

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

**Riyadh – Kingdom of Saudi Arabia**

**REVIEW REPORT AND CONSOLIDATED  
INTERIM FINANCIAL STATEMENT FOR THE  
NINE MONTHS ENDED 30 SEPTEMBER 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 September 2008 and the consolidated statements of income, cash flows and changes in shareholders' equity for the nine months ended 30 September 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: 21 Shawal 1429 H.**  
**21 October 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 SEPTEMBER 2008**  
**(UNAUDITED)**

**EXHIBIT A**

	<u>Note</u>	<u>30 Sept 2008</u> SR.	<u>30 Sept 2007</u> SR.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	( 4 )	<b>765,290,008</b>	2,129,343,061
Accounts receivable, net	( 5 )	<b>1,050,678,221</b>	700,888,646
Prepaid expenses and others	( 7 )	<b>397,113,846</b>	1,119,115,219
Due from related parties	( 10 )	<b>133,965,500</b>	2,976,394
Projects in progress – short-term	( 8 )	<b>3,906,544,566</b>	2,213,997,335
Developed lands – short-term	( 9 )	<b>899,928,411</b>	542,593,612
Total current assets		<b>7,153,520,552</b>	6,708,914,267
<b>Non-Current Assets</b>			
Long-term projects in progress	( 7 )	<b>9,594,370,472</b>	8,873,811,324
Long-term developed lands	( 10 )	<b>1,859,597,788</b>	2,191,384,704
Long-term investments	( 6 )	--	37,510,000
Investments in companies capitals	( 6 )	<b>175,000,000</b>	75,000,000
Fixed assets, net	( 11 )	<b>146,535,959</b>	159,846,317
Deferred charges, net	( 12 )	<b>140,732,327</b>	122,754,164
Total Non-Current Assets		<b>11,916,236,546</b>	11,460,306,509
<b>TOTAL ASSETS</b>		<b>19,069,757,098</b>	18,169,220,776
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Islamic Murabaha	( 13 )	<b>1,135,000,000</b>	600,000,000
Projects' shareholders		--	7,643,592
Accounts payable	( 14 )	<b>132,684,821</b>	98,549,315
Accrued expenses and others	( 15 )	<b>554,890,111</b>	878,611,784
Due to related party		--	2,153,863
Total current liabilities		<b>1,822,574,932</b>	1,586,958,554
<b>Non-Current Liabilities</b>			
Islamic Sukuk	( 16 )	<b>6,000,000,000</b>	6,000,000,000
Provision for end-of-service benefits	( 17 )	<b>7,140,681</b>	4,379,595
Total Non-Current Liabilities		<b>6,007,140,681</b>	6,004,379,595
<b>Shareholders' Equity</b>			
Capital	( 18 )	<b>5,400,000,000</b>	5,400,000,000
Statutory reserve	( 19 )	<b>3,242,253,763</b>	3,242,253,763
Retained earnings		<b>2,597,787,722</b>	1,935,628,864
<b>Total shareholders' equity - Exhibit D</b>		<b>11,240,041,485</b>	10,577,882,627
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>19,069,757,098</b>	18,169,220,776

**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 INCOME FOR THREE MONTHS**  
**ENDED 30 SEPTEMBER 2008 AND FOR THE PERIOD FROM**  
**1 JANUARY TO 30 SEPTEMBER 2008**  
**(UNAUDITED)**

**EXHIBIT B**

	Note	For three months ended		For the period from	For the period from
		30 September 2008	30 September 2007	1 January 2008 To 30 Sept 2008	1 January 2007 To 30 Sept 2007
		SR.	SR	SR.	SR
Revenue		<b>1,567,043,335</b>	1,641,139,391	<b>4,351,566,179</b>	3,595,893,262
Cost of revenue		<b>(707,721,525)</b>	(874,007,135)	<b>(2,069,515,062)</b>	(1,815,753,432)
<b>Gross profit</b>	(20)	<b>859,321,810</b>	767,132,256	<b>2,282,051,117</b>	1,780,139,830
<b>Principal activities expenses:</b>					
Sales and Marketing expenses	(21)	<b>(16,132,644)</b>	(6,060,637)	<b>(37,986,847)</b>	(16,784,352)
General and administrative expenses	(22)	<b>(21,062,122)</b>	(10,059,662)	<b>(60,135,926)</b>	(22,875,214)
Participation expenses		--	(626,617)	<b>(1,220,960)</b>	(7,259,355)
Depreciation of fixed assets		<b>(5,567,177)</b>	(3,727,937)	<b>(16,999,658)</b>	(11,467,835)
Amortization of deferred charges		<b>(13,776,638)</b>	(6,335,324)	<b>(32,011,675)</b>	(13,086,792)
<b>Net income from principal activities</b>		<b>802,783,229</b>	740,322,079	<b>2,133,696,051</b>	1,708,666,282
<b>Results of other activities :</b>					
Islamic Murabha, net		<b>(11,888,387)</b>	(14,865,617)	<b>(35,452,685)</b>	(49,776,371)
Islamic Sukuk Charges		<b>(73,849,907)</b>	(60,087,684)	<b>(252,344,314)</b>	(112,824,559)
Other revenue		<b>2,455,303</b>	24,426,844	<b>13,892,283</b>	40,141,472
<b>Net income for the period - Exhibit D</b>		<b>719,500,237</b>	689,795,622	<b>1,859,791,335</b>	1,586,206,824
Earning per share for the third quarter 2008	(23)	<b>1.33</b>	1.28	<b>3.44</b>	2.94

**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**  
**NINE MONTHS ENDED 30 SEPTEMBER 2008**  
**(UNAUDITED)**

**EXHIBIT C**

	For the period from 1 January 2008 To 30 September 2008 SR.	For the period from 1 January 2007 To 30 September 2007 SR.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	<b>1,859,791,335</b>	1,586,206,824
<b>Adjustment for:</b>		
Depreciation of fixed assets	<b>16,999,659</b>	11,467,835
Amortization of deferred charges	<b>32,011,675</b>	13,086,792
Provision for end-of-service benefits allocated to expenses	<b>2,821,962</b>	1,227,117
<b>Changes in operating assets and liabilities</b>		
(Increase) in accounts receivable	<b>(567,117,254)</b>	(220,229,920)
(Increase) in developed lands – short-term	<b>(348,541,232)</b>	1,988,189,643
(Increase) in projects in progress – short-term	<b>(1,661,809,493)</b>	5,721,870,165
Decrease / (Increase) in prepaid expenses and others	<b>204,304,574</b>	(903,593,853)
Due from related party – net transactions	<b>(130,389,006)</b>	772,329
(Decrease) in projects' shareholders	<b>(3,052,400)</b>	(26,886,500)
Increase in accounts payable	<b>28,017,828</b>	53,370,275
(Decrease) / Increase in accrued expenses and others	<b>(306,992,367)</b>	306,514,717
End-of- service benefits paid	<b>(156,588)</b>	--
<b>Net cash (used in) operating activities</b>	<b>(874,111,307)</b>	8,531,995,424
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<b>(2,939,351)</b>	(5,749,019)
Deferred Charges	<b>(59,158,979)</b>	(133,328,792)
Developed lands, long-term	<b>374,853,778</b>	(2,191,384,704)
Projects in progress, long-term	<b>(1,041,864,554)</b>	(8,873,811,324)
Investments	<b>(93,354,515)</b>	52,000,000
<b>Net cash (used in) investing activities</b>	<b>(822,463,621)</b>	(11,152,273,839)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Islamic Murabaha	<b>735,000,000</b>	185,976,339
Islamic Sukuk	--	(6,000,000,000)
Dividends	<b>(1,620,000,000)</b>	(1,620,000,000)
<b>Net cash (used in) / from financing activities</b>	<b>(885,000,000)</b>	4,565,976,339
(Decrease) / Increase in cash and cash equivalents	<b>(2,581,574,928)</b>	1,945,697,924
Cash and cash equivalents, beginning of the period	<b>3,346,864,936</b>	183,645,137
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD – EXHIBIT A</b>	<b>765,290,008</b>	2,129,343,061

**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 NINE MONTHS ENDED 30 SEPTEMBER 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	--	--	<u>1,859,791,335</u>	<u>1,859,791,335</u>
Total Shareholders Equity as of 30 Sept 2008- Exhibit "A"	<u>5,400,000,000</u>	<u>3,242,253,763</u>	<u>2,597,787,722</u>	<u>11,240,041,485</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**

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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 BASIS:

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 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Cash on hand	<b>56,537</b>	545,597
Checking accounts with local banks	<b>670,233,471</b>	2,128,797,464
Short term Islamic Deposit	<b>95,000,000</b>	---
<b>Total – Exhibit A</b>	<b><u>765,290,008</u></b>	<u>2,129,343,061</u>

5- **ACCOUNTS RECEIVABLE, NET :**

The details of this item are as follows:

	<u>30 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Accounts receivable	<b>1,055,156,749</b>	705,116,003
Provision for doubtful accounts	<b>(4,478,528)</b>	(4,227,357)
<b>Accounts receivable, net – Exhibit A</b>	<b><u>1,050,678,221</u></b>	<u>700,888,646</u>

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 Sept 2008	30 Sept 2007
		SR.	SR.
		(Unaudited)	(Unaudited)
Saudi Home Loans Company	15%	75,000,000	75,000,000
Saudi Capital Unicorn Company (Underestablishment)	33.34%	100,000,000	--
<b>Total – Exhibit A</b>		<b>175,000,000</b>	<b>75,000,000</b>

7- **PREPAID EXPENSES AND OTHERS:**

The details of this item are as follows:

	30 Sept 2008	30 Sept 2007
	SR.	SR.
	(Unaudited)	(Unaudited)
Prepaid expenses	34,109,123	3,016,023
Employees advances and imprests	1,348,250	4,455,204
Advance payments to contractors	95,506,884	630,408,385
Advance payments to land and other suppliers	10,140,154	473,921,119
Others	256,009,435	7,314,488
<b>Total – Exhibit A</b>	<b>397,113,846</b>	<b>1,119,115,219</b>

8- **DUE FROM RELATED PARTIES:**

	Begining Balance	Sales	Collections	Ending 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	--	181,513,100	(47,547,600)	133,965,500
<b>Total – Exhibit A</b>	<b>3,576,494</b>	<b>181,613,304</b>	<b>(51,224,298)</b>	<b>133,965,500</b>

- This item represents operating transactions with These Related Parties as of 30 September 2008.

9- **PROJECTS IN PROGRESS:**

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

The details of this item are as follows:

	<u>30 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Buildings	<b>2,033,431,987</b>	720,153,064
Lands	<b>1,873,112,579</b>	1,493,844,271
<b>Total – Exhibit A</b>	<b><u>3,906,544,566</u></b>	<b><u>2,213,997,335</u></b>

- 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:

	<u>30 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Buildings	<b>3,432,938,620</b>	3,017,273,621
Lands	<b>6,161,431,852</b>	5,856,537,703
<b>Total – Exhibit A</b>	<b><u>9,594,370,472</u></b>	<b><u>8,873,811,324</u></b>

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

10- **DEVELOPED LANDS:**

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

11- ASSETS FIXED :

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	-	340,167	-	917,120	1,212,063	-	57,000	-	-	435,000	-	-	-	-	-	-	-	2,961,350
Disposals for the period	-	-	-	-	-	-	-	-	-	-	-	-	(22,000)	-	-	-	-	(22,000)
Balance at 30/09/2008	134,145,850	-	11,965,536	21,420,948	16,362,902	12,586,421	8,676,208	5,423,216	6,001,648	216,582,729								
<b>Accumulated Depreciation</b>																		
Balance at 1/1/2008	11,554,248		7,165,421	9,199,001	6,900,918	5,909,602	5,515,723	3,134,603	3,667,596	53,047,112								
Depreciation for the period	4,297,874		1,710,806	3,119,258	2,745,024	1,895,637	1,802,372	644,083	784,605	16,999,659								
Balance at 30/09/2008	15,852,122		8,876,227	12,318,259	9,645,942	7,805,239	7,318,095	3,778,686	4,452,201	70,046,770								
<b>Net book value 30/09/2008 - Exhibit A</b>	<b>118,293,728</b>		<b>3,089,309</b>	<b>9,102,689</b>	<b>6,716,960</b>	<b>4,781,182</b>	<b>1,358,113</b>	<b>1,644,530</b>	<b>1,549,447</b>	<b>146,535,959</b>								

b) Tools disposed during the period were received at the end of the financial year 2007 and returned to the supplier at the beginning of the current year 2008.

12- **DEFERRED CHARGES, NET:**

The details of this item are as follows:

	<u>30 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Deferred charges, beginning balance	<b>140,596,966</b>	5,497,540
Additions during the period	<b>59,158,979</b>	133,328,792
Accumulated amortization	<b>(59,023,618)</b>	(16,072,168)
<b>Deferred charges, net - Exhibit A</b>	<b><u>140,732,327</u></b>	<u>122,754,164</u>

13- **ISLAMIC MURABAHA :**

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

14- **ACCOUNTS PAYABLE:**

The details of this item are as follows:

	<u>30 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Contractors	<b>122,013,909</b>	92,524,061
Suppliers	<b>10,670,912</b>	6,025,254
<b>Total – Exhibit A</b>	<b><u>132,684,821</u></b>	<u>98,549,315</u>

15- **ACCRUED EXPENSES AND OTHERS:**

The details of this item are as follows:

	<u>30 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Accrued expenses	<b>733,155</b>	4,860,027
Islamic Sukuk Charges	<b>45,136,901</b>	22,986,961
Unpaid Dividends	<b>8,107,582</b>	--
Islamic Murabah charges	<b>26,693,086</b>	20,920,181
Zakat provision	<b>473,928,553</b>	445,337,471
Advances from customers	---	375,868,705
Others	<b>290,834</b>	8,638,439
<b>Total – Exhibit A</b>	<b><u>554,890,111</u></b>	<u>878,611,784</u>

16- **ISLAMIC SUKUK:**

This item represents Islamic sukuk of SR.6,000,000,000 (\$1.6 Billion) issued by Dar International Sukuk Company (600 Million) and Dar Al Arkan international Sukuk Company (\$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 amounts 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 Sept 2008</u>	<u>30 Sept 2007</u>
	<b>SR.</b>	<b>SR.</b>
	(Unaudited)	(Unaudited)
Balance, beginning of the period	<b>4,475,307</b>	3,152,478
Allocated to expenses	<b>2,821,962</b>	1,227,117
Settlement during the period	<b>(156,588)</b>	--
<b>Balance, end of the period – Exhibit A</b>	<b><u>7,140,681</u></b>	<b><u>4,379,595</u></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	<u>For the period from 1 January 2008 to 30 September 2008</u>			<u>For the period from 1 January 2007 To 30 Sept 2007</u>
	<u>Revenues (Unaudited)</u>	<u>Cost (Unaudited)</u>	<u>Gross profit (Unaudited)</u>	<u>Gross profit (Unaudited)</u>
	<b>SR.</b>	<b>SR.</b>	<b>SR.</b>	<b>SR</b>
Lands	3,414,147,879	(1,547,528,189)	<b>1,866,619,690</b>	1,320,172,272
Buildings	937,418,300	(521,986,873)	<b>415,431,427</b>	459,967,558
<b>Total</b>	<b><u>4,351,566,179</u></b>	<b><u>(2,069,515,062)</u></b>	<b><u>2,282,051,117</u></b>	<b><u>1,780,139,830</u></b>
<b>Gross profit – Exhibit "B"</b>			<b><u>2,282,051,117</u></b>	<b><u>1,780,139,830</u></b>



21- **SALES AND MARKETING EXPENSES:**

The details of this item are as follows:

	For the period from 1 January 2008 To 30 Sept 2008	For the period from 1 January 2007 To 30 Sept 2007
	<b>SR.</b> (Unaudited)	<b>SR.</b> (Unaudited)
Salaries and wages	4,168,544	4,445,720
Advertising	19,022,725	6,760,931
Marketing consulting	432,723	701,510
Meetings and exhibitions	8,742,417	2,541,010
Incentives and bonuses	2,607,309	1,848,614
Others	3,013,129	486,567
<b>Total – Exhibit B</b>	<b>37,986,847</b>	<b>16,784,352</b>

22- **GENERAL AND ADMINISTRATIVE EXPENSES:**

The details of this item are as follows:

	For the period from 1 January 2008 To 30 Sept 2008	For the period from 1 January 2007 To 30 Sept 2007
	<b>SR.</b> (Unaudited)	<b>SR.</b> (Unaudited)
Salaries, wages and related costs	31,856,280	14,917,325
End of service benefits	2,492,664	1,227,117
Incentives and bonuses	247,705	843,688
Subscription fees	1,210,863	676,478
Printings & stationery	421,470	772,733
Social insurance	867,586	605,386
Repairs and maintenance	3,291,086	395,058
Fuel	51,003	272,290
Insurance	1,712,635	504,750
Technical consulting and training	5,180,958	715,932
Provision for doubtful accounts	--	126,415
Cleaning and entertainment	1,785,193	280,729
Water, electricity and telephone	2,454,177	858,063
Others	8,564,306	629,250
<b>Total – Exhibit B</b>	<b>60,135,926</b>	<b>22,825,214</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.