------------------|------------|
| | Equity | Hotels | Real Estate and Domestic | Total |
| Total assets | 31,184,929 | 33,307,562 | 7,361,972 | 71,854,463 |
| Total liabilities | 13,578,936 | 9,942,917 | 736,648 | 24,258,501 |
| Total revenues: | | | | |
| For the three months ended 30 September | 337,114 | 1,070,516 | 141,226 | 1,548,856 |
| For the nine months ended 30 September | 1,139,670 | 3,163,314 | 487,824 | 4,790,808 |
| Net income: | | | | |
| For the three months ended 30 September | 140,150 | 86,310 | 33 | 226,493 |
| For the nine months ended 30 September | 854,551 | 184,743 | 25,748 | 1,065,042 |

15 COMPARATIVE FIGURES

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