

**DAR AL ARKAN**  
**REAL ESTATE DEVELOPMENT COMPANY**  
***Saudi Shareholding Company***

**Riyadh – Kingdom of Saudi Arabia**

**REVIEW 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**

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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

*Subject: Review Report*

We have reviewed the accompanying consolidate interim balance sheet of **DAR AL ARKAN REAL ESTATE DEVELOPMENT – Saudi Shareholding Company** – as of 30 June 2008 and the consolidated statements of income, cash flows and changes in shareholders' equity for the six months ended 30 June 2008. These financial statements have been prepared by the company's management and submitted to us along with the entire information requested. Our review was based on the interim financial reporting standard set forth by the Saudi Organization for Certified Public Accountants. The review consisted principally of analytical procedures and inquiries of company personnel regarding financial data. It is substantially less in scope than audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements, therefore, we will not express such opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with generally accepted accounting standards.

Date: 6 Rajab 1429 H.  
9 July 2008 G.

Signature:  
Abdul Qader A. Al-Wahaib  
Certified Public Accountant  
(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.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	( 4 )	1,012,010,119	901,861,743
Accounts receivable, net	( 5 )	409,523,615	645,793,512
Short-term investments	( 6 )	-	77,000,000
Projects in progress – short-term	( 7 )	4,356,038,023	9,535,571,419
Developed lands – short-term	( 10 )	899,928,411	2,971,756,729
Prepaid expenses and others	( 8 )	373,519,393	986,221,440
Due from related parties	( 9 )	88,209,129	2,416,762
Total current assets		<u>7,139,228,690</u>	<u>15,120,621,605</u>
<b>Non-Current Assets</b>			
Long-term projects in progress	( 7 )	8,809,735,430	-
Long-term developed lands	( 10 )	1,859,527,288	-
Long-term investments	( 6 )	-	37,510,000
Investments in companies capitals	( 6 )	175,000,000	-
Fixed assets, net	( 11 )	151,364,820	158,158,795
Deferred charges, net	( 12 )	98,212,434	53,500,790
Total Non-Current Assets		<u>11,093,839,972</u>	<u>249,169,585</u>
<b>TOTAL ASSETS</b>		<u><b>18,233,068,662</b></u>	<u><b>15,369,791,190</b></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
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 others	( 15 )	563,376,410	658,352,976
Due to related party		-	1,723,932
Total current liabilities		<u>1,705,855,973</u>	<u>1,607,805,397</u>
<b>Non-Current Liabilities</b>			
Islamic Sukuk	( 16 )	6,000,000,000	2,250,000,000
Provision for end-of-service benefits	( 17 )	6,671,441	3,898,790
Total Non-Current Liabilities		<u>6,006,671,441</u>	<u>2,253,898,790</u>
<b>Shareholders' Equity</b>			
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
<b>Total shareholders' equity - Exhibit D</b>		<u><b>10,520,541,248</b></u>	<u><b>11,508,087,003</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><b>18,233,068,662</b></u>	<u><b>15,369,791,190</b></u>

**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		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)
<b>Gross profit</b>	( 20 )	<b>836,026,937</b>	<b>560,195,718</b>	<b>1,422,729,307</b>	<b>1,013,007,574</b>
<b>Principal activities expenses:</b>					
Sales and Marketing expenses	( 21 )	(15,588,709)	(6,748,300)	(21,854,202)	(10,723,715)
General and administrative expenses	( 22 )	(23,056,837)	(6,704,458)	(39,073,804)	(12,815,552)
Participation expenses		---	(3,121,696)	(1,220,960)	(6,632,738)
Depreciation of fixed assets		(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)
<b>Net income from principal activities</b>		<b>782,535,651</b>	<b>534,812,870</b>	<b>1,330,912,823</b>	<b>968,344,203</b>
<b>Results of other activities :</b>					
Islamic Murabha, net		(12,899,412)	(18,961,008)	(23,564,298)	(34,910,754)
Islamic Sukuk Charges		(84,720,800)	(41,408,246)	(178,494,407)	(52,736,875)
Other revenue		2,617,551	---	11,436,980	15,714,628
<b>Net income for the period - Exhibit D</b>		<b>687,532,990</b>	<b>474,443,616</b>	<b>1,140,291,098</b>	<b>896,411,202</b>
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.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	1,140,291,098	896,411,202
<b>Adjustment for:</b>		
Depreciation of fixed assets	11,432,481	7,739,898
Amortization of deferred charges	18,235,037	6,751,468
Provision for end-of-service benefits allocated to expenses	2,295,134	746,312
Provision for doubtful accounts	--	126,415
<b>Changes in operating assets and liabilities</b>		
Decrease in accounts receivable	74,037,354	(165,261,201)
(Increase) in developed lands – short-term	(348,541,232)	(440,973,474)
(Increase) in projects in progress – short-term	(2,111,302,950)	(1,599,703,919)
Decrease / (Increase) in prepaid expenses and others	227,899,027	(770,700,075)
Related parties , net transactions	(84,632,636)	902,030
(Decrease) in projects' shareholders	(3,052,400)	(24,565,700)
Increase in accounts payable	37,812,570	22,585,057
(Decrease) / Increase in accrued expenses and others	(298,506,067)	86,255,909
End-of- service benefits paid	(99,000)	---
<b>Net cash (used in) operating activities</b>	<b>(1,334,131,584)</b>	<b>(1,979,686,078)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,201,035)	(333,561)
Deferred Charges	(2,862,448)	(57,740,094)
Developed lands, long-term	374,924,277	---
Projects in progress, long-term	(257,229,512)	---
Investments	(93,354,515)	50,000,000
<b>Net cash from / (used in) investing activities</b>	<b>19,276,767</b>	<b>(8,073,655)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Islamic Murabaha	600,000,000	455,976,339
Islamic Sukuk	---	2,250,000,000
Dividends	(1,620,000,000)	---
<b>Net cash (used in) / from financing activities</b>	<b>(1,020,000,000)</b>	<b>2,705,976,339</b>
(Decrease) / Increase in 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
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD – EXHIBIT A</b>	<b>1,012,010,119</b>	<b>901,861,743</b>

**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"	5,400,000,000	3,242,253,763	1,878,287,485	10,520,541,248

***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**

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**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.

- 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.



## 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- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles of the Kingdom of Saudi Arabia. The significant accounting policies applied in the preparation of these financial statements are as follows:

### a) Accounting Convention:

These financial statements have been prepared under the historical cost convention using accrual basis and going concern concept.

### b) Cash and Cash Equivalents:

For the purpose of preparing the cash flows statement, cash and cash equivalents include cash on hand, unrestricted current accounts with banks and Islamic deposits of maturity dates in less than three months (if any).

### c) 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.

### d) Investments:

This item represents investments in other companies' projects against determined percentage of the profit of these projects as per contracts.

**e) Fixed Assets:**

Fixed assets are stated at cost net of accumulated depreciation thereof up to the date of the financial statements, Depreciation is computed using the straight – line method over their estimated useful lives as per the following annual rates of depreciation:

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

**f) Deferred charges:**

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

**g) Provision for End-of-Service Benefits:**

Provision for end-of-service benefits is calculated and provided for in accordance with Saudi Labor Regulation.

**h) 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 on which the final assessment of Zakat is issued.

**i) Islamic Sukuk:**

Islamic Sukuk are stated in debt instruments against quarterly revenue for holders.

**j) 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.

**k) General, Administrative and 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.

**l) 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>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Cash on hand	<b>294,059</b>	485,632
Checking accounts with local banks in Saudi Riyal	<b>1,011,716,060</b>	901,376,111
<b>Total – Exhibit A</b>	<b>1,012,010,119</b>	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>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Accounts receivable	<b>414,002,143</b>	650,020,869
Provision for doubtful accounts	<b>(4,478,528)</b>	(4,227,357)
<b>Accounts receivable, net – Exhibit A</b>	<b>409,523,615</b>	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) Investments in companies' capital:

The details of this item are as follows:

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

## 7- PROJECTS IN PROGRESS:

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

The details of this item are as follows:

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

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

- 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- **PREPAID EXPENSES AND OTHERS:**

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
<b>Total – Exhibit A</b>	<b>373,519,393</b>	<b>986,221,440</b>

9- **DUE FROM RELATED PARTIES:**

a) The details of this item are as follows:

	<u>Beginning.</u>	<u>Sales</u>	<u>Collections</u>	<u>Ending.</u>
	Balance			Balance
	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
<b>Total – Exhibit A</b>	<b>3,576,494</b>	<b>97,478,333</b>	<b>(12,845,698)</b>	<b>88,209,129</b>

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- FIXED ASSETS, NET:**

a) The details of fixed assets 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)		-		(22,000)	
<b>Balance at 30/06/2008</b>	<b>134,145,850</b>		<b>11,630,295</b>		<b>21,388,263</b>		<b>15,992,513</b>		<b>12,586,421</b>		<b>8,676,208</b>		<b>5,423,216</b>		<b>6,001,648</b>		<b>215,844,414</b>	
<b>Accumulated Depreciation</b>																		
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	
<b>Balance at 30/06/2008</b>	<b>14,446,579</b>		<b>8,268,014</b>		<b>11,291,251</b>		<b>8,766,954</b>		<b>7,175,918</b>		<b>6,775,832</b>		<b>3,561,273</b>		<b>4,193,773</b>		<b>64,479,594</b>	
<b>Net book value 30/06/2008 - Exhibit A</b>	<b>119,699,271</b>		<b>3,362,281</b>		<b>10,097,012</b>		<b>7,225,559</b>		<b>5,410,503</b>		<b>1,900,376</b>		<b>1,861,943</b>		<b>1,807,875</b>		<b>151,364,820</b>	

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>
<b>Deferred charges, net - Exhibit A</b>	<b><u>98,212,434</u></b>	<b><u>53,500,790</u></b>

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	9,924,511	3,005,624
<b>Total – Exhibit A</b>	<b><u>142,479,563</u></b>	<b><u>67,764,097</u></b>

15- **ACCRUED EXPENSES AND OTHERS:**

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 Charges	45,819,466	10,594,375
Unpaid Dividends	23,371,659	---
Islamic Murabah charges	14,812,912	14,545,716
Zakat provision	473,928,553	447,974,315
Advances from customers	3,987,726	176,297,440
Others	538,615	6,315,697
<b>Total – Exhibit A</b>	<b><u>563,376,410</u></b>	<b><u>658,352,976</u></b>

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 BENEFITS:**

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)	---
<b>Balance, end of the period – Exhibit A</b>	<b>6.671.441</b>	<b>3,898,790</b>

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
<b>Total</b>	<b>2,784,522,844</b>	<b>(1,361,793,537)</b>	<b>1,422,729,307</b>	<b>1,013,007,574</b>
<b>Gross profit – Exhibit "B"</b>			<b>1,422,729,307</b>	<b>1,013,007,574</b>



**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
<b>Total – Exhibit B</b>	<b>21,854,202</b>	<b>10,723,715</b>

**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, wages and related costs	18,921,889	7,617,276
End of service benefits	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
<b>Total – Exhibit B</b>	<b>39,073,804</b>	<b>12,815,552</b>

**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 for earnings per share amounts.