

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2014 AND LIMITED REVIEW REPORT

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

	Page
Limited review report	2
Interim consolidated balance sheet	3
Interim consolidated income statement	4
Interim consolidated cash flow statement	5
Interim consolidated statement of changes in equity	6
Notes to the interim consolidated financial statements	7 – 16



LIMITED REVIEW REPORT

April 21, 2014

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 (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2014 and the interim consolidated statements of income, cash flows and changes in equity for the three-month period then ended, and the related notes which form an integral part of these interim consolidated financial statements. 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.

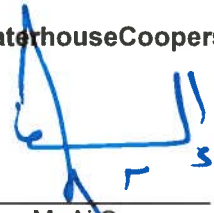
We conducted our limited review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, 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.

Review 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 Saudi Arabia.

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KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim consolidated balance sheet (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31,	
		2014	2013
Assets			
Current assets			
Cash and cash equivalents		1,114,039	1,039,645
Held for trading investments		2,204,595	783,300
Accounts receivable and other assets		1,237,843	1,318,413
Net assets held for sale		180,111	180,111
		<u>4,736,588</u>	<u>3,321,469</u>
Non-current assets			
Available for sale investments	3	12,550,237	12,435,537
Investments in associates and joint venture	4	17,556,944	17,624,542
Investments in real estate	5	2,147,494	1,695,624
Property and equipment, net		6,377,708	6,561,222
Intangible assets	6	1,860,048	1,850,585
Other long term assets		388,458	396,806
		<u>40,880,889</u>	<u>40,564,316</u>
Total assets		<u>45,617,477</u>	<u>43,885,785</u>
Liabilities			
Current liabilities			
Bank borrowings and term loans	7	1,061,086	1,801,443
Accounts payable, accrued expenses and other liabilities		994,618	768,182
Dividends payable		491,956	412,743
		<u>2,547,660</u>	<u>2,982,368</u>
Non-current liabilities			
Bank borrowings and term loans	7	12,170,284	10,860,119
Other long term liabilities		414,512	411,851
		<u>12,584,796</u>	<u>11,271,970</u>
Total liabilities		<u>15,132,456</u>	<u>14,254,338</u>
Equity			
Equity attributable to shareholders of the Company:			
Share capital		37,058,823	37,058,823
Statutory reserve		390,460	316,213
Retained earnings		884,693	868,736
Unrealized loss from available for sale investments	3	(8,285,960)	(8,946,203)
Foreign currency translation adjustments and other		(86,314)	(99,271)
Total shareholders' equity		<u>29,961,702</u>	<u>29,198,298</u>
Minority interests		523,319	433,149
Total equity		<u>30,485,021</u>	<u>29,631,447</u>
Total liabilities and equity		<u>45,617,477</u>	<u>43,885,785</u>
Contingencies	14		

The notes on pages 7 to 16 form an integral part of these interim consolidated financial statements.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim consolidated income statement (Unaudited)
 (All amounts in Saudi Riyals thousands unless otherwise stated)

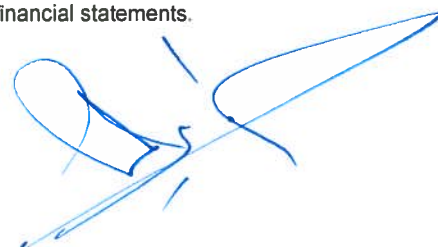
	Note	Three-month periods ended March 31,	
		2014	2013
Revenues			
Hotels and other operating revenues		512,954	496,181
Dividends income		1,123	19,049
Loss from associates and joint venture, net	4	(107,584)	(73,260)
Income from and gain on investments and others, net	9	331,010	216,166
Other		3,604	7,025
Total revenues		741,107	665,161
Costs and expenses			
Hotels and other operating costs		(332,446)	(330,775)
General and administrative		(98,498)	(109,293)
Total costs and expenses		(430,944)	(440,068)
Gross profit		310,163	225,093
Depreciation		(59,650)	(56,861)
Reversal of impairment loss	10	-	24,700
Income from operations		250,513	192,932
Finance charges, net		(98,607)	(72,057)
Income before minority interests, zakat and tax		151,906	120,875
Minority interests		(7,669)	5,489
Income before zakat and tax		144,237	126,364
Zakat and tax	11	(17,849)	(16,276)
Net income for the period		126,388	110,088
Earnings per share (Saudi Riyals):	12		
▪ Income from operations		0.07	0.05
▪ Net income for the period		0.03	0.03

The notes on pages 7 to 16 form an integral part of these interim consolidated financial statements.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim consolidated cash flow statement (Unaudited)
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month periods ended	
		March 31,	
		2014	2013
Cash flow from operating activities			
Income before zakat and tax		144,237	126,364
<u>Adjustments for non-cash items</u>			
Depreciation		59,650	56,861
Loss from associates and joint venture, net	4	107,584	73,260
Income from and gain on investments and other, net	9	(331,010)	(216,166)
Reversal of impairment loss	10	-	(24,700)
Foreign exchange gain		(2,424)	(31,405)
<u>Changes in working capital</u>			
Accounts receivable and other assets		(78,599)	(141,090)
Movement in held for trading investments		120,447	401,074
Movement in investment in real estate, net		(5,137)	(9,117)
Other long term assets		(11,831)	11,440
Accounts payable, accrued expenses and other liabilities		28,228	87,019
Other long term liabilities		2,928	(15,498)
Net cash generated from operating activities		34,073	318,042
Cash flow from investing activities			
Acquisition of available for sale investments		-	(468,750)
Additions to associates		-	(33,750)
Property and equipment, net		(46,702)	(9,184)
Net cash utilized in investing activities		(46,702)	(511,684)
Cash flow from financing activities			
Bank borrowings and term loans, net	7	265,022	572,154
Dividends paid	8	(163,985)	(137,581)
Changes in minority interests		18,808	(6,338)
Net cash generated from financing activities		119,845	428,235
Net change in cash and cash equivalents		107,216	234,593
Cash and cash equivalents at beginning of period		1,006,823	805,052
Cash and cash equivalents at end of period		1,114,039	1,039,645
Supplemental schedule of non-cash information			
(Increase)/decrease in unrealized loss from available for sale investments	3	(1,257,915)	1,379,120
Cost of available for sale investments transferred to held for trading investments	3	438,346	125,208

The notes on pages 7 to 16 form an integral part of these interim consolidated financial statements.




KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim consolidated statement of changes in equity (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Shareholders' equity							Minority interests	Total equity
		Share capital	Statutory reserve	Retained earnings	Unrealized loss from available for sale investments	Foreign currency translation adjustments and other	Total			
January 1, 2014		37,058,823	390,460	1,426,872	(7,028,045)	(241,839)	31,606,271	374,000	31,980,271	
Net income for the period		-	-	126,388	-	-	126,388	7,669	134,057	
Dividends	8	-	-	(655,941)	-	-	(655,941)	-	(655,941)	
Net movement during the period		-	-	(12,626)	(1,257,915)	155,525	(1,115,016)	141,650	(973,366)	
March 31, 2014		37,058,823	390,460	884,693	(8,285,960)	(86,314)	29,961,702	523,319	30,485,021	
January 1, 2013		37,058,823	316,213	1,308,972	(10,325,323)	(168,322)	28,190,363	439,487	28,629,850	
Net income for the period		-	-	110,088	-	-	110,088	(5,489)	104,599	
Dividends		-	-	(550,324)	-	-	(550,324)	-	(550,324)	
Net movement during the period		-	-	-	1,379,120	69,051	1,448,171	(849)	1,447,322	
March 31, 2013		37,058,823	316,213	868,736	(8,946,203)	(99,271)	29,198,298	433,149	29,631,447	

The notes on pages 7 to 16 form an integral part of these interim consolidated financial statements.




KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

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 Muharram 11, 1417H (corresponding to May 28, 1996). The Ministry of Commerce and Industry approved, pursuant to resolution number 128/S dated Jumad Awwal 18, 1428H (corresponding to June 4, 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, investment and establishment of other companies.

The principal activities and the various segments of the Company and its subsidiaries (the "Group") are described in Note 13.

These interim consolidated financial statements were authorized for issue by the Company's Board of Directors on April 20, 2014.

2 Summary of significant accounting policies

A summary of principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying interim consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of held for trading and available-for-sale investments to fair value, on the accrual basis of accounting and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants ("SOCPA").

The interim consolidated financial statements have been prepared in accordance with SOCPA's Standard on Interim Financial Reporting. 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 December 31, 2013.

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, unless the subsidiary is in reorganization, in which case the subsidiary is not consolidated. Minority interests have been calculated and reflected separately in the consolidated balance sheet and consolidated income statement. Significant balances and transactions, including unrealized gains or losses on transactions, between the Group companies have been eliminated in the interim consolidated financial statements.

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 December 31, 2013. 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 period presented.

The interim results of the operations for the three-month period ended March 31, 2014 may not represent a proper indication for the annual results of operations.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.2 Critical accounting estimates and judgments

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 reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. 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.

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent to those applied to the consolidated financial statements for the year ended December 31, 2013.

2.3 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 occur within twelve months of the balance sheet date. Upon designation of an asset held for sale, the Group records the carrying 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. Assets once classified as held for sale are not depreciated or amortized.

2.4 Investments

(a) Held for trading investments

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

(b) Investment in 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 re-measured at fair value as follows:

- (i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments; and
- (ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. Where fair values cannot be reliably estimated, the Group records such investments at cost.

Unrealized gains and losses are reported as a separate component of shareholders' equity until the investment is derecognized or the investment is determined to be impaired. When designation of investments is changed to held for trading, the related unrealized gain/losses on these investments are recycled from equity and recognized in the interim consolidated income statement.

(c) Associates and joint ventures

Associates and joint ventures 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 and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated amortization and impairment losses, if any. Under the equity method, investments in associates and joint ventures are carried in the interim consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures. The interim consolidated income statement reflects the Group's share in the results of associates and joint ventures and the Group's share of post-acquisition movements in reserves, if any, is recognized in equity. When the Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, including any other

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates and joint ventures are recognized in the interim consolidated income statement.

(d) Investments in real estate

Real estate investments that are being developed 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, re-development and selling expenses. Investments in real estate are derecognized when either they have been disposed-off or when the investment in real estate is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of investments in real estate are recognized in the interim consolidated income statement in the period of the retirement or disposal.

2.5 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. Amortization expense is reported in the interim consolidated income statement.

2.6 Impairment

(a) 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 are impaired. 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 are 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 recognized in the interim consolidated income statement.

(b) Financial assets

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

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

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

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the interim consolidated income statement. Impairment losses recognized on equity investments classified as available for sale and goodwill are not reversible.

2.7 Loans and bank borrowings

Borrowings are recognized at the proceeds received. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the consolidated income statement.

2.8 Revenue

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, effectively over the term of the lease.

Revenue from sale of real estate is recognized when the risks and rewards of ownership are transferred to the buyer, which is deemed to take place when legal title transfers to the buyer. However, in certain circumstances equitable interest in the land may vest with the buyer before legal title passes and therefore risks and rewards of ownership are transferred at that stage. In such cases, provided that the Group has no further substantive act to complete in connection with the sale of land, revenue is recognized when equitable interest in the land passes to the buyer.

Dividend income is recognized when the right to receive the dividends is established. Commission income is recognized as the commission accrues.

2.9 Segmental reporting

(a) Business segment

A business segment is a group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

(b) Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.10 Foreign currency translations

The interim consolidated financial statements are presented in Saudi Riyals, which is the Company's functional and Group's 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 interim consolidated income statement.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

At the consolidation level, financial statements of foreign subsidiaries, not operating in a hyper-inflationary economy, are translated into the Group's presentation currency 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.

When the economy of a country in which the Group operates is deemed hyper-inflationary, the financial statements of such Group entities are adjusted so that they are stated in terms of the measuring unit current at the end of the reporting period. This involves restatement of income and expenses to reflect changes in the general price index from the start of the reporting period and, restatement of non-monetary items in the interim consolidated balance sheet, such as property, plant and equipment and inventories, to reflect current purchasing power as at the period end using a general price index from the date when they were first recognized. The gain or loss on the net monetary position for the period is included in finance costs or income.

The Group has operations in Syria. As per the information provided by the International Monetary Fund (IMF), the cumulative three year inflation rate for Syria exceeded 100 percent as of March 31, 2014, this, combined with other indicators, resulted in Syria being declared as a hyper-inflationary economy.

The main implications of above application are as follows:

- Adjustment of the historical cost of the entity's non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the Group interim consolidated balance sheet to the end of period ended March 31, 2014 to reflect the changes in purchasing power of the currency caused by inflation.
- Adjustment of the interim consolidated income statement of the entity to reflect the financial gain/loss caused by the impact of inflation during the period on net monetary liabilities/assets (loss/gain of purchasing power).
- The various components of the financial statements of the entity have been adjusted for the inflation index since their generation.
- The results and financial position of the entity are translated into Saudi Riyals at the closing exchange rate at the date of that balance sheet.
- The 2013 comparative amounts of the Group interim consolidated financial statements for the entities were not restated.
- The cumulative impact of the accounting restatement to adjust for the effects of hyperinflation for the entity for periods up to January 1, 2014 is reflected in 'Retained earnings' and 'Foreign currency translation adjustment and other' in the interim consolidated statement of changes in equity.

The main effects on the Group's interim consolidated financial statements due to hyperinflationary accounting (which includes both indexing up and using of closing exchange rate) for the three-month period ended March 31, 2014, are as follows:

	March 31, 2014
Increase in non-current assets with a corresponding change in equity	Saudi Riyals 289 million

Management applied the general price index (GPI) of 324.2, published by the IMF to adjust their financial statements.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

3 Available for sale investments

(a) Available for sale investments as at March 31, consist of the following:

	March 31,	
	2014	2013
International	12,094,637	11,657,021
Local and regional	455,600	778,516
	12,550,237	12,435,537

(b) The movement in available for sale investments for the period ended March 31 is set out below:

	March 31,	
	2014	2013
Cost, net of impairment charge:		
January 1	21,274,543	21,038,198
Transfer to held for trading investments	(438,346)	(125,208)
Additions during the period	-	468,750
March 31	20,836,197	21,381,740
Unrealized loss, net of impairment charge:		
January 1	(7,028,045)	(10,325,323)
(Increase)/Decrease in unrealized loss during the period, net	(883,215)	1,484,612
Unrealized gain related to investments transferred to held for		
trading investments (Note 9)	(374,700)	(105,492)
March 31	(8,285,960)	(8,946,203)
Net carrying amount	12,550,237	12,435,537

Certain available for sale investments are used as collateral against bank borrowings and term loans of the Company and its subsidiaries (Note 7).

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

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

4 Investments in associates and joint venture

The movement in investments in associates and joint venture for the three month period ended March 31 is as follows:

	March 31,	
	2014	2013
January 1	17,665,996	17,581,910
Additions during the period	-	33,750
Share in losses, net	(107,584)	(73,260)
Other movements	(1,468)	82,142
March 31	17,556,944	17,624,542

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Investments in real estate

	March 31,	
	2014	2013
Investments in land and related infrastructure costs - Saudi Arabia	2,051,221	1,572,902
Properties under construction and other	96,273	122,722
	2,147,494	1,695,624

6 Intangible assets

	March 31,	
	2014	2013
Goodwill	1,801,747	1,791,382
Other intangible assets	58,301	59,203
	1,860,048	1,850,585

Goodwill represents the excess of consideration paid by the Group over its interest in the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities. Most of the goodwill balance shown above resulted from the Group's acquisition of major subsidiaries in the hotel business.

Other intangible assets principally include brand names and management contracts that relate to subsidiaries that operate hotel properties. Such contracts have definite lives and are amortized over their useful economic lives.

7 Bank borrowings and term loans

	March 31,	
	2014	2013
<u>Current</u>		
Short-term loans	306,468	79,114
Revolving credit facilities	100,000	-
	406,468	79,114
Current portion of term loans	654,618	1,722,329
	1,061,086	1,801,443
<u>Non-current</u>		
Term loans, including long term revolving facilities	12,170,284	10,860,119
	13,231,370	12,661,562

Details of bank borrowings and term loans by Company and its subsidiaries are as follows:

	March 31,	
	2014	2013
Kingdom Holding Company (KHC)	5,089,877	5,863,521
Kingdom 5-KR-11 Limited (KR-11)	4,500,000	3,187,397
Kingdom 5-KR-35 (George V)	1,782,263	1,684,469
Kingdom Hotel Investments (KHI)	1,453,659	1,735,900
Others	405,571	190,275
	13,231,370	12,661,562

Bank borrowings and term loans are obtained from various financial institutions and are principally secured by registered mortgage and liens over several properties, deed of support, order notes, 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-month period ended March 31, 2014, the Group had net inflow of bank borrowings and term loans of Saudi Riyals 265 million, net (2013: net inflow of Saudi Riyals 572 million).

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Dividends

The General Assembly of the Company, in its annual meeting held on Jumad Awwal 30, 1435H (corresponding to March 31, 2014), approved quarterly cash dividends distribution totaling to Saudi Riyals 656 million for the year as recommended by the Company's Board of Directors.

The cash distributions have to be made to all shareholders on record as of the dates approved in the General Assembly meeting.

The first cash distribution was made to all shareholders on record as of the date approved in the General Assembly meeting.

9 Income from and gain on investments and others

	Three-month periods ended March 31,	
	2014	2013
Change in market value of held for trading investments	335,132	159,492
Others, net	(4,122)	56,674
	<u>331,010</u>	<u>216,166</u>

During the three-month period ended March 31, 2014, the Group designated certain investment securities to held for trading, which were previously classified as available for sale. As a result, the unrealized gain on these investments amounting to Saudi Riyals 374.7 million (2013: Saudi Riyals 105.4 million) has been recycled from equity and recognized in the interim consolidated income statement (Note 3). The value of existing held for trading investments decreased at March 31, 2014 resulting in an unrealized loss of Saudi Riyals 39.6 million (2013: Gain of Saudi Riyals 54.1 million).

Others, net for the three-month period ended March 31, 2013 represents gain on disposal of held for trading investments.

10 Reversal of impairment losses, net

During the three-month period ended March 31, 2013, the Company reviewed the carrying value of certain investments based on an updated valuation. This resulted in a net increase in the carrying value of Saudi Riyals 24.7 million. Accordingly, such increase was recorded as a reversal of impairment loss, which was initially recorded in prior years against these investments. No such reversals were made during the three-month period ended March 31, 2014.

11 Zakat and tax matters

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

	Three-month periods ended March 31,	
	2014	2013
Zakat provisions	4,788	4,015
Income tax provision, net	12,724	6,546
Withholding tax on foreign dividends	337	5,715
	<u>17,849</u>	<u>16,276</u>

Zakat for the period represents the amount due on the Company and its local subsidiaries. The Company'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.

Status of final assessments

The Company has received final assessments from the Department of Zakat and Income Tax ("DZIT") up to year 2002. During 2012, the Company received assessment from the DZIT for the years 2003 to 2010 resulting in

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

additional zakat assessment. Management has seriously contested the matters included in the assessment and has filed an appeal providing its detailed arguments against the assessment.

12 Earnings per share

Earnings per share for the three-month periods ended March 31, 2014 and 2013 has been computed by dividing the income from operations and net income for each of the period by the number of shares outstanding during such periods of 3,706 million shares.

13 Segment information

The Group's primary activities are categorized into the three segments:

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 with 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.

a) Selected financial information as of and for the period ended March 31, summarized by the above business segments, was as follows:

	Equity	Hotels	Real estate and domestic	Total
2014				
Total assets	19,884,527	18,866,763	6,866,187	45,617,477
Total liabilities	10,292,715	4,151,290	688,451	15,132,456
Total revenues	295,660	291,016	154,431	741,107
Net income/(loss)	202,938	(73,344)	(3,206)	126,388
2013				
Total assets	18,681,704	18,806,946	6,397,135	43,885,785
Total liabilities	9,655,575	4,226,264	372,499	14,254,338
Total revenues	200,231	323,725	141,205	665,161
Net income/(loss)	147,766	(44,490)	6,812	110,088

Equity segment includes finance charges and general and administrative expenses related to the Company and Kingdom 5-KR-11 Limited (KR-11).

b) The Group has diversified investments in various segments concentrated geographically as follows:

- The activities of the Equity segment are mainly concentrated in the United States of America and the Middle East.
- The Hotels segment comprises of various 'brands' which are spread in most parts of the world, but mainly in Europe, North America, the Middle East and Asia.
- The Real Estate comprises of significant concentration of properties in the Kingdom of Saudi Arabia.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

14 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 operations. Also see Note 11.

15 Comparatives figures

Certain reclassifications have been made to the 2013 interim consolidated financial statements to conform with the current period presentation.