



KINGDOM HOLDING COMPANY

(A Saudi Joint Stock Company)

**Consolidated Financial
Statements (audited)**

For the year ended

December 31, 2016 and Independent Auditors report

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

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INDEPENDENT AUDITORS' REPORT

To: The Shareholders
Kingdom Holding Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

We have audited the accompanying consolidated financial statements of **Kingdom Holding Company** (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2016 and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and the attached notes 1 through 35 which form an integral part of the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with the Regulations for Companies and the Company's bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the consolidated financial statements taken as a whole:

- 1) present fairly, in all material respects, the consolidated financial position of **Kingdom Holding Company** (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2016, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and
- 2) comply with the requirements of the Regulations for Companies and the Company's bylaws with respect to the preparation and presentation of the consolidated financial statements.

**For KPMG Al Fozan & Partners
Certified Public Accountants**

Abdullah Hamad Al Fozan
License No.: 348



Riyadh on: 3 Jumada'II 1438H
Corresponding to: 2 March 2017

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED BALANCE SHEET
(All amounts in Saudi Riyals thousands unless otherwise stated)

		As at 31 December	
	Note	2016	2015
Assets			
Current assets			
Cash and bank balances	4	4,337,052	2,633,813
Held for trading investments	5	144,809	1,982,094
Accounts receivable	6	545,168	498,833
Other current assets	7	534,332	467,197
Assets held for sale	9	--	246,748
Total current assets		5,561,361	5,828,685
Non-current assets			
Available for sale investments	10	9,833,920	11,080,326
Investments in associates and joint venture	11	14,192,081	16,384,596
Investments in real estate	12	2,094,448	2,087,005
Property and equipment	13	7,925,862	5,421,698
Intangible assets	14	1,710,371	1,719,419
Other long term assets	15	471,424	373,575
Total non-current assets		36,228,106	37,066,619
Total assets		41,789,467	42,895,304
Liabilities			
Current liabilities			
Bank borrowings and term loans	16	512,534	1,899,365
Accounts payable	17	143,365	110,150
Accrued expenses and other current liabilities	18	722,458	685,786
Dividends payable	34	--	163,985
Total current liabilities		1,378,357	2,859,286
Non-current liabilities			
Bank borrowings and term loans	16	10,621,807	10,575,428
Other long term liabilities	20	363,520	328,191
Total non-current liabilities		10,985,327	10,903,619
Total liabilities		12,363,684	13,762,905
Equity			
Equity attributable to shareholders of the Company:			
Share capital	21	37,058,823	37,058,823
Statutory reserve		599,069	548,081
Retained earnings		1,336,528	1,533,580
Unrealized loss from available for sale investments	10	(10,237,238)	(10,126,110)
Foreign currency translation adjustments and others		(426,563)	(422,287)
Total shareholders' equity		28,330,619	28,592,087
Minority interests	22	1,095,164	540,312
Total equity		29,425,783	29,132,399
Total liabilities and equity		41,789,467	42,895,304
Contingencies and commitments	28,29		

The notes on pages 8 to 35 form an integral part of these consolidated financial statements.

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KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED INCOME STATEMENT
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the year ended 31 December	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
Revenues			
Hotels and other operating revenues		1,804,325	1,879,750
Sales of real estate	12	—	133,600
Dividends income	23	70,592	122,374
Income from associates and joint venture, net	11	156,815	299,067
Income from and gain on investments and other revenues, net	24	823,264	937,002
Others		15,000	120,310
Total revenues		<u>2,869,996</u>	<u>3,492,103</u>
Costs and expenses			
Hotels and other operating costs		(1,204,162)	(1,253,840)
Cost of real estate	12	—	(133,600)
General and administrative expenses	25	(319,870)	(405,522)
Total costs and expenses		<u>(1,524,032)</u>	<u>(1,792,962)</u>
Gross profit		1,345,964	1,699,141
Depreciation	13	(210,962)	(179,064)
Other losses, net	27	(145,410)	—
Provision for impairment	26	—	(370,000)
Income from main operations		<u>989,592</u>	<u>1,150,077</u>
Financial charges, net		(392,649)	(332,963)
Income before minority interests, zakat and income tax		<u>596,943</u>	<u>817,114</u>
Minority interests	22	(19,834)	(37,199)
Income before zakat and income tax		<u>577,109</u>	<u>779,915</u>
Zakat and income tax	19	(67,232)	(72,773)
Net income for the year		<u>509,877</u>	<u>707,142</u>
Earnings per share (Saudi Riyals):	33		
• Income from main operations		<u>0.27</u>	<u>0.31</u>
• Net income for the year		<u>0.14</u>	<u>0.19</u>

The notes on pages 8 to 35 form an integral part of these consolidated financial statements.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the year ended 31 December	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash flow from operating activities			
Income before zakat and tax		577,109	779,915
<u>Adjustments for non-cash items</u>			
Depreciation	13	210,962	179,064
Income from associates and joint venture, net	11	(156,815)	(299,067)
Income from and gain on investments and others, net	24	(823,264)	(937,002)
Provision for impairment loss	26	—	370,000
Provision for doubtful debts	6	23,595	57,892
Provision for inventory obsolescence/(reversal)		3,649	2,955
Amortization of transaction costs	16	22,944	21,502
Provision for end of service benefits		16,578	9,621
Financial charges		392,649	332,963
Other losses, net		145,410	—
Income attributable to minority interest	22	19,834	37,199
<u>Changes in working capital</u>			
Accounts receivable and other current assets		383,053	(20,892)
Movement in held for trading investments		2,286,551	1,823,727
Movement in investments in real estate, net		(7,443)	7,817
Other long term assets		(97,849)	25,771
Accounts payable, accrued expenses and other current liabilities		(155,346)	(122,249)
Other long term liabilities		(18,683)	(48,966)
Zakat and income tax paid		(11,772)	(72,368)
End of service benefits paid		(8,826)	(4,520)
Financial charges paid		(374,846)	(347,725)
Net cash generated from operating activities		<u>2,427,490</u>	<u>1,795,637</u>
Cash flow from investing activities			
Acquisition of available for sale investments	10	(3,994)	(929,116)
Additions to associates	11	(100,989)	(79,228)
Capital repayment and dividends from associates	11	117,562	119,925
Net proceeds from sale of associate and subsidiaries		1,558,202	—
Proceeds from disposal of available for sale investments		1,558,038	953,359
Property and equipment, net		(161,377)	51,447
Net cash flow on acquisition		14,969	—
Net cash generated from investing activities		<u>2,982,411</u>	<u>116,387</u>
Cash flow from financing activities			
Bank borrowings and term loans, net	16	(2,886,736)	69,311
Dividends paid	34	(819,926)	(491,956)
Movement in restricted cash		59,916	(40,429)
Net cash utilized in financing activities		<u>(3,646,746)</u>	<u>(463,074)</u>
Net change in cash and cash equivalents		<u>1,763,155</u>	<u>1,448,950</u>
Cash and cash equivalents at beginning of the year		<u>2,522,564</u>	<u>1,073,614</u>
Cash and cash equivalents at end of the year	4	<u>4,285,719</u>	<u>2,522,564</u>
Supplemental schedule of non-cash information			
Increase in unrealized loss from available for sale investments, net	10	(111,128)	(3,430,683)
Cost of available for sale investments transferred to held for trading investments, net	10	(201,193)	(1,537,228)
Share in associates' foreign currency translation adjustments and other	11	37,734	265,363

The notes on pages 8 to 35 form an integral part of these consolidated financial statements.

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KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016
(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 28 May 1996). The Ministry of Commerce and Industry approved, pursuant to resolution number 128/S dated 18 Jumad Awwal 1428H (corresponding to 4 June 2007), the conversion of the Company into a JSC.

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

The shares of the Company commenced trading on the Saudi Stock Exchange on 28 July 2007 after approval by the Capital Market Authority.

The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "The Law") came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has to amend its Articles of Association for any changes to align the Articles to the provisions of The Law. Consequently, the Company shall present the amended Articles of Association to the shareholders in their Extraordinary General Assembly meeting for their ratification. The full compliance with The Law is expected not later than 24/07/1438H (corresponding to 21 April 2017).

The Company and its subsidiaries (the "Group") carry out its activities through the following entities:

a) Kingdom 5-KR-11 Limited (KR-11)

KR-11 is a limited liability company incorporated in the Cayman Islands. The company's principal activity represents investments in international quoted securities, through its wholly owned subsidiaries.

b) Kingdom 5-KR-100 Limited (KR-100)

KR-100 is a limited liability company incorporated in the Cayman Islands. The company's principal activity represents ownership and management of funds, through its associates.

c) Kingdom 5-KR-132 Limited (KR-132)

KR-132 is a limited liability company incorporated in the Cayman Islands. The company's principal activity includes holding investments in the following subsidiaries and associates that own and manage properties and hotels:

	Effective Ownership Percentage	
	<u>2016</u>	<u>2015</u>
<u>Subsidiaries</u>		
Kingdom Hotel Investments (KHI) - Cayman Islands	100	100
Kingdom 5 KR 35 Group (George V) - France		
(Direct and indirect ownership through KHI)	100	100

KINGDOM HOLDING COMPANY
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For the year ended 31 December 2016
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 GENERAL INFORMATION (CONTINUED)

	Effective Ownership Percentage	
	<u>2016</u>	<u>2015</u>
<u>Associates</u>		
Fairmont Raffles Holdings International (FRHI) - Canada	—	35.2
Four Seasons Holding Inc. (FSH Inc.) - Canada	47.5	47.5
Mövenpick Hotels and Resorts AG (Mövenpick) - Switzerland	33.3	33.3
Breezeroad Limited (Savoy) - United Kingdom (Note 3)	—	50.0
AccorHotels	5.8	—
Sahara Plaza LLC - United States of America	25.0	25.0

d) Kingdom 5-KR-114 Limited (KR-114)

KR-114 is a limited liability company incorporated in the Cayman Islands. The company's principal activity represents ownership in Breezeroad Limited which became a subsidiary on 12 July 2016 (Note 3).

e) Local and regional subsidiaries

The Company also has ownership in the following local and regional subsidiaries and associates:

	Effective Ownership Percentage	
	<u>2016</u>	<u>2015</u>
<u>Subsidiaries</u>		
Kingdom Schools Company Limited (The School) - Saudi Arabia	47.0	47.0
Fashion Village Trading Company Limited (SAKS) - Saudi Arabia	71.8	71.8
Medical Services Projects Company Limited (MSPC) - Saudi Arabia	74.0	74.0
Consulting Clinic SAL (Clinic) – Lebanon	50.4	50.4
Kingdom Agriculture Development Company (KADCO) - Egypt	100.0	100.0
Kingdom Real Estate Development Company (KRED) - Saudi Arabia	100.0	100.0

Associates

National Air Services (NAS) - Saudi Arabia	34.08	34.08
Jeddah Economic Company (JEC) - Saudi Arabia	33.35	33.35
Real Estate Investment Company (REIC) - Saudi Arabia	38.9	38.9
Trade Centre Company Limited (TCCL) - Saudi Arabia	36.0	36.0

The principal activities and the various segments of the Group are described in Note 32.

These financial statements were authorized for issue by the Company's Board of Directors on 1 March 2017.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016
(All amounts in Saudi Riyals thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

Statement of compliance

The accompanying consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of held for trading, available for sale investments and derivative financial instruments 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 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. Significant balances and transactions, including unrealized gains or losses on transactions, between the Group companies have been eliminated in the consolidated financial statements. Accounting policies of the subsidiaries have been changed, where necessary, to conform with the Group's accounting policies.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement, consolidated balance sheet and within consolidated statement of changes in equity separately from shareholders' equity.

New accounting framework

As required by Saudi Organization for Certified Public Accountants (SOCPA), all listed companies are required to transition to International Financial Reporting Standards ("IFRS") as endorsed by SOCPA effective 1 January 2017 for preparation of their financial statements. In preparing the first set of IFRS financial statements, the Company will analyze the impact of the first time adoption of IFRS on current and prior year financial statements and will accordingly incorporate the necessary adjustments in its first set of IFRS financial statements.

2.2 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with promulgated 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. The estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Impairment of trade receivables

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due and historical recovery rates.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts in Saudi Riyals thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Critical accounting estimates and judgments (continued)

b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11 (a). The recoverable amounts of cash-generating units have been determined based on appropriate valuation techniques. These calculations require the use of estimates which are disclosed in Note 14.

c) Estimated impairment of available for sale investments

The Group determines that available for sale equity financial assets are impaired when there has been a significant and prolonged decline in the fair value below its cost. This determination of what is significant and prolonged requires significant judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry sector performance, changes in technology, and operational and financing cash flows. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

d) Estimated useful life of property and equipment

Management assesses useful lives and residual value of property and equipment on intended use of assets and the economic lives of the assets. Subsequent changes in circumstances such as technological advances could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual value and useful lives of major property and equipment and determined that no adjustment is necessary.

e) Estimated impairment of investment in associates

The Group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. The recoverable values are determined based on value-in-use calculations. These calculations require the use of estimates.

2.3 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances, cash on hand, short-term deposits with an original maturity of up to three months, less restricted cash for specified purposes.

2.4 Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the consolidated income statement and reported under "General and administrative expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts.

2.5 Inventories

Inventories are carried at the lower of cost and market value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Appropriate provision is made for obsolete and redundant inventory.

KINGDOM HOLDING COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016
(All amounts in Saudi Riyals thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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.

2.7 Investments

(a) Held for trading investments

Held for trading investments in readily marketable securities, which are purchased or are intended for trading purposes, are stated at market value and included under current assets. Changes in market value are credited or charged to the 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 less impairment, if any.

Unrealized gains/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 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 consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures. The 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 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.

KINGDOM HOLDING COMPANY
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(All amounts in Saudi Riyals thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 consolidated income statement in the period of the retirement or disposal.

2.8 Business combination and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative transaction difference and goodwill is recognized in the consolidated income statement.

KINGDOM HOLDING COMPANY
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(All amounts in Saudi Riyals thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 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 consolidated income statement.

2.10 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. Depreciation is charged to the consolidated income statement. Land and construction work in progress are not depreciated. The cost less estimated residual value of other property and equipment is depreciated on a straight line basis over the following estimated useful lives of the assets:

	<u>Number of years</u>
Buildings	20 to 50 years
Equipment	2 to 20 years
Furniture and fixtures	2 to 20 years
Others	4 to 10 years

Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.11 Impairment

(a) Tangibles and intangible assets

At each reporting period, 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 consolidated income statement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

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

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 consolidated income statement. Impairment losses recognized on equity investments classified as available for sale and goodwill are not reversible.

2.12 Loans and bank borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. 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.

2.13 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, irrespective of date of billing.

2.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

2.15 Pension and other post employment benefits

Certain companies within the Group operate defined benefit pension plans and other post retirement plans, primarily life insurance and health care coverage, for certain grades of employees. Pension benefits are based principally on years of service and compensation rates near retirement. The cost of these benefit plans is determined by an actuary using the projected benefit method pro-rated based on the employees' terms of service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

In certain jurisdictions, the Group participates in various defined contribution pension schemes in accordance with the local conditions and practices in the countries in which the subsidiaries operate. The amount charged to the consolidated income statement in respect of pension costs is the contributions payable in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accrued liabilities or prepaid assets in the consolidated balance sheet.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employees' termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the consolidated income statement. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile.

2.17 Statutory reserve

In accordance with the Company's bylaws, the Company sets aside 10% of its net income (after absorbing accumulated deficit) in each year to a statutory reserve until such reserve equals to one half of the share capital. This reserve is not available for distribution to the shareholders of the Company.

2.18 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 dividend is established. Commission income is recognized as the commission accrues.

2.19 Expenses

Operating costs of the Group are reported as hotels and other operating costs. Other expenses, including selling and marketing expenses which are not material, are classified as general and administration expenses. Development costs are capitalized only when economic feasibility of the project has been demonstrated. In the absence of economic feasibility, such cost is expensed when incurred.

2.20 Zakat, taxes and withholding taxes

(a) Zakat and income taxes

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax (the "GAZT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Income tax provisions related to the foreign shareholders in such subsidiaries are charged to the minority interest. Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the consolidated income statement. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to the consolidated income statement.

(b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for all temporary differences at the current rates of taxation applicable in the relevant jurisdiction. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the near future to allow all or part of the deferred tax asset to be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(c) Withholding tax

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.21 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

2.22 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.

2.23 Foreign currency translations

The 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 consolidated income statement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated balance sheet, such as property, plant and equipment and inventories, to reflect current purchasing power as at the year 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 year is included in finance costs or income in the consolidated income statement.

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 continues to exceed 100 percent as of 31 December 2016, 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 consolidated balance sheet to the end of year ended December 31, 2016 to reflect the changes in purchasing power of the currency caused by inflation.
- Adjustment of the consolidated income statement of the entity for the current period to reflect the financial gain/loss caused by the impact of inflation during the year 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 cumulative impact of the accounting restatement to adjust for the effects of hyperinflation for the entity for periods upto January 1, 2015 is reflected in 'Foreign currency translation adjustments and other' in the consolidated statement of changes in equity.

The main effects on the Group's consolidated financial statements due to hyperinflationary accounting (which includes both indexing up and using of closing exchange rate) for the year ended 31 December 2016 are as follows:

	<u>2016</u>	<u>2015</u>
	<u>Saudi Riyals in</u>	
	<u>millions</u>	
Increase in non-monetary assets with a corresponding change in equity	<u>38.3</u>	<u>27.7</u>

Management applied the general price index (GPI) of 825 as at 31 December 2016 (2015: GPI of 751) to adjust their consolidated financial statements.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Company.

2.25 Derivative financial instruments

Derivative financial instruments are recorded at fair value initially and at each reporting date. Changes in the fair value of derivative financial instruments that do not qualify for cash flow hedge accounting are recognized in the consolidated income statement as they arise and the resulting positive or negative fair values are reported under current assets and liabilities, respectively, in the consolidated balance sheet.

3 BUSINESS COMBINATION ACHIEVED IN STAGES

On 12th of July 2016, Accor Hotels ("Accor") at its Annual General Meeting approved the agreement which the Group signed with Accor on 9 December 2015. The agreement has resulted in the Group disposing its entire shareholding in Fairmont Raffles Holdings International, an associate, to Accor in return for 5.8% newly issued shares in Accor itself and representation at its Board, cash consideration of USD 339 million and transfer of certain other assets including an additional share of 8.83% in Breezroad Limited ("Savoy"). This transaction ("Accor transaction") resulted in the Group recognizing a total loss on disposal amounting to SR 271.7 million (refer note 27), recognizing Accor as an associate investment and Savoy as a subsidiary, instead of an associate, during the current period.

These consolidated financial statements include the results of Savoy from 12th July 2016, as the Group has effectively obtained control of Savoy from that date.

The re-measurement to fair value of the Group's existing 50% direct interest in Savoy resulted in one-time gain of SR 508.7 million.

The fair value of identifiable assets and liabilities of Savoy as at the date of acquisition were as follows:

	<u>12 July 2016</u>
<u>Bargain purchase gain on acquisition</u>	
Current Assets	65,276
Non-current assets	2,948,471
	<u>3,013,747</u>
<u>Liabilities acquired</u>	
Current liabilities	(55,135)
Non-current liabilities	(1,569,600)
Fair value of net assets acquired	<u>1,389,012</u>
Total acquisition cost	697,196
Non-controlling Interest	570,051
Gain on bargain purchase	<u>121,765</u>
<u>Total acquisition cost:</u>	
Cash consideration	2,690
Fair value of previously held equity interest	694,506
Total acquisition cost	<u>697,196</u>

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3 BUSINESS COMBINATION ACHIEVED IN STAGES (CONTINUED)

	<u>12 July</u> <u>2016</u>
<u>Cash flow on acquisition:</u>	
Net cash acquired with the subsidiary	17,659
Cash paid	<u>(2,690)</u>
Net cash flow on acquisition	<u>14,969</u>

4 CASH AND BANK BALANCES

	<u>2016</u>	<u>2015</u>
Cash and bank balances	1,053,915	1,136,107
Short term deposits	<u>3,283,137</u>	<u>1,497,706</u>
Total cash and bank balances	4,337,052	2,633,813
Less: Restricted cash	<u>(51,333)</u>	<u>(111,249)</u>
Cash and cash equivalents in the statement of cash flows	<u>4,285,719</u>	<u>2,522,564</u>

Short term deposits are for varying maturity periods (between one day and three months), depending on the cash requirements of the Company and its subsidiaries, and earn interest at floating rates.

5 HELD FOR TRADING INVESTMENTS

Held for trading investments consist of the internationally quoted securities. The movement in held for trading investments is set out below:

	<u>2016</u>	<u>2015</u>
1 January	1,982,094	1,369,853
Transfer from available for sale investments (Note 10 and 24)	344,083	2,693,469
Disposal	<u>(2,203,561)</u>	<u>(1,712,339)</u>
Changes in fair value (Note 24)	22,193	(368,889)
31 December	<u>144,809</u>	<u>1,982,094</u>

6 ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Trade receivables	622,719	632,239
Less: provision for doubtful receivables	<u>(77,551)</u>	<u>(133,406)</u>
	<u>545,168</u>	<u>498,833</u>

Movements in the provision for doubtful receivables are as follows:

	<u>2016</u>	<u>2015</u>
1 January	133,406	76,118
Charge for the year (Note 25)	23,595	57,892
Amounts written off and others	<u>(79,450)</u>	<u>(604)</u>
31 December	<u>77,551</u>	<u>133,406</u>

Trade receivables include Saudi Riyals 240 million (2015: Saudi Riyals 270 million) resulting from the sale of a parcel of land during the last quarter of 2012 by one of the Group's subsidiary, KRED.

Trade receivables are expected, on the basis of past experience, to be fully recoverable. Generally, it is not a practice of the Group to obtain collateral over trade receivables and the vast majority is, therefore, unsecured.

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7 OTHER CURRENT ASSETS

	<u>2016</u>	<u>2015</u>
Due from affiliates (Note 8)	90,824	92,109
Inventories, net	94,648	97,044
Investment in real estate – current portion (Note 12)	57,189	108,680
Advances to suppliers	11,586	19,027
Prepaid expenses	15,043	28,558
Value Added Tax claims receivable	5,749	37,420
Other	259,293	84,359
	<u>534,332</u>	<u>467,197</u>

Inventories are stated net of provision for obsolescence of Saudi Riyals 3 million (2015: Saudi Riyals 7 million).

8 RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into various transactions with related parties at mutually agreed terms. These transactions, individually or in aggregate, are not material to the consolidated financial statements. Major related party balances as of 31 December are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Balance as of 31 December</u>	
		<u>2016</u>	<u>2015</u>
Due from related parties:			
Azizia Commercial Investment Company	Affiliate	90,000	90,000
Mövenpick Hotels and Resorts	Associate	824	2,109
Total (Note 7)		<u>90,824</u>	<u>92,109</u>
Due to related parties:			
Kingdom Oasis	Associate	99,743	100,000
Real Estate Investment Company	Associate	48,176	25,427
Trade Centre Company Limited	Associate	43,754	30,811
Accor S.A.	Associate	932	--
Four Seasons Holding Inc.	Associate	14,731	13,444
Total (Note 18)		<u>207,336</u>	<u>169,682</u>

9 ASSETS HELD FOR SALE

The Group during 2016 sold a hotel property for which it approved and committed to a formal plan to actively market a hotel property for sale. Accordingly, the Group classified the following assets and liabilities of the property as held for sale:

	<u>2016</u>	<u>2015</u>
Current assets	--	70,229
Property and equipment	--	695,512
	<u>--</u>	<u>765,741</u>
Current and other liabilities	--	(518,993)
Net balance	<u>--</u>	<u>246,748</u>

Gain on disposal of asset held for sale is disclosed in Note 27.

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10 AVAILABLE FOR SALE INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
International	9,091,205	10,592,890
Local and regional	<u>742,715</u>	<u>487,436</u>
	<u>9,833,920</u>	<u>11,080,326</u>

(b) The movement in available for sale investments is set out below:

	<u>2016</u>	<u>2015</u>
Cost, net of impairment charge:		
1 January	21,206,436	21,814,548
Additions during the year	49,054	929,116
Disposals during the year	(983,139)	-
Transfer to held for trading investments (Note 5)*	<u>(201,193)</u>	<u>(1,537,228)</u>
31 December	<u>20,071,158</u>	<u>21,206,436</u>
Unrealized loss, net of impairment charge:		
1 January	(10,126,110)	(6,695,427)
Unrealized losses during the year, net	31,762	(2,274,442)
Unrealized gain related to investments transferred to held for trading investments (Note 5 and 24)*	<u>(142,890)</u>	<u>(1,156,241)</u>
31 December	<u>(10,237,238)</u>	<u>(10,126,110)</u>
Net carrying amount	<u>9,833,920</u>	<u>11,080,326</u>

**Fair value of investments transferred to held for trading investments, as of transfer date, amounts to Saudi Riyals 344 million (2015: 2,693 million).*

Certain available for sale investments are used as collateral against bank borrowings and term loans of the Company and its subsidiaries (Note 16).

As of 31 December 2016, the Company has performed 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 the decline is 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.

Subsequent to the year end, the Company partly disposed of its investment in Euro Disney.

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11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

- (a) The movement in investments in associates and joint venture for the year ended 31 December is as follows:

	<u>2016</u>	<u>2015</u>
1 January	16,384,596	17,551,341
Additions during the year (Note 11.1)	3,295,275	79,228
Capital repayment and dividends from associates	(117,562)	(119,925)
Disposals during the year (Note 3)	(5,303,478)	(1,159,752)
Share in income, net	156,815	299,067
Transfer to consolidated subsidiary (Note 11.2)	(185,831)	--
Share in foreign currency translation adjustments and other movements	(37,734)	(265,363)
31 December	<u>14,192,081</u>	<u>16,384,596</u>

- 11.1 This mainly represents 16.494 million shares of Accor S.A. (equivalent to 5.8% ownership) acquired as part of sales consideration against disposal of shareholding in Fairmont Raffles Holdings International (note 3).

- 11.2 This represents Group's 50% interest in Savoy. During the year, the Group has directly acquired a further 8.96% interest as a part of Accor transaction (Note 3). Fair value of 50% interest at acquisition date was SAR 694.5 million (Note 3). The group has recognized as one off gain amounting to SAR 508.7 million on step acquisition.

- (b) Details of investments in associates and joint venture at 31 December are summarized as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Effective percentage ownership</u>	<u>Amount</u>	<u>Effective percentage ownership</u>	<u>Amount</u>
Associates of the Company:				
Fairmont Raffles Holdings International (FRHI) - Canada	--	--	35.2	5,344,924
Four Seasons Holding Inc. - Canada	47.5	4,303,061	47.5	4,351,742
Accor S.A.	5.8	3,242,606	--	--
Jeddah Economic Company - Saudi Arabia	33.3	2,835,666	33.3	2,813,984
National Air Services - Saudi Arabia	34.1	2,021,317	34.1	1,869,323
Trade Centre Company Limited (TCCL) - Saudi Arabia	36.0	624,416	36.0	592,050
Mövenpick Hotels and Resorts AG - Switzerland	33.3	536,530	33.3	548,529
Real Estate Investment Company (REIC) - Saudi Arabia	38.9	346,171	38.9	324,637
Sahara Plaza LLC - United States of America	25.0	178,290	25.0	228,439
Breezeroad Limited (Savoy) - United Kingdom (Note 3)	--	--	50.0	190,671
Others	30.0-35.0	46,350	30.0-35.0	44,608
Associate and joint venture of subsidiaries				
Mövenpick El - Gouna - Egypt - Associate	29.0	57,674	29.0	75,689
		<u>14,192,081</u>		<u>16,384,596</u>

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12 INVESTMENTS IN REAL ESTATE

	<u>2016</u>	<u>2015</u>
Investments in land and related infrastructure costs – Saudi Arabia	2,014,425	2,028,949
Properties under construction and others	137,212	166,736
	<u>2,151,637</u>	<u>2,195,685</u>
Less: current portion (Note 7)	<u>(57,189)</u>	<u>(108,680)</u>
	<u>2,094,448</u>	<u>2,087,005</u>

During the year ended 31 December 2015, the Group sold land to Trade Center Company Limited, an associated company, at no gain or loss.

13 PROPERTY AND EQUIPMENT

	Land	Buildings and leasehold improvements	Equipment	Furniture and fixtures	Construction work in progress and others	Total 2016
Cost						
1 January	1,694,624	4,149,029	355,184	813,145	43,243	7,055,225
Additions	--	23,581	19,269	27,094	9,201	79,145
Acquired under business combination	1,503,986	1,344,452	--	100,033	--	2,948,471
Disposals and others	(20,407)	(337,650)	(40,956)	(40,796)	(1,288)	(441,097)
31 December	<u>3,178,203</u>	<u>5,179,412</u>	<u>333,497</u>	<u>899,476</u>	<u>51,156</u>	<u>9,641,744</u>
Accumulated depreciation						
1 January	--	901,696	242,716	448,786	40,329	1,633,527
Charge for the year	--	116,130	37,910	46,491	10,431	210,962
Disposals and others	--	(90,581)	(30,264)	(7,417)	(345)	(128,607)
31 December	--	<u>927,245</u>	<u>250,362</u>	<u>487,860</u>	<u>50,415</u>	<u>1,715,882</u>
Net book value at 31 December 2016	<u>3,178,203</u>	<u>4,252,167</u>	<u>83,135</u>	<u>411,616</u>	<u>741</u>	<u>7,925,862</u>

	Land	Buildings and leasehold improvements	Equipment	Furniture and fixtures	Construction work in progress and others	Total 2015
Cost						
1 January	1,715,152	4,412,078	398,710	804,835	41,532	7,372,307
Additions	--	7,196	21,129	15,464	60,910	104,699
Disposals and others	(20,528)	(270,245)	(64,655)	(7,154)	(59,199)	(421,781)
31 December	<u>1,694,624</u>	<u>4,149,029</u>	<u>355,184</u>	<u>813,145</u>	<u>43,243</u>	<u>7,055,225</u>
Accumulated depreciation						
1 January	--	860,991	242,672	411,586	41,044	1,556,293
Charge for the year	--	75,190	25,632	43,735	34,507	179,064
Disposals and others	--	(34,485)	(25,588)	(6,535)	(35,222)	(101,830)
31 December	--	<u>901,696</u>	<u>242,716</u>	<u>448,786</u>	<u>40,329</u>	<u>1,633,527</u>
Net book value at 31 December 2015	<u>1,694,624</u>	<u>3,247,333</u>	<u>112,468</u>	<u>364,359</u>	<u>2,914</u>	<u>5,421,698</u>

Certain land and buildings are pledged as collateral against term loans as explained in Note 16.

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14 INTANGIBLE ASSETS

Intangible assets comprise the following:

	<u>2016</u>	<u>2015</u>
Goodwill	1,650,818	1,661,883
Other intangible assets	59,553	57,536
	<u>1,710,371</u>	<u>1,719,419</u>

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.

Movement in intangible assets during the year is set out below:

	<u>2016</u>	<u>2015</u>
1 January	1,719,419	1,750,971
Currency translation adjustments and others	(9,048)	(31,552)
31 December	<u>1,710,371</u>	<u>1,719,419</u>

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.

Impairment:

i. Impairment test

Goodwill is allocated to the Group's cash-generating units (CGU) identified which is based on the business segments. The Group has tested separately recognised goodwill for impairment.

ii. Basis of determining recoverable amounts

The recoverable amount has been determined based on value-in-use, using either discounted cash flow analysis, or based on expert valuation reports. The cash flow projections are based on financial budgets that are approved by management. The discount rates and terminal capitalization rate ranged between 6 % to 13% and 3% to 10% respectively, depending on the geographical territories in which the CGU are located.

Management has adopted a 4 to 5 years period to assess its value-in-use.

15 OTHER LONG TERM ASSETS

	<u>2016</u>	<u>2015</u>
Long term advances, net	417,523	319,193
Deferred tax asset (Note 19(c))	26,481	25,446
Value Added Tax claims receivable	24,903	25,315
Refundable deposits	552	615
Others	1,965	3,006
	<u>471,424</u>	<u>373,575</u>

Long term advances include advances in respect of purchase of further stake in subsidiaries and associates amounting to SR 323.0 million (2015: SR 314.5 million) and deferred consideration on sale of a subsidiary amounting to SR 94 million (2015: SR nil).

Long term advances is net of impairment provision amounting to SR 27.8 million (2015: 27.4 million).

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16 BANK BORROWINGS AND TERM LOANS

The movement in the bank borrowings and term loans is as follows:

	<u>2016</u>	<u>2015</u>
1 January	12,523,167	12,618,541
Additions	—	2,669,770
Acquired on business combination	1,523,340	—
Repayments	(2,830,036)	(2,584,416)
Foreign currency translation adjustments	(42,614)	(180,728)
31 December	<u>11,173,857</u>	<u>12,523,167</u>
Unamortized transaction costs:		
1 January	(48,374)	(53,833)
Addition	(14,086)	(16,043)
Amortization	22,944	21,502
31 December	<u>(39,516)</u>	<u>(48,374)</u>
Net carrying amount	<u>11,134,341</u>	<u>12,474,793</u>

The above outstanding balance is presented as follows:

	<u>2016</u>	<u>2015</u>
<u>Current</u>		
Short-term loans	30,654	33,482
Revolving credit facilities	—	230,020
	<u>30,654</u>	<u>263,502</u>
Current portion of term loans	<u>481,880</u>	<u>1,635,863</u>
	<u>512,534</u>	<u>1,899,365</u>
<u>Non-current</u>		
Term loans, including long-term revolving facilities	<u>10,621,807</u>	<u>10,575,428</u>

Details of bank borrowings and term loans by entity are as follows:

	<u>2016</u>	<u>2015</u>
Kingdom Holding Company (KHC)	4,280,089	5,088,972
Kingdom 5-KR-11 Limited (KR11)	3,049,144	4,678,026
Kingdom KR-114 Limited (Savoy)	1,445,744	—
Kingdom 5-KR-35 Group (George V)	1,430,233	1,407,687
Kingdom Hotel Investments (KHI)	867,693	1,049,348
Others	61,438	250,760
	<u>11,134,341</u>	<u>12,474,793</u>

Following is a brief summary of the Group's main loans:

Kingdom Holding Company (KHC)

KHC loans of Saudi Riyals 4,280 million as of 31 December 2016 (2015: Saudi Riyals 5,089 million) were obtained from commercial banks and consist of several facilities including syndicated loans and revolving credit facilities. KHC loans carry borrowing costs based on Saudi Inter Bank Offered Rate ("SIBOR") and London Inter Bank Offered Rate ("LIBOR") plus a spread and are secured against certain investments by the Company. The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period up to 4 years. Loan agreements principally include financial covenants with respect to maintaining certain equity balance, interest coverage ratio and loan to market value of collateral ratio.

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16 BANK BORROWINGS AND TERM LOANS (CONTINUED)

The carrying values of the borrowings are denominated in following currencies:

	<u>2016</u>	<u>2015</u>
	<u>In millions</u>	
Saudi Riyals	1,618	2,239
US Dollars	2,662	2,850
	<u>4,280</u>	<u>5,089</u>

Kingdom 5-KR-11 Limited (KR 11)

KR 11 loans carry floating interest rates, which are calculated on a base rate plus a spread based on the currency of the loan. The facilities are secured by certain available for sale investments and other investments.

The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 5 years. These loans are denominated in US dollars.

Kingdom KR-114 Limited (Savoy)

Savoy loans of Saudi Riyals 1,446 million as of 31 December 2016 have different maturities within the next two years and carry interest rates which are either fixed or floating based on LIBOR. These loans are denominated in GBP. The loans are secured through registered mortgages and liens over Savoy properties, deed of support and order notes.

Kingdom 5-KR-35 Group (George V)

The loans of Saudi Riyals 1,430 million as of 31 December 2016 (2015: Saudi Riyals 1,408 million) are secured by a pledge over George V hotel property. The loan agreements include certain financial covenants, such as debt service coverage ratio, assets value coverage ratio and maintenance of security deposit. The loans carry floating interest rates (based mainly on LIBOR three month rate) and are due to mature by 2020. These loans are primarily denominated in Euro.

Kingdom Hotel Investments (KHI)

KHI loans of Saudi Riyals 868 million as of 31 December 2016 (2015: Saudi Riyals 1,049 million) have different maturities within the next ten years and carry floating interest rates. These rates are calculated on base rate plus a spread for the currency of the loans. The facilities are secured through registered mortgages and liens over several properties, deed of support and order notes. Loan agreements include certain financial covenants with respect to debt service ratio and interest coverage ratio.

The carrying values of the borrowings are denominated in following currencies:

	<u>2016</u>	<u>2015</u>
	<u>In millions</u>	
US Dollars	535	682
Morocco Dirhams	187	208
UAE Dirhams	146	159
	<u>868</u>	<u>1,049</u>

Other loans

Other loans represent various loan facilities obtained by certain other subsidiaries of the Group. These facilities carry interest calculated on floating base rate plus a spread based on the currency of the loan. The facilities are secured against mortgage of properties and other assets. The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 5 years. These loans are primarily denominated in Saudi Riyals.

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17 ACCOUNTS PAYABLE

	<u>2016</u>	<u>2015</u>
Trade payables	134,336	74,769
Other payables	9,029	35,381
	<u>143,365</u>	<u>110,150</u>

18 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>2016</u>	<u>2015</u>
Due to affiliates (Note 8)	207,336	169,682
Employees related accruals	89,688	97,917
Accrued expenses	63,802	99,585
Zakat (Note 19 (a))	99,978	62,675
Income taxes (Note 19 (b))	61,643	43,486
Financial charges	37,270	19,467
Unearned revenue	14,627	19,441
Deposits from customers	72,329	92,251
Others	75,785	81,282
	<u>722,458</u>	<u>685,786</u>

19 ZAKAT AND INCOME TAX

Zakat and income tax expense reported in the consolidated income statement consists of the following:

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Zakat provision	19(a)	38,031	16,860
Income tax provision		8,819	32,499
Withholding tax on foreign dividends		20,382	23,414
		<u>67,232</u>	<u>72,773</u>

(a) Zakat and income tax

The Zakat obligations for the year represent the estimated Zakat due on the Company and its local subsidiaries. The movement in Zakat provision for the year ended 31 December is as follows:

	<u>Note</u>	<u>2016</u>	<u>2015</u>
1 January		62,675	61,212
Zakat provision		38,031	16,860
Paid during the year		(728)	(15,397)
31 December	18	<u>99,978</u>	<u>62,675</u>

Zakat for the year represents the amount due on the Company and its local subsidiaries. The significant components of zakat base under zakat and income tax regulations are principally comprised of equity, provisions at the beginning of year, long-term borrowings and adjusted net income, less deductions for the net book value of long-term assets and certain other items. The differences between the financial and adjusted net income are mainly due to provisions and other items which are not allowed in the calculation of adjusted net income subject to zakat. 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.

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19 ZAKAT AND TAX (CONTINUED)

Status of final assessments

The Company has received final assessments from GAZT up to year 2006. During 2012, the Company received assessment from the GAZT for the years 2007 to 2010 resulting in additional zakat assessment. Management seriously contested the matters included in the assessment and filed an appeal providing its detailed arguments against the assessment. Thereafter, the Company received an adjusted zakat assessment, thereby significantly reducing the zakat liability and giving the Company the right to appeal within sixty days. Management has filed an appeal against the adjusted zakat assessment and continues to seriously contest the matters included in the adjusted assessment. Management believes that the eventual outcome will not result in any additional significant liability.

The Company has filed its zakat returns till the year ended 31 December 2014 with the GAZT.

b) Income tax

The Group's subsidiaries which are incorporated outside the Kingdom of Saudi Arabia are subject to tax laws of the country of incorporation. The income tax payable was approximately Saudi Riyals 61.6 million and Saudi Riyals 43.5 million as at 31 December 2016 and 2015, respectively (Note 18).

c) Deferred tax

Deferred tax liabilities and assets at 31 December relate to the following:

	<u>2016</u>	<u>2015</u>
<u>Deferred tax liabilities</u> (Note 20)		
Property, equipment and intangible assets	27,266	26,731
Others	<u>196,312</u>	<u>202,136</u>
	223,578	228,867
<u>Deferred tax assets</u> (Note 15)		
Provisions	<u>(26,481)</u>	<u>(25,446)</u>
	<u>197,097</u>	<u>203,421</u>

20 OTHER LONG TERM LIABILITIES

	<u>2016</u>	<u>2015</u>
Deferred taxes (Note 19 (c))	223,578	228,867
Post employment benefits	123,740	88,844
Others	<u>16,202</u>	<u>10,480</u>
	<u>363,520</u>	<u>328,191</u>

Included within others are two derivative agreements (Interest rate swap and interest rate cap) with a fair value of Saudi Riyals 15.4 million entered into by one of the Group's subsidiary. The notional amount is Euro 262.5 million (Saudi Riyals 1,089 million) and maturing in year 2020.

21 SHARE CAPITAL

The share capital as at 31 December 2016 and 2015 consists of 3,706 million shares of Saudi Riyals 10 each.

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22 MINORITY INTERESTS

This balance represents the share of the minority shareholders in the following consolidated companies:

<u>Name of the entity</u>	<u>2016</u>		<u>2015</u>	
	<u>Total minority interests</u>	<u>Share in net loss / (income)</u>	<u>Total minority interests</u>	<u>Share in net loss / (income)</u>
Kingdom KR-114 Limited (Savoy)	555,028	9,465	--	--
Kingdom Hotel Investments	376,123	(7,735)	397,863	(2,302)
Kingdom Schools Company Limited	50,962	(8,412)	42,550	(8,085)
Medical Services Projects Company Limited	42,536	(14,785)	27,751	(27,812)
Consulting Clinic SAL	24,535	--	24,535	--
Fashion Village Trading Company Limited	80	1,633	1,713	1,000
Goodwill	45,900	--	45,900	--
	<u>1,095,164</u>	<u>(19,834)</u>	<u>540,312</u>	<u>(37,199)</u>

23 DIVIDENDS INCOME

	<u>2016</u>	<u>2015</u>
International	67,942	78,047
Local and regional	2,650	44,327
	<u>70,592</u>	<u>122,374</u>

24 INCOME FROM AND GAIN ON INVESTMENTS AND OTHER REVENUES

Income from and gain on investments and others for the year ended 31 December comprise of:

	<u>2016</u>	<u>2015</u>
Change in market value of investments	165,082	787,051
Realized gain and others, net	658,182	149,951
	<u>823,264</u>	<u>937,002</u>

During the year ended 31 December 2016, the Group designated certain investment securities to held for trading, which were previously classified as available for sale. As a result, the revaluation gain on these investments amounting to Saudi Riyals 142.9 million (2015: Saudi Riyals 1,156.0 million) has been recycled from equity and recognized in the consolidated income statement (Note 10). Revaluation gain on other held for trading investments for the year ended 31 December 2016 was Saudi Riyals 22.2 million (2015: Loss of Saudi Riyals 368.9 million) (Note 5).

Realized gain and others, net for the year, mainly represents gain from sale of held for trading investments amounting to Saudi Riyals 83.0 million (2015: Saudi Riyals 91.5 million) and gain on sale of available for sale investments amounting to Saudi Riyals 575.2 million (2015: Saudi Riyals Nil).

During the year ended 31 December 2015, KHC led a group of investors in making an investment in available for sale assets and received a success fee from the co-investors amounting to Saudi Riyals 75 million in accordance with the investment agreement.

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25 GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2016</u>	<u>2015</u>
Employee costs	127,047	141,230
Professional fees	86,413	80,015
Provision for doubtful receivables (Note 6)	23,595	57,892
Repairs and maintenance	30,961	33,071
Utilities and office expenses	19,392	35,566
Selling and marketing expenses	17,879	21,470
Insurance	3,111	2,570
Others	11,472	33,708
	<u>319,870</u>	<u>405,522</u>

26 PROVISION FOR IMPAIRMENT

During the year ended 31 December 2016, the Company reviewed the carrying value of certain investments. This resulted in a net decrease in the carrying value amounting to Saudi Riyals Nil (2015: Saudi Riyals 370 million).

27 OTHER LOSSES, NET

	<u>2016</u>	<u>2015</u>
Loss on Accor transaction , net of tax* (Note 3)	(271,678)	--
Gain on sale of assets held for sale	37,897	--
Gain on sale of investments by subsidiaries	88,371	--
	<u>(145,410)</u>	<u>--</u>

* The amount disclosed is net of bargain purchase gain on acquisition of an associate and one off step acquisition gain on an entity now being classified as a subsidiary.

28 COMMITMENTS

(a) Capital commitments

The Group has on-going activities to construct and renovate hotels, and these developments are at various stages of completion. The total outstanding capital commitments relating to such developments as of 31 December 2016 amounted to Saudi Riyals 77.6 million (2015: Saudi Riyals 49.4 million).

At 31 December 2016, the Group has outstanding letters of credits amounting to Saudi Riyals 3.9 million (2015: Saudi Riyals 4.1 million) issued in the normal course of business.

(b) Operating lease commitments

The Group has various commitments under operating leases for offices and business premises. Future minimum annual payments under these leases are as follows:

	<u>2016</u>	<u>2015</u>
Within one year	11,001	7,515
1 to 5 years	36,319	29,588
More than 5 years	1,093	--
	<u>48,413</u>	<u>37,103</u>

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29 CONTINGENCIES

The Group is a defendant in various legal claims arising in the normal course of business. Provision has been established for certain claims, based on the information presently available. Management believes that the existing liabilities provided for such claims are adequate. Any additional liabilities including any potential zakat and tax assessments (Note 19) that may result in connection with other claims are not expected to have a material effect on the Group's financial position or results of operation.

At 31 December 2016, the Group has outstanding guarantee amounting to Saudi Riyals 167.1 million (2015: Saudi Riyals 7.7 million) issued in the normal course of business.

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. The most important types of risk are credit risk, currency risk, price risk and fair value and cash flow interest rate risks.

Financial instruments carried on the consolidated balance sheet principally include cash and cash equivalents, investments, receivables and certain other assets, bank borrowings and term loans, payables and certain other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Financial assets and liabilities are offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Fair value and cash flow interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group is subject to interest rate risk on its interest bearing assets and liabilities, including loans and bank borrowings and time deposits which are at floating rates of interest.

Equity price risk

Equity price risk is the risk that the fair value of equity securities may decrease as the result of changes in the levels of equity indices and the value of individual equities. The Group's available for sale investments and held for trading are subject to price risk as its underlying investments are equity instruments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio to the extent possible.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The table below shows the maximum exposure to credit risk for the significant components of the consolidated balance sheet:

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Bank balances and short term deposits	4	4,337,052	2,633,813
Accounts receivable	6	545,168	498,833
Other current assets (Due from affiliates)	7	90,824	193,664
Other long term assets (Refundable deposits)	15	552	615
		<u>4,973,596</u>	<u>3,326,925</u>

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed banking facilities to meet any future commitments. The Group's terms of sales require amounts to be paid around 30 days of the date of sale. Trade payables are normally settled within 60 days of the date of purchase.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group monitors the fluctuation in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

31 FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, except for available for sale and held for trading investments which are carried at fair values, differences can arise between the book values and fair value estimates.

The Group estimates the fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is necessary to develop these estimates. Accordingly, estimates of fair values are not necessarily an indicative of what the Group could realize in a current market exchange. The use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The Group has determined that the fair values of their financial instruments at year end approximate their carrying amounts.

32 SEGMENT INFORMATION

The Group's primary operations are organized into the following 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 within the structure of the Group.

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32 SEGMENT INFORMATION (Continued)

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) As set out in Note 1 to the consolidated financial statements, 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 and domestic segment comprises of significant concentration of properties in the Kingdom of Saudi Arabia.
- b) Selected financial information as of and for the year ended 31 December summarized by the above business segments, was as follows:

	<u>Equity</u>	<u>Hotels</u>	<u>Real Estate and Domestic</u>	<u>Total</u>
31 December 2016				
Total revenues	986,616	1,359,627	523,753	2,869,996
Income from associates and joint venture, net	77,082	25,456	54,277	156,815
Gross profit	880,530	325,289	140,145	1,345,964
Finance charges, net	(237,688)	(143,959)	(11,002)	(392,649)
Net income / (loss)	592,460	(149,213)	66,630	509,877
Investments in associates and joint venture	2,067,667	8,318,161	3,806,253	14,192,081
Property and equipment	—	7,400,813	525,049	7,925,862
Total assets	16,474,920	15,758,767	9,555,780	41,789,467
Total liabilities	7,549,214	4,473,225	341,245	12,363,684
31 December 2015				
Total revenues	1,338,303	1,314,742	839,058	3,492,103
Income from associates and joint venture, net	135,765	105,281	58,021	299,067
Gross profit/(loss)	1,488,299	232,679	(21,837)	1,699,141
Finance charges, net	(215,020)	(99,209)	(18,734)	(332,963)
Net income	610,546	88,177	8,419	707,142
Investments in associates and joint venture	1,913,931	10,739,994	3,730,671	16,384,596
Property and equipment	—	4,888,035	533,663	5,421,698
Total assets	18,132,511	17,980,442	6,782,351	42,895,304
Total liabilities	10,224,434	3,006,765	531,706	13,762,905

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

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33 EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2016 and 2015 has been computed by dividing the income from operations and net income for each of the year by the number of shares outstanding during each year of 3,706 million shares.

34 DIVIDENDS DECLARATION

The General Assembly of the Company, in its annual meeting held on Jamada Al Akhira 21, 1437H (corresponding to March 30, 2016), 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. All dividend distributions were made to all shareholders on record as of the date approved in the General Assembly meeting.

The General Assembly of the Company, in its annual meeting held on 10 Jamada Al Akhira 1436H (corresponding to 30 March 2015), approved quarterly cash dividends distribution totaling to Saudi Riyals 656 million.

35 COMPARATIVE FIGURES

Certain amounts in the accompanying 2015 consolidated financial statements have been reclassified to conform with the current year presentation.