



الشركة السعودية للفنادق والمناطق السياحية  
SAUDI HOTELS AND RESORTS CO. (SHARACO)

*Annual Report 2010*



مجموعة مكارم للضيافة  
MAKARIM HOSPITALITY GROUP



مجموعة الجزيرة للسكن والترفيه  
ALJAZIRA RESIDENCE & ENTERTAINMENT GROUP



**SAUDI HOTELS AND RESORTS CO. (SHARACO)  
A SAUDI JOINT STOCK COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT ACCOUNTANTS  
DECEMBER 31, 2010**



**SAUDI HOTELS & RESORTS COMPANY (SHARACO)**

Paid-up Capital: SR.(690,060,970)

C.R.: 1010010726

Head Office: Tel: (01) 4816666 Fax: (01) 4801666

P. O. Box 5500 Riyadh – 11422

KINGDOM OF SAUDI ARABIA

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	<b>Properties Names</b>	<b>Tel.</b>	<b>Fax.</b>
1	Riyadh Marriotte Hotel	(01) 4779300	(01) 4779089
2	Makarim Ajyad Makkah Hotel	(02) 5720500	(02) 5746061
3	Makarim Tabuk Hotel	(04) 4221212	(04) 4220101
4	Makarim Riyadh Hotel	(01) 2204500	(01) 2204505
5	Al-Rawdah Recreation Park	(01) 2319607	(01) 2377642
6	Makarim An-Nakheel Resort	(02) 6562101	(02) 6562510
7	Makarim Al-Andalus Luxurious Villas	(02) 6695154	(02) 6601651
8	Al-Mostaqbal Homes	(01) 4816666	(01) 4801666
9	Al- Jazeerah East Compound	(01) 2422970	(01) 2422905
10	Al- Jazeerah Complex Al-Madinah	(04) 8292100	(04) 8292117
11	Al-Jazeerah Bader Compound	(01) 4921135	(01) 4921102
12	Makarim Al-Qamar Resort	(02) 6562655	(02) 6561192
13	Al-Watan Park	(01) 4093121	(01) 4093119
14	Makarim Umm Al Qura Hotel	(02) 5356100	(02) 5356200
15	Makarim Al-Rawadah Residence (Jeddah)	(02) 6685301	(02) 6685308
16	Al Takhasusi Plaza	0504422864	(01) 4801666

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Board of Directors

مجلس الإدارة

**His Excellency Mr. MUSAAD M. Al-Senany**  
Chairman of the Board



**Dr. Saleh Ali Al-Hazloul**  
Member of the Board

**Mr. Missfer Ali Al- Hamdan**  
(Representative of the Public Pension Agency)  
Member of the Board



**Eng. Abdulaziz S. Al-Anbar**  
Member of the Board

**Mr. Ali Ibrahim Al Ajlan**  
(Representative of the Public Investment Fund)  
Member of the Board



**Eng. Abdullah M. AL-Issa**  
Member of the Board

**Mr. Nasser M. Al-Sebaiei**  
Member of the Board



**Mr. Abdullah M. Al-Abdul-Jabbar**  
(Representative of the General Organization for  
Social Insurance)  
Member of the Board

**Mr. Bader A. AL-Issa**  
Member of the Board



**Board of Directors Report**

Messrs/Shareholders of Saudi Hotels & Resorts Company

Dear Sirs:

The Board of Directors has the pleasure to present a report of the most significant operations and activities of the Company, as well as the financial statements for the fiscal year ending December 31, 2010.

By the grace of Allah, we wish the company continuous progress and success.

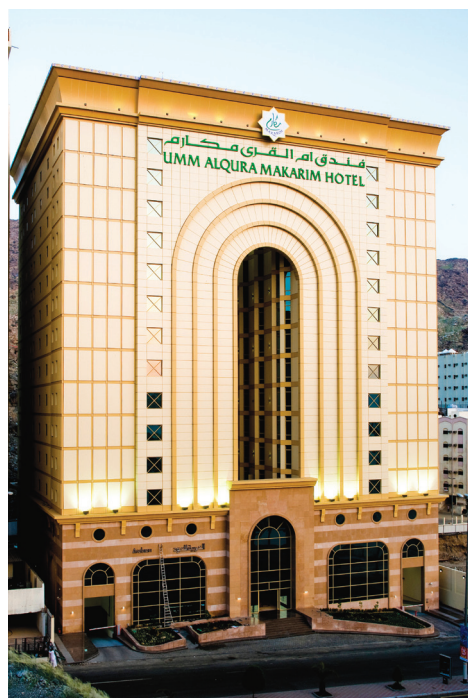
With best regards,  
**Board of Directors**



## First: Projects

The Company is continuing in executing a number of projects. These projects will have a positive impact on the Company's business results. A synopsis of these projects is as follows:

1. The work has been carried out at the residential compound which is located on the land owned by the company in Al-Ma'zar in Riyadh City. The total area of the land is (13,309) m<sup>2</sup>, the project consists of (73) housing units with different areas and health club.
2. The work has been completed on the hotel apartment tower, which is located near Riyadh Marriott Hotel. At present the furnishing of the project is going on, the project consists of (14) floors, including (120) wings with different areas, in addition to that there is a restaurant and a health club, the soft operation of the project is expected to be in the second half of 2011. A contract is signed between the company and Marriott International to operate and manage the tower, the guests of the tower can use the facilities of the hotel, as there will be an integration between the two properties.
3. The company is about to finish the execution of the hotel which is located at the southern entrance of the Diplomatic Quarter in Riyadh City, the project consists of (285) rooms in addition to a restaurant, health club, business centre and a number of conference rooms. At present the hotel is being furnished and prepared for operation, as the soft opening will be in the second half of 2011 under the name (Marriott Courtyard).
4. The work is in progress for execution of the second phase of Al Mostaqbal Homes in the Diplomatic Quarters. The project consists of (35) distinguished villas.
5. The Madinah Hotels Ltd. Company. (one of Sharaco sister companies, as Sharaco owns 50% of Al Madina capital shareholder) has seized the rental contract and the development of the land with the total area of (942) m<sup>2</sup> which was rented from the Endowment Authorities was also awarded to another investor.
6. Follow up is continued with Dammam Municipality to get the final approval of the plan to develop the land which is owned by the company in Dammam with the total area of (80,531) m<sup>2</sup>.
7. A Consultant has already been assigned to design the project on the land owned by the company, which is located in the West of Riyadh City with the total area of (12,040) m<sup>2</sup>, the suggestion is to build a residential project to accommodate the new hotel's staff, as the preliminary ideas were presented to Riyadh Municipality to get the building license.
8. Follow up with High Commission for the development of Al-Riyadh is ongoing to get the necessary approval for designs of a new hotel to be established in Diplomatic Quarters.
9. Follow up with Riyadh Municipality is ongoing to issue the license for building of a project on the land located in south and west of Marriott Courtyard Hotel. The total area of this land is (28,572) m<sup>2</sup>.
10. Aiming at renovation of some of the company properties to compete with competitors in the hospitality industries, real estates and tourism field, work is completed on renovation of Marriott Hotel's conference room, restaurants, and corridors. At present new shops are suggested to be added to Al Takhassusi Plaza Center and to renovate some of the areas in Makarim Annakheel Resort.



## Second: Investments

1. There is a remarkable increase in the market value of Sharaco and its sisters companies lands, as the market value of these lands is estimated at SR (2,282,416,005) on 31/12/2010 with an increment of (312%) compared with SR (553,738,466) as book value, this valuation is based on the feed back from a company specialized in the valuation of real estate.
2. The Company has purchased (2) lands at a total cost of SR (52,200,000). One of these two lands is located in the south of The Cooperation Council for the Arab States of the Gulf building on King Khalid Road with a total area of land (30,000) m2, the land is covered with some old building. The second land is located in Al Nasiriyah District with the total area of (9,025) m2. The Company is in the process of investment study to establish new projects on these lands .
3. The company and High Commission for the Development of Ar-Riyadh signed a document to develop (160) pieces of land in the Diplomatic Quarter in Riyadh City with the total area of (124,473) m2. The Company has already started preparing the necessary designs needed to build (217) housing units similar to Al Mostaqbal Homes that belongs to Sharaco in the Diplomatic Quarter.
4. Up to date Sharaco is investing in (7) Companies which are limited liability companies established in the kingdom, and their purpose is hotels activities, real estates, recreation , tourism, acquisition, realty lease, participating in hotels, restaurants, rest areas, beaches and engaged in all related business. These companies are as follows:

#	Company Name	Capital SR	Property Name	% Sharaco Share	Total Revenue 2010
1	Makkah Hotels Co. Ltd.	165,600,000	Makarim Ajyad Makkah Hotel	99,44	62,667,497
2	Annakheel Resorts Areas Co.	59,250,000	Makarim Annakheel Resort	98,73	21,199,718
3	Tabuk Hotels Co. Ltd.	27,300,000	Makarim Tabuk Hotel	97,14	9,060,636
4	Saudi Hotels Services Co.	100,000,000	Riyadh Palace Hotel	30	Final Report yet to come
5	Al Madinah Hotels Co. Ltd.	25,000,000	-	50	5,447,720
6	National Co. For Tourism	422,000,000	A number of Tourism Properties in Assir Province	1,65	Final Report yet to come
7	Information Co. For Marketing Services (Under Liquidation)	2,000,000	-	25%	-

Bearing in mind that there are no debt notifications against these companies.



### Third: Management & Operation

1. A Contract has been signed between Sharaco and the General Authority of Civil Aviation, accordingly Sharaco will operate Makarim Al-Riyadh Hotel (King Khalid International Airport), the hotel will be operated by Makarim Hospitality Group for (10) years effective 07/12/2010
2. Sharaco is aspiring to grow in management and operation through Makarim Hospitality Group for operating the hotel and tourism properties. While Al Jazeera Group will operate and manage real estates and recreation properties.

The properties which are operated by Makarim Hospitality Group are (9) listed as follows:

#	Property	Location	Details
1	Makarim Ajyad Makkah Hotel	Makkah Al Mukarramah	A 5 star luxurious hotel located near the Holy Mosque it comprises of (409) rooms, wing, restaurants, and function conference rooms.
2	Makarim Riyadh Hotel	Riyadh	A 5 Star property near KKIA, it has (248) rooms, wing, restaurants, conference rooms, Ballroom for (400) persons, business centre, health club and different sports playgrounds.
3	Makarim Tabuk Hotel	Tabuk	It is located on Al Madinah Al Munawwarah - Tabuk Road, it is the biggest of City hotels in Tabuk, it comprises of (80) rooms, wing, restaurants and conference room.
4	Makarim Al Qamar Resort	Jeddah	It is located on Obhur North, it consists of (47) villas with (2) bedrooms and (6) villas with (3) bedrooms and special swimming pool.
5	Makarim Annakheel Resort	Jeddah	It is situated in North Obhur, it consists of (112) luxurious villas, (12) apartments, hotel of (50) rooms, conference rooms, restaurants, health club for men and another for ladies and sea harbor for sea activities.
6	Makarim Residence Al Andalus	Jeddah	It consists of (30) furnished villas, business services and sports and recreation facilities.
7	Makarim Residence Al-Rawadah	Jeddah	It consists of (28) villas with different areas, Car Parking, Management building, supporting services and health club.
8	Makarim Umm Al Qura Hotel	Makkah	It is located on Ajyad Road and it consists of (336) rooms, (24) wings, restaurants, conference rooms and shops.
9	Makarim Al Bait Hotel	Makkah	It is located (3) KM away from the Holy Mosque in the Alshashah District, it consists of (216) rooms,(19) wings, restaurants, conference rooms and shops.

3. The properties which operated and managed by Al Jazeera Group are (9) listed as follows:

#	Property	Location	Details
1	Al Mostaqbal Homes	Riyadh	It is located in the Diplomatic Quarter, it consists of (150) different housing units, it was designed on luxurious specifications to meet the needs of ideal expectations.
2	Al Rawdah Recreation Park	Riyadh	It is located in Al Rawdah district at a total area of (70,000) m2. In the park there are a group of different rides suitable for all ages, besides that there is multipurpose hall.
3	Al Jazeera Bader Compound	Riyadh	The compound is located in Al Ryan District and it consists of (40) well furnished villas.
4	Al Jazeera East Compound	Riyadh	The compound is located in the east of Riyadh City, it consists of (19) villas and (59) rooms for individuals in two separate buildings, health club, swimming pool for men / kids and playground for kids.
5	Al Jazeera Tower	Riyadh	It is an office building located on Olaya Road with a total area of (2,500) m2, the building consists of ground floor and (6) floors and two floors for car parking that can accommodate (106) cars.
6	Al Dawoodiah Compound	Al Madinah Al Munawwarah	The compound is located in the central area of the Prophet Mosque and it consists of (100) floors including (97) offices and a set of shops.
7	Al Jazeera Compound	Al Madinah Al Munawwarah	The compound is located inside the central area; around the Prophet Mosque on the first ring, it consists of (201) shops on 3 floors, the residential tower is of (10) floors with (72) apartments.
8	Al Watan Park	Riyadh	The park is located in the city centre inside King Abdul Aziz Historical Centre. The Park has monuments of the Kingdom, which shows the main cities of the kingdom, inside the park there is Ar-Riyadh water tower, Rides Cabanas with heritage designs lakes and a group of restaurants.
9	Al Jazeera Residential Compound (Al Ma'zar)	Riyadh	This compound is located in Al-Mazar District, it consists of (73) villas with different area, health club and administrative offices.

In addition to that Sharaco is supervising the operation of Riyadh Marriott Hotel, which is owned by the company, and managed / operated by the Marriott International Corporation.

## Fourth: Financial Results

1. On 31/12/2010 the total amount of the Shareholder's equity is SR (1,662,918,193) and on the same date the book value of the share is SR (24) with an increase of SR (14) over the par value and a percentage of (140%). Whereas the value of the total assets is SR (1,886,278,233).

2. The consolidated income statement for the fiscal year ending 31-12-2010 shows that the total revenues are SR (285,270,735), whereas the total expenditure is SR (156,269,826), therefore, the net income for the year after deducting Zakat and minority's interest, is SR (122,738,039), compared with SR (380,567,154) with a decrease of SR (257,829,115), representing (67.08%) less than the last year 2009 due the result of 2009 which was affected by the profit resulting from the sale of Al Khaleej



Village at the total amount of SR (291,637,142). Bearing in mind the company's net profit resulting from the main activities in 2010 is SR (30,741,712) making (33%) more than 2009 (after excluding effect of the profit resulting from the sale of Al Khaleej Village). This increment is due to an increase in the profit of Makarim Ajjad Makkah hotel, Al Mostaqbal Homes and after coming of Al Takhassusi Plaza under operation.

3. Therefore, the proposed appropriation account of the year 2010 will be as follows:

Details	Amount (SR)
Net Profit for the year (after levied Zakat)	122,738,039
Less	-
The Statutory Reserve (10%)	(12,520,460)
Dividend's (1st payment) as (5%) of the share capital	(34,503,049)
Remainder for the year (net income)	75,714,530
Less:	-
Board of Director's Remuneration	(1,749,041)
Dividends' (2nd payment) as (10%) of the share capital	(69,006,097)
Remainder to be added to the retained earnings	4,959,392

4. The following table shows the summary of the financial results for the last five years:

(A) Income Statement

Details	2005	2006	2007	2008	2009	2010
Operating Revenue	181,043,783	219,599,557	263,954,243	293,882,510	733,262,808	281,034,970
Operating Expenses	108,397,662	128,220,379	141,713,279	152,670,474	326,644,606	135,384,213
Gross Operating Profit	72,646,121	91,379,178	122,240,964	141,212,036	406,618,202	145,650,757
Depreciation	28,019,130	20,950,595	20,333,334	22,447,684	20,957,628	20,885,613
Net Operating Profit	44,626,991	70,428,583	101,907,630	118,764,352	385,660,574	124,765,144
Unrealized (loss) gain	0	(69,427,952)	30,102,597	0	0	0
Covering the loss in Associated companies	0	23,660,491	0	0	0	0
Other revenues	97,984,928	8,836,249	8,948,955	11,316,792	6,935,345	4,235,765
Net Profit before Zakat and Minority Interest	142,611,919	33,497,371	140,959,182	130,081,144	392,595,919	129,000,909
Zakat of associated companies	3,320,911	2,990,623	8,739,425	2,870,173	2,472,448	2,223,845
Net profit after Zakat of associated companies	139,291,008	30,506,748	132,219,757	127,210,971	390,123,471	126,777,064
Minority interest in associated companies profit	59,195,148	3,631,793	53,931,161	373,463	102,518	1,572,460
Net Profit before Zakat	80,095,860	26,874,955	78,288,596	126,837,508	390,020,953	125,204,604
Appropriation from contractual reserve	0	14,537,361	0	0	0	0
Levied Zakat for the year	516,151	216,407	636,602	3,817,213	9,453,799	2,466,565
Net profit for the year after levied zakat	79,579,709	41,195,909	77,651,994	123,020,295	380,567,154	122,738,039

## (B) Balance Sheet

Details	2005	2006	2007	2008	2009	2010
Total Current Assets	153,467,342	186,219,890	425,484,438	663,803,417	435,505,119	246,309,239
Total Fixed Assets	375,433,956	239,954,362	90,956,195	254,393,268	276,798,257	464,361,206
Net Fixed Assets	967,321,831	1,007,725,373	1,018,231,917	1,034,326,398	1,126,635,130	1,175,607,788
Total Assets	1,496,223,129	1,433,899,625	1,534,672,550	1,952,523,083	1,838,938,506	1,886,278,233
Total Current Liabilities	101,978,715	100,508,754	109,603,841	522,711,485	135,376,215	144,006,032
Total non current liabilities	71,346,798	76,371,610	69,725,702	68,351,350	63,490,647	60,903,621
Minority interest in associated companies	524,036,062	486,385,578	535,210,948	13,378,672	15,415,143	18,450,387
Total shareholder's equity	798,861,554	770,633,683	820,132,059	1,348,081,576	1,624,656,501	1,662,918,193

### Fifth: Board of Directors

1. On 04/04/2010, the General Assembly has elected Mr. Bader Abdullah Al Issa to fill the vacant position in the Board:
2. The Board of Directors has confirmed that the company has never been subjected to any penalty or precaution restrain from the Capital Market Authority or from any other authority whether it is administrative, organizational or other judicial. Moreover the company has never entered into any contracts in which there were an interest for some of the Board of Members. Except the contracts those for management & operation of Makarim Residence (Al Andalus), Makarim Umm Al Qura Hotel, Makarim Al Bait Hotel and Makarim Residence Al Rawadah for the period of (10) years.

These projects are owned by Mohammed I. Al Issa & Sons Company and Al Jazeerah Bader Compound is also owned by Eng. Abdullah M. Al Issa. Bearing in mind that the General Assembly which was held on 30/03/2009 has approved the renewal of contracts related to these properties for five years. Its worth mentioning that these are operational



& Management contracts, accordingly Sharaco is operating these properties in return of a limited percentage from the gross income and a limited percentage from the gross operating profit of each property.

3. The Board in its tenure which started on 01/01/2010 is composed of (9) members their Excellency as follows:

#	Name	Membership Class	No. of meeting attended in 2010	% of Attendance	No. of shares in Sharaco	% of Acquisitions in the year beginning	% of Acquisitions in the year end	Membership in other Boards
1	H.E. Mussad M. Al Senany	Non Executive	4	100	1,000	0,001	0,001	Al-Bilad Bank
2	Dr. Saleh Ali Al Hazloul	Independent Member	4	100	1,000	0.001	0.001	-
3	Mr. Missfer Ali Al Hamdan (Representative of the Public Pension Agency)	Independent Member	4	100	1,202,925	1,7	1,7	Saudi Pharmaceutical Industries & Medical Appliances
4	Eng. Abdul Aziz S. Al Anbar	Executive Member	4	100	50,000	0.07	0.07	Safco Cement Co.
5	Mr. Ali Ibrahim Al Ajlan (Representative of Public Investment Fund)	Non Executive Member	4	100	11,474,650	16.6	16.6	-
6	Eng. Abdullah M. AL Issa	Non Executive Member	4	100	1,000	0.001	0.001	1- Al Riyadh Bank 2- Arab Cement Co. 3- Sabc Co
7	Mr. Naser M. Al Sebaiei	Independent Member	4	100	1,000	0.003	0.001	1- Al Bilad Bank
8	Mr. Abdullah M. Al-Abdul Jabbar (Representative of the General Organization for Social Insurance)	Non Executive Member	4	100	4,513,407	6,5	6,5	-
9	Mr. Bader M. AL Issa	Non Executive Member	2	50	1,025	0.001	0.001	-

4. Neither Senior Executives working in the company nor their spouses or their minor sons own any shares in the company. Besides that no any interest, or share writing in the share which have the right to vote belongs to the Board members, senior executives or their spouses or their minor sons in the shares or debts notification or any sister company.

5. As both members Mohammed I. Al Issa Company & sons and Abdullah Mohammed Al Issa & Sons Company are the parts of the shareholders of Sharaco. Moreover, as per the instructions of the Capital Market Authority, it is important to draw attention that Eng. Abdullah M. Al Issa (Board Member) has an interest in Mohammed I. Al Issa Co. & sons, whereas both Eng. Abdullah M. Al Issa and Mr. Bader Abdullah (Board Member) have interest in Abdullah M. Al Issa & his Sons company.

The following statement shows the change in the shares' acquisition related these organizations during the year 2010:

#	Name	Number of Shares in the year beginning	Number of Shares in the year end	The Net Change	%
1	Mohammed I. Al Issa Co. & Sons	2,634,758	3,159,030	524,272	0,75
2	Abdullah M. Al Issa Co. & Sons	20,000	20,000	No change	No Change

6. In the year 2010 the Board of Directors has held (4) meetings and (5) meetings in 2009, while the Executive Committee has held (2) meetings in the years 2010 and (3) meetings in 2009.
7. The following table shows the remunerations and compensations paid during 2010 to the Members of the Board of Directors and five senior executives in the company including the Chief Executive Officer and the Financial Manager as listed below:

Details	Board of Directors	Senior Executives
Compensations	1,764,333	2,201,468
Allowances	486,083	770,514
Remuneration	2,133,698	498,114
<b>Total</b>	<b>4,384,114</b>	<b>3,470,096</b>

8. The Company doesn't grant any kind of cash loan to any member of the board and doesn't guarantee any loan contracted by the any member of the board.



## Sixth: Auditing Committee, Nomination and Remuneration Committee

### (A) Auditing Committee:

During this year, the Auditing Committee held (2) meetings and submitted its report to the Board of Directors, the Committee was re-formed and its members are as follows:

1. Mr. Misffer A. Al-Hamdan (Chairman)
2. Mr. Mohammed H. Al-Jedabi (Member)
3. Mr. Ibrahim S. Al-Riwais (Member)
4. Mr. Bader A-Al-Issa (Member)

The competences of the Auditing Committee is summarized in supervising the Internal Auditing Department of the company, and study its system to make sure of its effectiveness, to study the reports of internal auditing and follow up carrying out the corrective procedures for the remarks coming in the reports. In addition to recommend for the Board, the appointment of External Auditors and determine their Audit Fees. Study the remarks of the financial statement which are prepared by the External Auditors and to follow up, study of annual financial statements and to write any observations and recommendations about it. The committee is also studying the Accounting policies which are implemented in the company and write any observations and recommendations to the board and submit its reports to the Board of Directors.

### (B) Committee of Nomination & Remuneration

During the year 2010 the committee of nomination & remuneration have held (2) meetings, this committee is composed of:

1. H.E. Musaad M. Al-Senany (Chairman)
2. Dr. Saleh Ali Al-Hazloul (Member)
3. Mr. Abdullah M. Al Abdul Jabbar (Member)

The tasks of the Nomination & Recommendation Committee is summarized in the recommendation of nomination of the new member of the Board, the standard and annual checking to what is needed from the required suitable skills for the Board membership, and the annual verification of the independent members independence and to make same of non availability of in trades conflict. And to review the structure of the Board, and high- mark the strength and weakness areas, in addition to that the committee is making clear cut policies of the compensations and remunerations to the Board members and senior Executives.

## Seventh: Senior Shareholders

The following table shows the senior shareholders who owned 5% and more from the share capital of the company which remains the same without changes during the year:

Name	Owned Shares
Mr. Mohammed I. Al-Issa	15,460,561
Public Investment Fund	11,474,650
General Organization for Social Insurance	4,013,407



## Eighth: Loans

At the end of 2010, the total loans which the company has borrowed from the Ministry of Finance is SR (44.5) million to contribute in financing on some of the recreation and tourism properties which are established by the company and its associated companies, these loans are as follows:

Loans	Loan Balance at Year Beginning	Amount Paid during the Year	Loan Balance at Year End
Development Loan for Annakheel Village	20,000,000	2,500,000	17,500,000
Development Loan for Al Watan Park	30,000,000	3,000,000	27,000,000
<b>Total</b>	<b>50,000,000</b>	<b>5,500,000</b>	<b>44,500,000</b>

## Ninth: The Main Activities of the Company

In the year 2010, the main activities of the company efficiently contributed in improving the company's results compared with year 2009, after excluding the profit resulted from the sale of Al Khaleej Village.

The following table shows the percentage of the contribution of each activity in the total revenues of company.

Details	% to the Total revenues in 2010
Hotel's Activity	71%
Real States & Recreation Activity	25%
Management & Operation	4%

## Tenth: Statutory Payments

SR (9,297,619) was paid to the Department of Zakat & Income tax; this amount was due for the year 2009. Also an amount of SR (3,572,743) was paid as an amount of regular contribution of the company and its properties staff paid to the General Organization for Social Insurance Co. Beside that the Company is paying the annual fees payable to the other government departments like, passports, traffic, commercial registration fees. And the payment subscriptions of the chamber of commerce.



## Eleventh: Geographical Analysis Of The Income

All the company's revenues are realized inside the Kingdom, the revenues are as follows:

Details	Amount (SR)
ALRiyadh Region	192,476,230
Makkah Al Mukarramah Region	83,766,914
Tabuk Region	9,027,091
<b>Total</b>	<b>285,270,735</b>

The company has no branches or properties outside the kingdom.

## Twelfth: Dividend Policy

(A) In accordance with the Article (42) of the Article of Association, the net profit will be distributed as follows:

1. Provision of the Levied Zakat.
2. 10% of the net profit to be allocated to form statutory reserve, the Ordinary General Assembly may discontinue this provision when the statutory reserve reached one-half of the share capital.
3. Also 5% of the net profits to from contractual reserve allocated to meet maintenance works, and other purposes determined by the Board of Directors and it may be discontinued when that reserve reached one-tenth of the share capital.
4. From the remainder, equivalent to 5% of the share capital to be distributed among the shareholders as (1st payment) dividend.
5. Provision of a percentage from the remainder to be allocated as remuneration for the Board of Directors within the limits approved by the authorized concern, then the remainder to be distributed partially or completely among the shareholders as additional amount in the profits, or to be carried forward for the succeeding years.

(B) From the Point that the company is adhered to response to the shareholder's expectations to realize the best returns to them specially in the light of the good expansion, and the continuous growth in the company's activities. The Board of Directors has decided to distribute dividends among the shareholders for the first half of the year 2010 amounting (50 hallah) for the share. As the proposed appropriation account includes a recommendation to distribute dividends for the year 2010 at the rate of (15%) from the share capital, and to deduct the dividends that the Board decided to distribute for the first half. The remainder from the dividend amounting (10%) after the approval of General Assembly. Therefore the total dividends distributed for the year 2010 is SR (103,509,146).

## Thirteenth: Corporate Governance

The company is adhered to implement the Corporate Governance bylaws issued by the Capital Market Authority, except the use of accumulative voting method in selecting the members of the Board of Directors, as the shareholder's General Assembly did not approve this method in its meeting held on 28-04-2008.

## **Fourteenth: Potential Risk**

The Company's convergent fields in the sector of the hotel, tourism and reality enable the company to increase its experience to improve chances for more success. Whereas the company is affected by the negative changes that may occur in these sectors, expectations indicate there are a chance of growth in the hotels and real estates in the kingdom and this is what the company is going to expand in it, after conducting the necessary studies, the diversity of the company's activities and the geographical distribution of the investments inside the kingdom will limit any big fluctuation in the revenues of these investments.

## **Fifteenth: Disclosures**

1. The financial statement has been prepared correctly in accordance with the recognized accounting standards and in accordance with the company's circumstances in conformity with the company's regulations and the company Articles of Association and the standards issued by the Saudi Organization for Certified Public Accountants. Except the valuation of the investment of the shareholder's equity of Sharaco in the Saudi Hotels Services Co. Ltd. for the year 2010, as its financial statements is not prepared yet. Also the valuation of Sharaco's investment in Information Co. for Marketing Services is not yet done as it is under liquidation.
2. The internal monitoring system has been prepared on sound principles, which is effectively implemented, and there is no reasonable doubt regarding the company's capability to carry out its activities. Besides that there is an Internal Auditing Department in the company and performing the auditing works of all the revenues and the expenditures on regular basis, and to be acquainted with all the documents and transactions and finally submitted its reports periodically to the Chairman of the Board.

## **Sixteenth: Recommendations**

Finally, and after the review of the report, the Board of Directors suggests the following:

1. Approval of the Board of Directors Report.
2. Approval of the Financial Statement for the Fiscal Year 2010.
3. Approval of the Board's suggestion related to the appropriation accounts of the year 2010, amounting SR (1,5) for the share which is equivalent to (15%) of the share capital. Bearing in mind that (50) Halala has been distributed for the share for the first half of the year 2010. The ownership of the dividends for the second half which represent SR (1) for the share will be for the shareholders those recorded in Tadawul Records at the end of Tadawul in the date of the General Assembly. The distribution of dividends will be within one month from the date of General Assembly meeting.
4. Approval of the renewal of the contracts related to the operation & management of Makarim Residence Compound, (Al Andalus), Makarim Umm Al Qura Hotel, Makarim Al Bait Hotel and Makrim Residence Compound (Al Rawadah) which owned by Mohammed I Al-Issa & his Sons Co. and Al Jazeerah Bader Compound which is owned by Engineer Abdullah M. Al-Issa for one year effective the date of General Assembly meeting.
5. Approval of the selection of the External Auditors from the candidates that recommended by the Auditing Committee, for auditing the financial statements of the fiscal year 2011 and the quarterly financial statements and to determine their audit fees.

By the grace of Allah, we wish the company continuous progress and success.

## REPORT OF INDEPENDENT ACCOUNTANTS

### To the Shareholders

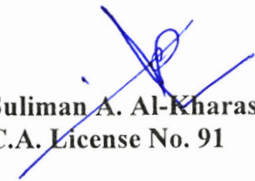
Saudi Hotels and Resorts Company

We have audited the accompanying consolidated balance sheet of the **Saudi Hotels and Resorts Company** ("the Company") and its subsidiaries companies as of December 31, 2010 and the related consolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the year then ended, including the accompanying Notes from (1) to (15) which represent an integral part of these financial statements. The accompanying financial statements are prepared in accordance with Article 123 of the regulations for Saudi companies and the Company's articles of association. These financial statements, the underlying records of which are maintained in Arabic and in the Kingdom, are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

### In our opinion, the financial statements:

- Present fairly, in all material respects, the consolidated financial position of Saudi Hotels and Resorts company as of December 31, **2010** and the consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended in conformity with generally accepted accounting standards in Saudi Arabia and appropriate to the circumstances of the company.
- Comply with regulations of companies and the company's articles of association regarding the preparation and presentation of the financial statements.

The automated accounting records maintained by the company, comply with its financial statements.

  
Suliman A. Al-Kharashi  
C.A. License No. 91



January 25, 2011

## Consolidated Balance Sheet

	NOTE	DECEMBER 31,	
		2010 (SR)	2009 (SR)
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash		38,460,243	32,539,483
Short term investments	3	137,699,884	350,203,315
Accounts receivable, net	4	31,194,920	29,042,057
Inventories	5	15,261,608	14,957,323
Prepaid expenses and other current assets	6	23,692,584	8,762,941
Total current assets		246,309,239	435,505,119
Long term investments	7	182,051,634	102,302,169
Fixed assets, net	8	1,175,607,788	1,126,635,130
Projects under study and in progress		281,845,209	173,977,628
Deferred expenses		464,363	518,460
Total assets		1,886,278,233	1,838,938,506
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>			
<b>CURRENT LIABILITIES:</b>			
Current portion of loans	9	12,357,143	11,071,428
Accounts payable		24,685,497	23,258,217
Dividends payables		36,643,963	29,866,470
Accrued expenses and other current liabilities	10	70,319,429	71,180,100
Total current liabilities		144,006,032	135,376,215
Long term loans	9	32,142,857	38,928,572
End of service indemnity	2	28,760,764	24,562,075
Minority interest in subsidiaries companies		18,450,387	15,415,143
Total liabilities		223,360,040	214,282,005
<b>SHAREHOLDER'S EQUITY:</b>			
Share capital	1	690,060,970	690,060,970
Statutory reserve		345,030,485	162,989,715
Contractual reserve		408,493,096	354,171,651
Retained earnings		222,725,789	434,736,633
Unrealized (loss) gain on investment		(3,392,147)	(17,302,468)
Total shareholders' equity		1,662,918,193	1,624,656,501
Total liabilities and shareholders' equity		1,886,278,233	1,838,938,506

The accompanying notes are an integral part of these financial statements.

## Consolidated Income Statement

	NOTE	FOR THE YEAR ENDED DECEMBER 31,	
		2010 (SR)	2009 (SR)
Operating revenues	11	281,034,970	733,262,808
Operating expenses	12	(135,384,213)	(326,644,606)
<b>Gross operating profit</b>		<b>145,650,757</b>	<b>406,618,202</b>
Depreciation		(20,885,613)	(20,957,628)
<b>Net operating profit</b>		<b>124,765,144</b>	<b>385,660,574</b>
Other revenues	13	4,235,765	6,935,345
Net profit before Zakat and minority interest		129,000,909	392,595,919
Zakat of associated companies	14	(2,223,845)	(2,472,448)
Net profit after Zakat of subsidiaries companies		126,777,064	390,123,471
Minority interest in subsidiaries companies		(1,572,460)	(102,518)
Net profit before Zakat		125,204,604	390,020,953
Zakat for the year	14	(2,466,565)	(9,453,799)
<b>Net profit of the Year</b>		<b>122,738,039</b>	<b>380,567,154</b>
Earning per share from main activities		1,81	5,59
Earning (loss) per share from other activities		0,06	0,10
Earning per share		1,78	5,51

The accompanying notes are an integral part of these financial statements.

## Statement of Consolidated Cash Flows

	FOR THE YEAR ENDED DECEMBER 31,	
	2010 (SR)	2009 (SR)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	125,204,604	390,020,953
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities:</b>		
Depreciation	20,885,613	20,957,628
Amortization of deferred expenses	148,495	129,615
End of service provision	5,216,098	5,459,253
(increase) Decrease in accounts receivable	(2,152,863)	13,952,530
(Increase) decrease in inventories	(304,285)	1,069,194
(Increase) Decrease in prepaid expenses and other current assets	(14,929,643)	1,983,970
Increase (Decrease) in accounts payable	1,427,280	(515,757)
Increase (decrease) in dividends payables	6,777,493	(63,275)
(Decrease) in advance collections	-	(400,000,000)
Increase in accrued expenses and other current liabilities	7,502,241	3,404,138
Zakat paid	(10,829,477)	(3,899,889)
End of service indemnity paid	(1,017,409)	(3,534,242)
Net cash provided from operating activities	137,928,147	28,964,118
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Fixed assets additions	(69,864,551)	(240,190,686)
Fixed assets disposal, net	-	126,924,326
Depreciation on project in progress	6,280	-
(Increase) in deferred expenses	(94,398)	(648,075)
Decrease in investments	146,664,287	228,008,213
(Increase) in project under study and in progress	(107,867,581)	(1,163,063)
Net cash (used by) provided from investing activities	(31,155,963)	112,930,715
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loans paid during the year	(5,500,000)	(2,500,000)
Dividends	(98,302,234)	(126,010,974)
Previous years adjustments	(84,434)	-
Used from reserves	-	(9,031,711)
Changes in minority interest	3,035,244	2,036,471
Net cash (used by) financing activities	(100,851,424)	(135,506,214)
Net increase in cash	5,920,760	6,388,619
Cash at beginning of the year	32,539,483	26,150,864
Cash at end of the year	38,460,243	32,539,483

The accompanying notes are an integral part of these financial statements.

## Statement of Consolidated Changes in Shareholders Equity

	Capital	Statutory reserve	Contractual reserve	Retained earnings	Unrealised gain (loss) on investment	Total
	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
<b>Balance at January 1, 2009</b>	690,060,970	123,987,620	363,203,362	219,182,548	(48,352,924)	1,348,081,576
Dividends	-	-	-	(126,010,974)	-	(126,010,974)
Used from reserves	-	-	(9,031,711)	-	-	(9,031,711)
Net income for the year 2009	-	-	-	390,020,953	-	390,020,953
Appropriation to statutory reserve	-	39,002,095	-	(39,002,095)	-	-
Zakat for the year	-	-	-	(9,453,799)	-	(9,453,799)
Unrealized gain on investment	-	-	-	-	31,050,456	31,050,456
<b>Balance at December 31, 2009</b>	<b>690,060,970</b>	<b>162,989,715</b>	<b>354,171,651</b>	<b>434,736,633</b>	<b>(17,302,468)</b>	<b>1,624,656,501</b>
Dividends	-	-	-	(98,302,234)	-	(98,302,234)
Used from reserves	-	-	-	(84,434)	-	(84,434)
Net income for the year 2010	-	-	-	125,204,604	-	125,204,604
Appropriation to statutory reserve	-	182,040,770	-	(182,040,770)	-	-
Appropriation to contractual reserve	-	-	54,321,445	(54,321,445)	-	-
Zakat for the year	-	-	-	(2,466,565)	-	(2,466,565)
Unrealized gain on investment	-	-	-	-	13,910,321	13,910,321
<b>Balance at December 31, 2010</b>	<b>690,060,970</b>	<b>345,030,485</b>	<b>408,493,096</b>	<b>222,725,789</b>	<b>(3,392,147)</b>	<b>1,662,918,193</b>

The accompanying notes are an integral part of these financial statements.



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31,2010**

**NOTE 1 - THE COMPANY AND NATURE OF BUSINESS**

- Saudi Hotels and Resorts Company ("the Company") is a Saudi Joint Stock Company and was incorporated on Muharram 6, 1397 H. (corresponding to December 27, 1976) under Royal Decree No. M69 and operates under Commercial Registration Number 1010010726 issued in Riyadh.
- Based on the approval of Capital Market Authority on 182008/1/ the company's capital increased from SR 500 million to SR 690,060,970 paid in full, the par value is SR 10 per share.
- The purposes of the company are the construction, acquisition, management operations, investments, purchasing, joint venture of hotels, restaurants, motels, rest areas, amusement parks, tourist and travel agencies and private beaches inside cities, highways and in public resort areas. Also acquisition, renting and development of real estate and constructing buildings. As well as performing all related catering services. The Company shall carry out its purposes by itself or through contracting others jointly or separately.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis Of Accounting:

The financial statements, which are expressed in Saudi Riyals (SR), have been prepared under the historical cost convention, and with the standard of general presentation and disclosure and in accordance with accounting principles generally accepted in Saudi Arabia and in accordance with the requirements of the regulations for companies and the company's articles of association.

The consolidated financial statements include the assets, liabilities, revenues and expenses of the company and all subsidiaries after accounting for minority interests in subsidiaries companies on the date of financial statements.

The ownership for the subsidiaries was :

<b>Subsidiaries</b>	<b>Ownership %</b>
Makkah Hotels Company Ltd.	99.44%
Tabouk Hotels Company Ltd.	97.14%
Al-Medinah Hotels Company Ltd.	50%
Al Nakheel Resort Areas Company Ltd.	98.73%

All debit and credit balances have been eliminated between the company and the subsidiaries from the consolidated statements in accordance with the requirements of consolidated financial statements standard.

## Revenue Recognition

Revenues for the company and subsidiaries are recognized in this consolidated statement when services are rendered to guests. Revenues between the company and the subsidiaries are eliminated from the consolidated statements, or between subsidiaries themselves.

## Expenses Recognition

Expenses for the company and subsidiaries are recognized in this consolidated statements and subsidiaries after eliminating expenses between the company and the subsidiaries, or between subsidiaries themselves.

## Inventories

Inventories are valued at the lower of cost or net realizable value with due allowance for any obsolete or slow moving items. Cost is determined on average cost.

## Allowance for doubtful accounts

The allowance for doubtful accounts is established through a charge against income, and is based on management's estimate for possible loss on realization of account receivable.

## Investments

- The investments in share capital of other companies with ownership percentage which less than 50% and over 20% are recorded in accordance to the equity method and variation of revaluation is recorded in the shareholders' equity.
- The investments of the company in the share capital of other companies with ownership percentage 20% or less are recorded at historical cost and the revenues of the investments are recorded in other revenues when they are approved for distribution. The company provides provision against investment losses realised or expected

## Fixed Assets

Fixed assets are stated at cost with additions and improvements, which extend the assets' capacity, and useful lives being capitalized. Depreciation is provided on as straight-line basis as following:

- |                              |               |
|------------------------------|---------------|
| • Buildings                  | 50 – 75 years |
| • Furniture and Fixture      | 10 years      |
| • Equipments and Machineries | 10 years      |
| • Vehicles                   | 4 years       |

## Foreign Currencies

Foreign currency transactions are recorded at the rates of exchange prevailing at the time of the respective transactions. At the balance sheet date, foreign currency assets and liabilities are revalued into Saudi Riyals at the prevailing market rates. Revaluation and exchange gain or losses are included in income statement.

## Employees' End of Service Indemnity

Provision is made for amount payable under the Saudi Arabian Labor Law applicable to employees' accumulated periods of service to the date of the balance sheet and compensated vacation and air tickets costs as of the balance sheet date are accrued currently through a charge to expenses.

## Statutory Reserve

In accordance with the Company's articles of association and the regulations for companies in the Kingdom of Saudi Arabia, the Company allocates 10% of its net profit each year to form a statutory reserve. The company may discontinue this practice when this reserve reaches one-half of its share capital.

## Contractual Reserve

In accordance with the Company's articles of associations, the company allocates 5% of its net profit each year to form a contractual reserve. The company may discontinue this practice when the reserve reaches 10% of its share capital. This reserve is used for maintenance and the loss of investments or as decided by the Board.

## Zakat

In accordance with regulations of the department of Zakat and Income Tax in the Kingdom of Saudi Arabia the company is subject to Zakat.

### NOTE 3 - SHORT TERM INVESTMENTS

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Investments in Islamic " <b>Murabaha</b> "	126,976,548	275,105,661
Investments in portfolio belong to subsidiaries	-	64,374,318
Investments in real estate	10,723,336	10,723,336
<b>Total</b>	<b>137,699,884</b>	<b>350,203,315</b>

The short term investment belong to the company and some subsidiaries which the company shared in its capitals.

#### NOTE 4 - ACCOUNTS RECEIVABLE

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Trade accounts receivable	30,948,601	34,886,240
Provision for doubtful debts	(3,042,775)	(8,492,241)
Net trade account receivable	27,905,826	26,393,999
Other receivable	3,289,094	2,648,058
<b>Total</b>	<b>31,194,920</b>	<b>29,042,057</b>

#### NOTE 5 – INVENTORIES

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Operating supplies	14,407,320	14,130,491
Food and beverage	854,288	826,832
<b>Total</b>	<b>15,261,608</b>	<b>14,957,323</b>

#### NOTE 6 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Prepaid expenses	20,348,474	5,549,781
Accrued revenues and other current assets	3,344,110	3,213,160
<b>Total</b>	<b>23,692,584</b>	<b>8,762,941</b>

## NOTE 7 - LONG TERM INVESTMENTS

	Percentage of ownership	DECEMBER 31,	
		2010	2009
		(SR)	(SR)
Investments in portfolio	-	140,190,253	60,592,760
Saudi Hotel Services Co.	30%	34,353,781	34,201,809
National Co. for Development Tourism Investment	1.65%	7,000,000	7,000,000
*Al-Ealamia Co. for marketing services	25%	500,000	500,000
Others		7,600	7,600
<b>Total</b>		<b>182,051,634</b>	<b>102,302,169</b>

\* Due to the noncompletion of its financial statements as the date of issuing the consolidated financial statements, equity method in accounting for the investment in the Al-Ealamia Company for marketing services has not been used because of its entry in the liquidation process.

## NOTE 8 - FIXED ASSETS

	Land	Buildings	Furnitures and fixtures	Plant and equipment	Motor vehicles	Total
	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
<b>Cost:</b>						
At January 1, 2010	500,481,907	911,346,646	155,493,966	42,124,911	6,619,031	1,616,066,461
Additions during the year	53,256,560	1,920,526	13,934,689	34,276	718,500	69,864,551
At December 31, 2010	<u>553,738,467</u>	<u>913,267,172</u>	<u>169,428,655</u>	<u>42,159,187</u>	<u>7,337,531</u>	<u>1,685,931,012</u>
<b>Depreciation:</b>						
At January 1, 2010	-	326,201,389	123,473,350	34,824,760	4,931,832	489,431,331
Depreciation for the year	-	12,712,824	6,271,249	1,170,580	737,240	20,891,893
At December 31, 2010	-	<u>338,914,213</u>	<u>129,744,599</u>	<u>35,995,340</u>	<u>5,669,072</u>	<u>510,323,224</u>
<b>Net book value:</b>						
At December 31, 2010	<u>553,738,467</u>	<u>574,352,959</u>	<u>39,684,056</u>	<u>6,163,847</u>	<u>1,668,459</u>	<u>1,175,607,788</u>
At December 31, 2009	<u>500,481,907</u>	<u>585,145,257</u>	<u>32,020,616</u>	<u>7,300,151</u>	<u>1,687,199</u>	<u>1,126,635,130</u>

Certain fixed assets including lands and related building are pledged as collateral against two loans received from Ministry of Finance, the balance of the two loans amounted to SR. 44,500,000 at December 31, 2010.

## NOTE 9 - LOANS

Included in loans are two loans from the Ministry of finance to create two projects pledged by lands and building.

The aggregate installments payments due on the balance outstanding are summarized as follows:

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Portions of short term loans	12,357,143	11,071,428
Portions of long term loans	32,142,857	38,928,572
<b>Total</b>	<b>44,500,000</b>	<b>50,000,000</b>

## NOTE 10 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Zakat provisions	27,681,268	33,811,407
Deferred income	18,229,210	16,975,936
Accrued expenses and other liabilities	24,408,951	20,392,757
<b>Total</b>	<b>70,319,429</b>	<b>71,180,100</b>

## NOTE 11 - OPERATING REVENUES

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Revenue from AL-khaleej resort sale	-	485,871,050
Hotels and recreational areas revenues	230,636,372	211,041,459
Revenue from real estate	37,456,056	22,012,543
Services and operations fees	18,878,373	13,653,529
Revenue from investment in other companies	4,651,972	8,420,029
<b>Total</b>	<b>291,622,773</b>	<b>740,998,610</b>
Less: revenue earned from subsidiaries companies	(10,587,803)	(7,735,802)
<b>Net revenues</b>	<b>281,034,970</b>	<b>733,262,808</b>

## NOTE 12 - OPERATING EXPENSES

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Cost of AL-khaleej resort sale	-	194,233,907
Hotels and recreational areas expenses	121,948,271	117,153,690
Other operating costs	13,669,059	14,012,040
Services and operations cost	6,259,633	6,312,824
Cost of owned real estate	4,095,053	2,667,947
<b>Total</b>	<b>145,972,016</b>	<b>334,380,408</b>
Less: expenses charged to subsidiaries companies	(10,587,803)	(7,735,802)
<b>Net</b>	<b>135,384,213</b>	<b>326,644,606</b>

## NOTE 13 - OTHER REVENUE

Other revenue consists of:

	DECEMBER 31,	
	2010	2009
	(SR)	(SR)
Revenues from Islamic Murabaha	814,521	4,221,762
Other revenues	3,421,244	2,713,583
<b>Total</b>	<b>4,235,765</b>	<b>6,935,345</b>

## NOTE 14 - ZAKAT PROVISION

- Zakat provisions for subsidiaries which are part of these consolidated statements are made and effected in income statements with amount SR. 2,223,845 for the year 2010 and SR.2,472,448 for the year 2009.
- The computation of Zakat provisions for the holding company as follow:

	DECEMBER 31,	
	2010 (SR)	2009 (SR)
Net income as per book	125,204,604	390,020,953
Less : Profit share in subsidiaries	(30,018,986)	(15,483,206)
Provisions during the year	3,477,001	3,614,230
adjusted net income	<b>98,662,619</b>	378,151,977
Zakat base:		
Adjusted net income	98,662,619	378,151,977
Total added items	1,388,718,579	1,339,409,890
Total deducted items	<b>(1,388,718,579)</b>	(1,339,409,890)
Zakat base	98,662,619	378,151,977
Zakat at 2.5%	<b>2,466,565</b>	9,453,799

The company has submitted the Zakat assessments up to year 2009. The company received the final Zakat assessment and final Zakat certificate for the year 2009.

## NOTE 15 - CONTINGENT LIABILITIES

	DECEMBER 31,	
	2010 (SR)	2009 (SR)
Guarantee loans to subsidiaries	17,500,000	20,000,000
Guarantee letters issued to others	28,259,879	8,707,843
<b>Total</b>	<b>45,759,879</b>	28,707,843