



KINGDOM HOLDING COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Financial
Statements (unaudited)

For the three-month period ended
March 31, 2015 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, 2015

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



LIMITED REVIEW REPORT

April 21, 2015

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, 2015 and the interim consolidated statements of income, cash flows and changes in equity for the three-month period then ended, and the related notes from (1) to (14) 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.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read "Omar M. Al Sagga", written over a horizontal line.

By:

Omar M. Al Sagga
License Number 369

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

		March 31,	
	Note	2015	2014
Assets			
Current assets			
Cash and cash equivalents		1,081,834	1,114,039
Held for trading investments		1,254,119	2,204,595
Accounts receivable and other assets		1,083,493	1,186,540
Net assets held for sale		172,605	180,111
		<u>3,592,051</u>	<u>4,685,285</u>
Non-current assets			
Available for sale investments	3	14,196,939	12,550,237
Investments in associates and joint venture, net	4	17,634,728	17,556,944
Investments in real estate	5	2,180,031	2,147,494
Property and equipment, net		5,671,535	6,377,708
Intangible assets, net	6	1,765,952	1,860,048
Other long term assets		422,433	388,458
		<u>41,871,618</u>	<u>40,880,889</u>
Total assets		<u>45,463,669</u>	<u>45,566,174</u>
Liabilities			
Current liabilities			
Bank borrowings and term loans	7	1,351,789	1,061,086
Accounts payable, accrued expenses and other liabilities		938,810	994,618
Dividends payable		491,956	491,956
		<u>2,782,555</u>	<u>2,547,660</u>
Non-current liabilities			
Bank borrowings and term loans	7	10,978,535	12,118,981
Other long term liabilities		360,183	414,512
		<u>11,338,718</u>	<u>12,533,493</u>
Total liabilities		<u>14,121,273</u>	<u>15,081,153</u>
Equity			
Equity attributable to shareholders of the Company:			
Share capital		37,058,823	37,058,823
Statutory reserve		477,367	390,460
Retained earnings		1,036,534	884,693
Unrealized loss from available for sale investments	3	(7,583,893)	(8,285,960)
Foreign currency translation adjustments and other		(138,600)	(86,314)
Total shareholders' equity		<u>30,850,231</u>	<u>29,961,702</u>
Minority interests		492,165	523,319
Total equity		<u>31,342,396</u>	<u>30,485,021</u>
Total liabilities and equity		<u>45,463,669</u>	<u>45,566,174</u>
Contingencies	13		

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)

		Three-month period ended March 31,	
	Note	2015	2014
Revenues			
Hotels and other operating revenues		453,287	512,954
Dividends income		30,788	1,123
Income/(loss) from associates and joint venture, net	4	41,782	(107,584)
Income from and gain on investments and others, net	9	108,238	331,010
Other		80,893	3,604
Total revenues		714,988	741,107
Costs and expenses			
Hotels and other operating costs		(320,849)	(332,446)
General and administrative		(95,100)	(98,498)
Total costs and expenses		(415,949)	(430,944)
Gross profit		299,039	310,163
Depreciation		(48,819)	(59,650)
Income from main operations		250,220	250,513
Finance charges, net		(82,547)	(98,607)
Income before minority interests, zakat and tax		167,673	151,906
Minority interests		(11,526)	(7,669)
Income before zakat and tax		156,147	144,237
Zakat and tax	10	(16,765)	(17,849)
Net income for the period		139,382	126,388
Earnings per share (Saudi Riyals) from:			
▪ Income from main operations	11	0.07	0.07
▪ Net income for the period		0.04	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 statement of cash flows (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended March 31,	
		2015	2014
Cash flow from operating activities			
Income before zakat and tax		156,147	144,237
<u>Adjustments for non-cash items</u>			
Depreciation		48,819	59,650
(Income)/loss from associates and joint venture, net	4	(41,782)	107,584
Income from and gain on investments and others, net	9	(108,238)	(331,010)
Foreign exchange gain		-	(2,424)
Loss attributable to minority interests		11,526	7,669
<u>Changes in working capital</u>			
Accounts receivable and other assets		42,143	(27,296)
Movement in held for trading investments		419,623	120,447
Movement in investment in real estate, net		427	(5,137)
Other long term assets		4,763	(11,831)
Accounts payable, accrued expenses and other liabilities		(75,425)	28,228
Other long term liabilities		(27,243)	2,928
Net cash generated from operating activities		430,760	93,045
Cash flow from investing activities			
Acquisition of available for sale investments	3	(154,429)	-
Additions to associates	4	(79,228)	-
Capital repayment and dividends from associates	4	25,611	-
Property and equipment, net		(50,856)	(35,563)
Net cash utilized in investing activities		(258,902)	(35,563)
Cash flow from financing activities			
Bank borrowings and term loans, net	7	(70,473)	213,719
Dividends paid	8	(163,985)	(163,985)
Net cash (utilized in)/generated from financing activities		(234,458)	49,734
Net change in cash and cash equivalents		(62,600)	107,216
Cash and cash equivalents at beginning of period		1,144,434	1,006,823
Cash and cash equivalents at end of period		1,081,834	1,114,039
Supplemental schedule of non-cash information			
Increase in unrealized loss from available for sale investments	3	(888,466)	(1,257,915)
Transfer to held for trading investments	3	188,145	438,346

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		
January 1, 2015		37,058,823	477,367	1,553,093	(6,695,427)	(137,867)	516,687	32,772,676
Net income for the period		-	-	139,382	-	-	11,526	150,908
Dividends	8	-	-	(655,941)	-	-	-	(655,941)
Net movement during the period		-	-	-	(888,466)	(733)	(36,048)	(925,247)
March 31, 2015		37,058,823	477,367	1,036,534	(7,583,893)	(138,600)	492,165	31,342,396
January 1, 2014		37,058,823	390,460	1,426,872	(7,028,045)	(241,839)	374,000	31,980,271
Net income for the period		-	-	126,388	-	-	7,669	134,057
Dividends	8	-	-	(655,941)	-	-	-	(655,941)
Net movement during the period		-	-	(12,626)	(1,257,915)	155,525	141,650	(973,366)
March 31, 2014		37,058,823	390,460	884,693	(8,285,960)	(86,314)	523,319	30,485,021

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, 2015 (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 12.

These interim consolidated financial statements were authorized for issue by the Company's Board of Directors on April 20, 2015.

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, 2014.

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, 2014. 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, 2015 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, 2015 (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 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.

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, 2014.

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 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 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/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, 2015 (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 available for sale investments, 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, 2015 (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, 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 interim 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.

Dividends 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, 2015 (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 in the interim 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 exceeded 100 percent as of March 31, 2015, 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, 2015 to reflect the changes in purchasing power of the currency caused by inflation.
- Adjustment of the interim consolidated income statement of the entity for the current period 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 cumulative impact of the accounting restatement to adjust for the effects of hyperinflation for the entity for periods upto January 1, 2014 is reflected in 'Foreign currency translation adjustments 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, 2015, are as follows:

**March 31,
2015**

Increase in non-current assets with a corresponding change in equity

Saudi Riyals 7.1 million

Management applied the general price index (GPI) of 494 as at March 31, 2015 to adjust their 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, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

3 Available for sale investments

(a) Available for sale investments consist of the following:

	March 31,	
	2015	2014
International	13,178,365	12,094,637
Local and regional	1,018,574	455,600
	14,196,939	12,550,237

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

	March 31,	
	2015	2014
Cost, net of impairment charge:		
January 1	21,814,548	21,274,543
Transfer to held for trading investments	(188,145)	(438,346)
Additions during the period	154,429	-
March 31	21,780,832	20,836,197
Unrealized loss, net of impairment charge:		
January 1	(6,695,427)	(7,028,045)
Increase in unrealized loss during the period, net	(693,920)	(883,215)
Unrealized gain related to investments transferred to held for trading investments (Note 9)	(194,546)	(374,700)
March 31	(7,583,893)	(8,285,960)
Net carrying amount	14,196,939	12,550,237

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, net

The movement in investments in associates and joint venture during the period is as follows:

	March 31,	
	2015	2014
January 1	17,551,341	17,665,996
Additions during the period	79,228	-
Capital repayment and dividends from associates	(25,611)	-
Share in income/(losses), net	41,782	(107,584)
Other movements	(12,012)	(1,468)
March 31	17,634,728	17,556,944

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Investments in real estate

	March 31,	
	2015	2014
Investments in land and related infrastructure costs - Saudi Arabia	2,071,575	2,051,221
Properties under construction and other	108,456	96,273
	2,180,031	2,147,494

6 Intangible assets, net

	March 31,	
	2015	2014
Goodwill	1,709,051	1,801,747
Other intangible assets	56,901	58,301
	1,765,952	1,860,048

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,	
	2015	2014
<u>Current</u>		
Short-term loans	301,090	306,468
Revolving credit facilities	-	100,000
	301,090	406,468
Current portion of term loans	1,050,699	654,618
	1,351,789	1,061,086
<u>Non-current</u>		
Term loans, including long term revolving facilities	10,978,535	12,118,981
	12,330,324	13,180,067

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

	March 31,	
	2015	2014
Kingdom Holding Company (KHC)	4,788,964	5,052,710
Kingdom 5-KR-11 Limited (KR-11)	4,676,250	4,485,864
Kingdom 5-KR-35 (George V)	1,389,264	1,782,263
Kingdom Hotel Investments (KHI)	1,095,917	1,453,659
Others	379,929	405,571
	12,330,324	13,180,067

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

8 Dividends

The General Assembly of the Company, in its annual meeting held on Jamada Al Akhira 10, 1436H (corresponding to March 30, 2015), 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 dividend distribution was 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 Jumad Awwal 30, 1435H (corresponding to March 31, 2014), approved quarterly cash dividends distribution totaling to Saudi Riyals 656 million.

9 Income from and gain on investments and others

	Three-month period ended March 31,	
	2015	2014
Change in market value of held for trading investments	88,267	335,132
Others, net	19,971	(4,122)
	108,238	331,010

During the three-month period ended March 31, 2015, 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 194.5 million (2014: Saudi Riyals 374.7 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, 2015 resulting in an unrealized loss of Saudi Riyals 106.2 million (2014: Loss of Saudi Riyals 39.6 million).

Others, net for the period, mainly represents gain from sale of held for trading investments amounting to Saudi Riyals 27.5 million.

10 Zakat and tax matters

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

	Three-month period ended March 31,	
	2015	2014
Zakat provisions	4,117	4,788
Income tax provision, net	3,412	12,724
Withholding tax on foreign dividends	9,236	337
	16,765	17,849

Zakat for the year 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.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

Status of final assessments

The Company has received final assessments from the Department of Zakat and Income Tax ("DZIT") up to year 2006. During 2012, the Company received assessment from the DZIT 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. During the three-month period ended March 31, 2015, 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 believes that the eventual outcome will not result in any additional significant liability.

11 Earnings per share

Earnings per share for the three-month period ended March 31, 2015 and 2014 has been computed by dividing the income from main operations and net income for each of the period by the number of shares outstanding during such periods of 3,706 million shares.

12 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 within the structure of the Group.

Hotels

The principal activity of this segment includes investments in subsidiaries and associates that are in the business of managing and owning hotel properties and related activities.

Real Estate and Domestic

Real estate - The principal activity includes investments in activities relating to ownership and development of land and real estate projects.

Domestic - The principal activity includes investments in local entities.

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
2015				
Total assets	20,453,204	18,050,181	6,960,284	45,463,669
Total liabilities	10,298,676	3,163,366	659,231	14,121,273
Total revenues	242,569	252,610	219,809	714,988
Net income/(loss)	154,137	(51,270)	36,515	139,382
2014				
Total assets	19,833,224	18,866,763	6,866,187	45,566,174
Total liabilities	10,241,412	4,151,290	688,451	15,081,153
Total revenues	295,660	291,016	154,431	741,107
Net income/(loss)	202,938	(73,344)	(3,206)	126,388

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

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

13 Contingencies

The Group is a defendant 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 10.

14 Comparatives figures

Certain amounts in the accompanying 2014 interim consolidated financial statements have been reclassified to conform with the current period presentation. These principally represent presentation of the prepaid loan fee related to long-term borrowings which has now been reclassified from other assets and presented as net against bank borrowings and term loans.