

DAR AL ARKAN
REAL ESTATE DEVELOPMENT COMPANY
Saudi Shareholding Company

Riyadh – Kingdom of Saudi Arabia

**SPECIAL AUDITORS' REPORT AND
CONSOLIDATED INTERIM FINANCIAL
STATEMENT FOR SIX MONTHS
ENDED 30 JUNE 2008
(UNAUDITED)**

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
Saudi Shareholding Company
Riyadh – Kingdom of Saudi Arabia

Index

	Page	Exhibit
Special Auditors' Report	1	-
Consolidated Interim Balance Sheet as at 30 June 2008 (Unaudited)	2	A
Consolidated Interim Statement of Income for the six months ended 30 June 2008 (Unaudited)	3	B
Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2008 (Unaudited)	4	C
Consolidated Interim Statement of Changes in Shareholders' Equity for the six months ended 30 June 2008 (Unaudited)	5	D
Notes to the Consolidated Interim Financial Statements	6 - 15	--

محاسبون قانونيون - ترخيص رقم ٨١
Certified Public Accountants - License No.81

FROM: TALAL ABU-GHAZALEH & CO. – CERTIFIED PUBLIC ACCOUNTANTS

TO: THE SHAREHOLDERS
DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
SAUDI SHAREHOLDING COMPANY
RIYADH – KINGDOM OF SAUDI ARABIA

Special Auditors' Report

We have reviewed the accompanying consolidated interim balance sheet of **DAR AL ARKAN REAL ESTATE DEVELOPMENT – Saudi Shareholding Company** – as of 30 June 2008 and the related consolidated interim statements of income, cash flows, and changes in shareholders' equity for the period from 1 January 2008 to 30 June 2008. This consolidated interim financial statements are the responsibility of the company's management. Our responsibility is to issue a report on the consolidated interim financial statements based on our review.

We conducted our review in accordance with the International Standards on Review Engagements. These Standards require that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that cause us to believe that the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with internationally accepted accounting principles.

This report is intended solely for the use of the company's management outside the Kingdom of Saudi Arabia and not to be submitted to or used by any party within the Kingdom. A review report based on the Saudi Standards of Auditing was issued on 9 July 2008 in conformity with the regulations set out by the Saudi Organization for Certified Public Accountants.

9 Rajab 1429 H.
12 July 2008 G.

Signature:
Abdul Qader A. Al-Wahaib
(License No. 48)



DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY

Saudi Shareholding Company
Riyadh – Kingdom of Saudi Arabia

CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2008
(UNAUDITED)

EXHIBIT A

	Note	30 June 2008 SR.	30 June 2007 SR.
ASSETS			
Current Assets			
Cash and cash equivalents	(3C,4)	1,012,010,119	901,861,743
Accounts receivable, net	(3D,5)	409,523,615	645,793,512
Investments	(3E,6)	-	77,000,000
Projects in progress	(7)	4,356,038,023	9,535,571,419
Developed lands	(10)	899,928,411	2,971,756,729
Other current assets	(8)	373,519,393	986,221,440
Due from related parties	(9)	88,209,129	2,416,762
Total current assets		7,139,228,690	15,120,621,605
Non-Current Assets			
Projects in progress	(7)	8,809,735,430	-
Developed lands	(10)	1,859,527,288	-
Investments	(3E,6)	-	37,510,000
Investments in capital of other companies	(3F,6)	175,000,000	-
Property and equipment	(3G,11)	151,364,820	158,158,795
Deferred charges, net	(3H,12)	98,212,434	53,500,790
Total Non-Current Assets		11,093,839,972	249,169,585
TOTAL ASSETS		18,233,068,662	15,369,791,190
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Islamic Murabaha	(13)	1,000,000,000	870,000,000
Projects' shareholders		-	9,964,392
Accounts payable	(14)	142,479,563	67,764,097
Accrued expenses and other payables	(15)	563,376,410	658,352,976
Due to related party		-	1,723,932
Total current liabilities		1,705,855,973	1,607,805,397
Non-Current Liabilities			
Islamic Sukuk	(16)	6,000,000,000	2,250,000,000
Provision for end-of-service Indemnity	(3I,17)	6,671,441	3,898,790
Total Non-Current Liabilities		6,006,671,441	2,253,898,790
Shareholders' Equity			
Capital	(18)	5,400,000,000	5,400,000,000
Statutory reserve	(19)	3,242,253,763	3,242,253,763
Retained earnings		1,878,287,485	2,865,833,240
Total shareholders' equity - Exhibit D		10,520,541,248	11,508,087,003
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,233,068,662	15,369,791,190

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
Saudi Shareholding Company
Riyadh – Kingdom of Saudi Arabia

CONSOLIDATED INTERIM STATEMENT OF INCOME FOR
THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008
(UNAUDITED)

EXHIBIT B

	Note	For the period		For the period from	For the period from
		from 1 April 2008	from 1 April 2007 To	1 January 2008 To	1 January 2007 To
		To 30 June 2008	30 June 2007	30 June 2008	30 June 2007
		SR.	SR	SR.	SR
Revenue	(3K)	1,550,357,637	1,041,777,675	2,784,522,844	1,954,753,871
Cost of revenue		(714,330,700)	(481,581,957)	(1,361,793,537)	(941,746,297)
Gross profit	(20)	836,026,937	560,195,718	1,422,729,307	1,013,007,574
Principal activities expenses:					
Sales and Marketing expenses		(15,588,709)	(6,748,300)	(21,854,202)	(10,723,715)
General and administrative expenses	(3I, 21)	(23,056,837)	(6,704,458)	(39,073,804)	(12,815,552)
Participation expenses	(3I, 22)	---	(3,121,696)	(1,220,960)	(6,632,738)
Depreciation of property and equipment		(5,584,844)	(3,668,379)	(11,432,481)	(7,739,898)
Amortization of deferred charges		(9,260,896)	(5,140,015)	(18,235,037)	(6,751,468)
Net income from principal activities		782,535,651	534,812,870	1,330,912,823	968,344,203
Results of other activities :					
Islamic Murabha, net		(12,899,412)	(18,961,008)	(23,564,298)	(34,910,754)
Islamic Sukuk Expenses		(84,720,800)	(41,408,246)	(178,494,407)	(52,736,875)
Other income		2,617,551	---	11,436,980	15,714,628
Net profit for the period - Exhibit D		687,532,990	474,443,616	1,140,291,098	896,411,202
Earning per share for the Second quarter 2008	(23)	1,273	,875	2,111	1,660

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
Saudi Shareholding Company
Riyadh – Kingdom of Saudi Arabia

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE
PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008
(UNAUDITED)

EXHIBIT C

	For the period from 1 January 2008 To 30 June 2008	For the period from 1 January 2007 To 30 June 2007
	SR.	SR.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	1,140,291,098	896,411,202
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation of property and equipment	11,432,481	7,739,898
Amortization of deferred charges	18,235,037	6,751,468
Provision for end-of-service indemnity	2,295,134	746,312
Provision for doubtful accounts	--	126.415
Changes in Operating Assets and Liabilities		
Accounts receivable	74,037,354	(165,261,201)
Developed lands	(348,541,232)	(440,973,474)
Projects in progress	(2,111,302,950)	(1,599,703,919)
Other current assets	227,899,027	(770,700,075)
Related parties, net transactions	(84,632,636)	902,030
Projects' shareholders	(3,052,400)	(24,565,700)
Accounts payable	37,812,570	22,585,057
Accrued expenses & other payables	(298,506,067)	86,255,909
End-of- service benefits paid	(99,000)	---
Net cash (used in) operating activities	(1,334,131,584)	(1,979,686,078)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,201,035)	(333,561)
Deferred Charges	(2,862,448)	(57,740,094)
Developed lands	374,924,277	---
Projects in progress	(257,229,512)	---
Investments	(93,354,515)	50,000,000
Net cash from / (used in) investing activities	19,276,767	(8,073,655)
CASH FLOWS FROM FINANCING ACTIVITIES		
Islamic Murabaha	600,000,000	455,976,339
Islamic Sukuk	---	2,250,000,000
Dividends	(1,620,000,000)	---
Net cash (used in) / from financing activities	(1,020,000,000)	2,705,976,339
Cash and cash equivalents	(2,334,854,817)	718,216,606
Cash and cash equivalents, beginning of the period	3,346,864,936	183,645,137
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD – EXHIBIT A	1,012,010,119	901,861,743

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
Saudi Shareholding Company
Riyadh – Kingdom of Saudi Arabia

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008
(UNAUDITED)

EXHIBIT D

	<u>Capital</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
	SR.	SR.	SR.	SR.
Total Shareholders Equity as of 1 January 2008	5,400,000,000	3,242,253,763	2,357,996,387	11,000,250,150
Dividends	--	--	(1,620,000,000)	(1,620,000,000)
Net Income for the period – Exhibit B	--	--	1,140,291,098	1,140,291,098
Total Shareholders Equity as of 30 June 2008- Exhibit "A"	<u>5,400,000,000</u>	<u>3,242,253,763</u>	<u>1,878,287,485</u>	<u>10,520,541,248</u>

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
Saudi Shareholding Company

Riyadh – Kingdom of Saudi Arabia

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1- THE COMPANY AND IT'S TWO SUBSIDIARY COMPANIES, AND THE NATURE OF BUSINESS:

- A- DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY** – Saudi Shareholding Company (referred to hereinafter as the “**Company**”) operates under the Commercial Registration No. 1010160195 dated 16/4/1421H, issued in Riyadh.

The Company operates in the field of purchasing and possessing real estate and lands, constructing buildings for the purpose of investing thereof by renting or selling in favor of the company.

The Company operates in general construction of residential and commercial buildings (construction, maintenance, demolition and reconstruction), wholesale, and retail in sanitary materials, plumbing, electrical, paints, construction materials, office equipment and motor vehicles either in cash or by installment payments.

- B- ASSAEL REAL ESTATE COMPANY** – Limited Liability Company (referred to hereinafter as the “**Subsidiary Company**”) operates under the Commercial Registration No. 1010230572 dated 13/3/1428H, issued in Riyadh.

The Subsidiary Company operates in the field of purchasing lands, constructing buildings for the purpose of investing thereof by renting or selling in favor of the company.

The Subsidiary Company operates in general construction of buildings (construction, maintenance, demolition and reconstruction), wholesale, and retail in sanitary materials, plumbing, electrical, paints, construction materials, office equipment and motor vehicles.

The ownership of **DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY** in this subsidiary is equal to 100%.

- C- MAQAR REAL ESTATE INVESTMENT COMPANY** – Limited Liability Company (referred to hereinafter as the “**Subsidiary Company**”) operates under the Commercial Registration No. 1010227784 dated 12/1/1428H, issued in Riyadh.

The Subsidiary Company operates in the field of purchasing lands, constructing buildings for the purpose of investing thereof by renting or selling in favor of the company.

The Subsidiary Company operates in general construction of residential and commercial buildings, wholesale, and retail in sanitary materials, plumbing, electrical, paints, construction materials, office equipment and motor vehicles.

The ownership of **DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY** in this subsidiary is equal to 100%.

2- PREPARATION BASES:

The accompanying consolidated financial statements have been prepared as per the financial statements standards issued by Saudi Organization for Certified Public Accountants (SOCPA). The significant accounting policies adopted by the company in preparing the consolidated financial statements are in consistency with the annual report of the company for the year ended 31 December 2007 are as follows:

Principles of financial statements consolidation:

The company has investments in the two subsidiary companies, which each work as per separate commercial registration – note (1/B and 1/C).

Company's Name	Establishment Country	Ownership Percentage		Main Activities
		2008	2007	
Assael Real Estate Company Limited liability company	Kingdom of Saudi Arabia	100%	100%	Purchase, sale and lease of lands after development and construction.
Maqar Real Estate Investment Company Limited liability company	Kingdom of Saudi Arabia	100%	100%	Purchase, sale and lease of lands after development and construction.

3- SIGNIFICANT ACCOUNTING POLICIES:

a. Statement of Compliance:

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by International Accounting Standards Board and the requirement of the Kingdom of Saudi Arabia Commercial is company law.

b. Accounting Convention:

These consolidated financial statements have been prepared from the accounting records of the company under the historical cost convention using accrual basis and going concern concept.

c. Cash and cash equivalents:

Cash comprises cash on hand and unrestricted cash at banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows short-term deposits maturing within three months or less of the balance sheet date is considered cash equivalents.

d. Accounts Receivable:

Accounts receivable are stated in the accompanying balance sheet at their estimated net realizable value after deducting the related provision for doubtful accounts (if any). The provision for doubtful accounts is estimated based on analysis of the collectible balances of the accounts receivable at the end of the year.

e. Investments:

This item represents investment in other companies' projects against determined percentage of the profit of this project as per contracts.

f. Investment in Capital of other companies:

The company is classifying the investments, "which represent 20%to 50% of ownership equities or voting interests" as investment in capital of other companies. The investments with more than 50% ownership or voting interest are classified as investments in subsidiaries companies.

The equity method Zakat used to evaluate and record these investments. The unrealized revenues are considered in the consolidated statements of income in accordance with the financial statements of investee and subsidiary companies.

g. Property and equipment:

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is computed by using the straight-line methods over the estimated useful lives of the assets are as follows:

Buildings	3%
Vehicles	25%
Furniture and fixtures	20-25%
Electrical appliances	20-25%
Leasehold improvements	5-20%
Prefabricated houses	25%
Tools	20%
Signboards	20%

h. Deferred charges:

The company amortizes deferred charges using the straight-line method over five years.

i. Provision for End-of-Service Indemnity:

At the balance sheet date employees' terminal benefits are calculated under the framework of the Saudi Regulations for Labor and Workmen.

j. Zakat Provision:

Zakat is measured and recognized in the statement of income for each financial period pursuant to Zakat Regulation in the Kingdom of Saudi Arabia. The provision for Zakat is reconciled in the financial year in which the final assessment of Zakat is issued. Variances between the amount of provision for Zakat and the final assessment are recognized in the statement of income as changes in accounting estimates and included in the financial period in which the final assessment of Zakat is issued.

k. Revenue Recognition:

Revenue from rendering of services is generally recognized upon selling the projects and relinquishing their ownership, which concurrently coincide with the issuance of sales contracts.

l. General, Administrative & Marketing Expenses

General, administrative, and marketing expenses are measured and recognized as a period cost at the time when such expenses are incurred. Expenses benefiting more than one financial period are allocated over such periods using their historical cost.

m. Foreign Currency Transactions:

Transactions in foreign currencies are converted into Saudi Riyals at rates of exchange ruling at the date of these transactions. Asset and liabilities at the balance sheet date are converted into Saudi Riyals at rates of exchange prevailing at the balance sheet date. Gains or losses resulting from the variation in exchange rates are taken currently to statement of income.

4- CASH AND CASH EQUIVALENTS:

The details of this item are as follows:

	<u>30 June 2008</u>	<u>30 June 2007</u>
	SR.	SR.
	(Unaudited)	(Unaudited)
Cash on hand	294,059	485,632
Unrestricted bank current accounts	1,011,716,060	901,376,111
Total – Exhibit A	1,012,010,119	901,861,743

5- ACCOUNTS RECEIVABLE, NET :

The details of this item are as follows:

	<u>30 June 2008</u>	<u>30 June 2007</u>
	SR.	SR.
	(Unaudited)	(Unaudited)
Accounts receivable	414,002,143	650,020,869
Provision for doubtful accounts	(4,478,528)	(4,227,357)
Accounts receivable, net – Exhibit A	409,523,615	645,793,512

6- **INVESTMENTS:**

- a) This item represents the company's participation in financing investment projects of other companies according to authenticated contracts for achieving gains on the share of those companies' profits through these projects, during financial periods ranging from one year "short-term" and two years "long-term".

B. Investment in capital of other companies:

The details of this item are as follows:

Company's name	Ownership percentage	30 June 2008
		SR. (Unaudited)
Saudi Home Loans Company	15%	75,000,000
Saudi Capital Unicorn Company (Underestablishment)	33.34%	<u>100,000,000</u>
Total – Exhibit A		<u><u>175,000,000</u></u>

7- **PROJECTS IN PROGRESS:**

a) **Projects in progress – short-term:**

The details of this item are as follows:

	30 June 2008	30 June 2007
	SR. (Unaudited)	SR. (Unaudited)
Villas	2,078,765,721	3,114,232,424
Lands	<u>2,277,272,302</u>	<u>6,421,338,995</u>
Total – Exhibit A	<u><u>4,356,038,023</u></u>	<u><u>9,535,571,419</u></u>

- Projects in progress, short-term represent expenses on projects made by the company in the purpose of resale in short time.

b) **Projects in progress – long-term:**

The details of this item are as follows:

	30 June 2008
	SR. (Unaudited)
Villas	3,359,601,372
Lands	<u>5,450,134,058</u>
Total – Exhibit A	<u><u>8,809,735,430</u></u>

- Projects in progress, long-term represent projects of villas and lands owned by the company and will be transferred to the company's assets when accomplished.

8- **OTHER CURRENT ASSETS:**

The details of this item are as follows:

	<u>30 June 2008</u>	<u>30 June 2007</u>
	SR.	SR.
	(Unaudited)	(Unaudited)
Prepaid expenses	14,262,148	1,865,923
Employees advances and imprests	749,867	2,621,872
Advance payments to contractors	96,523,798	630,408,385
Advance payments to land and other suppliers	9,469,284	342,569,364
Others	252,514,296	8,755,896
Total – Exhibit A	373,519,393	986,221,440

9- **DUE FROM RELATED PARTIES:**

a) The details of this item are as follows:

	<u>Beginning Balance</u>	<u>Sales</u>	<u>Collections</u>	<u>Ending Balance</u>
	SR.	SR.	SR.	SR.
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Kingdom of Installment Company	3,576,494	100,204	(3,676,698)	---
Saudi Home Loans Company	---	97,378,129	(9,169,000)	88,209,129
Total – Exhibit A	3,576,494	97,478,333	(12,845,698)	88,209,129

b) This item represents operating transactions with these related parties as of 30 June 2008.

10- **DEVELOPED LANDS:**

This item represents lands owned by the company developed for the purpose of constructing projects for the company thereon.

11- PROPERTY AND EQUIPMENT:

a) The details of property and equipment costs, accumulated depreciation thereof and related net book value are as follows:

Cost	Buildings		Vehicles		Furniture & Fixtures		Electrical Appliances		Leashold Improvements		Prefabricated houses		Tools		Signboards		Total		
	SR.	Unaudited	SR.	Unaudited	SR.	Unaudited	SR.	Unaudited	SR.	Unaudited	SR.	Unaudited	SR.	Unaudited	SR.	Unaudited	SR.	Unaudited	
Balance at 1/1/2008	134,145,850	11,625,369	20,503,828	15,150,839	12,586,421	8,619,208	5,445,216	5,566,648	213,643,379										
Additions for the period	-	4,926	884,435	841,674	-	57,000	-	-	435,000	-	-	-	-	-	-	-	-	-	2,223,035
Disposals for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,000)
Balance at 30/06/2008	134,145,850	11,630,295	21,388,263	15,992,513	12,586,421	8,676,208	5,423,216	6,001,648	215,844,414										
Accumulated Depreciation																			
Balance at 1/1/2008	11,554,248	7,165,422	9,199,001	6,900,918	5,909,602	5,515,723	3,134,603	3,667,596	53,047,113										
Depreciation for the period	2,892,331	1,102,592	2,092,250	1,866,036	1,266,316	1,260,109	426,670	526,177	11,432,481										
Balance at 30/06/2008	14,446,579	8,268,014	11,291,251	8,766,954	7,175,918	6,775,832	3,561,273	4,193,773	64,479,594										
Net book value 30/06/2008 - Exhibit A	119,699,271	3,362,281	10,097,012	7,225,559	5,410,503	1,900,376	1,861,943	1,807,875	151,364,820										

b) Tools and implements disposed of during the period has been added at the end of the financial year 2007 and has been returned to supplier in the beginning of the current year 2008.

12- **DEFERRED CHARGES, NET:**

The details of this item are as follows:

	<u>30 June 2008</u>	<u>30 June 2007</u>
	SR.	SR.
	(Unaudited)	(Unaudited)
Deferred charges, beginning balance	140,596,966	5,497,540
Additions during the period	2,862,448	57,740,094
Accumulated amortization	<u>(45,246,980)</u>	<u>(9,736,844)</u>
Deferred charges, net - Exhibit A	<u>98,212,434</u>	<u>53,500,790</u>

13- **ISLAMIC MURABAHA :**

This item represents Islamic Murabaha from local banks as of 30 June 2008.

14- **ACCOUNTS PAYABLE:**

The details of this item are as follows:

	<u>30 June 2008</u>	<u>30 June 2007</u>
	SR.	SR.
	(Unaudited)	(Unaudited)
Contractors	132,555,052	64,758,473
Suppliers	<u>9,924,511</u>	<u>3,005,624</u>
Total – Exhibit A	<u>142,479,563</u>	<u>67,764,097</u>

15- **ACCRUED EXPENSES AND OTHERS PAYABLES:**

The details of this item are as follows:

	<u>30 June 2008</u>	<u>30 June 2007</u>
	SR.	SR.
	(Unaudited)	(Unaudited)
Accrued expenses	917,479	2,625,433
Islamic Sukuk	45,819,466	10,594,375
Unpaid Dividends	23,371,659	---
Islamic Murabah expenses	14,812,912	14,545,716
Zakat provision	473,928,553	447,974,315
Advances from customers	3,987,726	176,297,440
Others	<u>538,615</u>	<u>6,315,697</u>
Total – Exhibit A	<u>563,376,410</u>	<u>658,352,976</u>

16- **ISLAMIC SUKUK:**

This item represents of Islamic sukuk amounted to SR.6,000,000,000 (\$1.6 Billion) issued by Dar International Sukuk Company (600 Million) and International Dar Al Arkan Company for Sukuk (\$1 Billion) in 2007 which beneficial right for Dar Al Arkan Real Estate Development and affiliated companies as revenue will be paid to Sukuk holders quarterly but the original amount (\$1.6 Billion) will be repaid at maturity date as per agreements.

17- **PROVISION FOR END-OF-SERVICE INDEMNITY:**

The details of this account are as follows:

	<u>30 June 2008</u>	<u>30 June 2007</u>
	SR.	SR.
	(Unaudited)	(Unaudited)
Balance, beginning of the period	4,475,307	3,152,478
Allocated to expenses	2,295,134	746,312
Settlement during the period	(99,000)	---
Balance, end of the period – Exhibit A	6.671.441	3,898,790

18- **CAPITAL:**

The Company's capital is SR.5,400,000,000 divided to 540,000,000 equal common shares of SR.10 each.

19- **PROFITS & RESERVES:**

The company distributes the annual net profit after deducting the general expenses and costs as follows:

- Zakat duties deductions.
- According to the article (125) of the Companies' Regulation, the Company retains 10% of net income against statutory reserve, The deductions can be stopped by the company when this reserve reaches one half of the capital.
- Initial payment to the shareholders equals 5% of paid up capital from the remaining profit.

20- **GROSS PROFIT:**

Description	For the period from 1 January 2008 to 30 June 2008			For the period from 1 January 2007 To 30 June 2007
	Revenues	Cost	Gross profit	Gross profit
	SR.	SR.	SR.	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Lands	1,958,660,544	(927,602,425)	1,031,058,119	622,047,429
Villas	825,862,300	(434,191,112)	391,671,188	390,960,145
Total	2,784,522,844	(1,361,793,537)	1,422,729,307	1,013,007,574
Gross profit – Exhibit "B"			1,422,729,307	1,013,007,574

21- **SALES AND MARKETING EXPENSES:**

The details of this item are as follows:

	For the period from 1 January 2008 To 30 June 2008	For the period from 1 January 2007 To 30 June 2007
	SR. (Unaudited)	SR (Unaudited)
Salaries and wages	3,499,578	2,347,686
Advertising	9,776,737	4,357,147
Marketing consulting	326,884	586,214
Meetings and exhibitions	6,137,727	1,810,273
Incentives and bonuses	258,196	1,299,642
Others	1,855,080	322,753
Total – Exhibit B	21,854,202	10,723,715

22- **GENERAL AND ADMINISTRATIVE EXPENSES:**

The details of this item are as follows:

	For the period from 1 January 2008 To 30 June 2008	For the period from 1 January 2007 To 30 June 2007
	SR. (Unaudited)	SR. (Unaudited)
Salaries and wages	18,921,889	7,617,276
End of service indemnity	2,000,621	746,312
Incentives and bonuses	242,479	577,923
Subscription fees	1,035,078	405,245
Printings & stationery	289,722	532,714
Social insurance	497,077	438,627
Repairs and maintenance	1,564,663	233,713
Fuel	45,605	197,623
Insurance	977,366	352,641
Technical consulting and training	3,669,464	485,912
Provision for doubtful accounts	--	126,415
Cleaning and entertainment	1,329,089	186,912
Water, electricity and telephone	1,228,566	482,314
Others	7,272,185	431,925
Total – Exhibit B	39,073,804	12,815,552

23- **EARNING PER SHARE:**

Earning per share is computed by dividing net profit for the period on number of share at the end of the period which is 540,000,000 common shares.

24- **INTERIM RESULTS:**

The interim operation results are not exact indication of the whole year's results of operation contained in closing financial statements.

25- **GENERAL:**

The figures in the financial statements are rounded to the nearest Saudi Riyal except the amounts related to earning per share.