

DAR AL ARKAN
REAL ESTATE DEVELOPMENT COMPANY
SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

INDEX	PAGE
Independent auditors' review report	1
Interim consolidated statement of financial position	2
Interim consolidated statement of comprehensive income	3
Interim consolidated statement of changes in shareholders' equity	4
Interim consolidated statement of cash flows	5
Notes to the interim consolidated financial statements	6 – 25

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors
Dar Al Arkan Real Estate Development Company
(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Scope of review

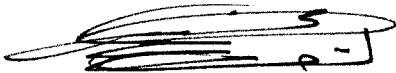
We have reviewed the accompanying interim consolidated statement of financial position of Dar Al Arkan Real Estate Development Company (A Saudi joint stock company) as at June 30, 2009 and the related interim consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes 1 to 26 which form and integral part of these interim consolidated financial statements as prepared by the Company in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting" and presented to us with all the necessary information and explanation which we required. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review of interim financial statements consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review result

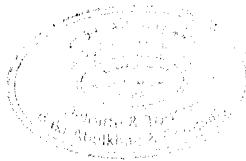
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with International Accounting Standard (IAS 34).

Deloitte & Touche
Bakr Abulkhair & Co.



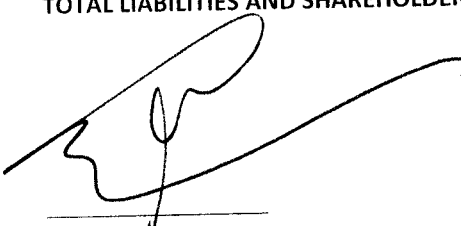
Ehsan A. Makhdom
License No. 358

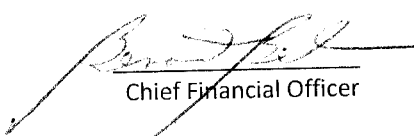
14 Rajab 1430
7 July 2009

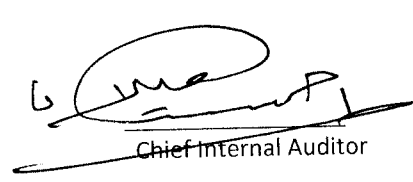


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009

	Notes	30 June 2009 (Unaudited) SR 000	31 December 2008 (Audited) SR 000
ASSETS			
Non-current assets			
Investment properties	5	1,375,260	591,238
Development properties	6	13,774,176	13,478,482
Property and equipment, net	7	111,072	119,790
Investment in associates	8	1,152,400	1,120,000
Other assets		125,528	126,871
		16,538,436	15,436,381
Current assets			
Development properties	6	3,269,494	1,268,800
Trade receivables and others	9	1,829,798	2,742,324
Cash and cash equivalents		460,215	716,475
		5,559,507	4,727,599
TOTAL ASSETS		22,097,943	20,163,980
LIABILITIES AND SHAREHOLDERS' EQUITY			
Non-current liabilities			
Long-term borrowings	10	5,157,195	6,000,000
End of service indemnities	11	9,297	7,889
		5,166,492	6,007,889
Current liabilities			
Short-term borrowings	12	3,150,000	1,635,000
Trade payables and others	13	469,096	274,521
Current tax liabilities (Zakat)		533,074	510,074
		4,152,170	2,419,595
Shareholders' Equity			
Share capital	14	7,200,000	7,200,000
Statutory reserve		3,600,000	3,600,000
Retained earnings		1,979,281	936,496
		12,779,281	11,736,496
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,097,943	20,163,980


Managing Director

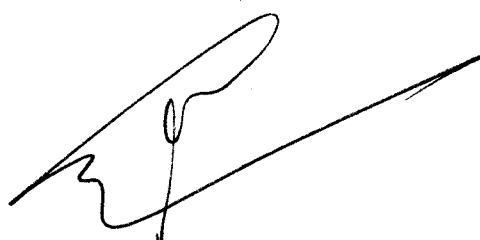

Chief Financial Officer

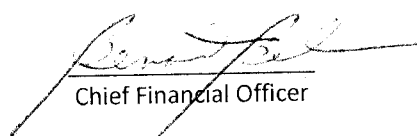

Chief Internal Auditor


The accompanying notes form an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Notes	Six-month period ended 30 June	
		2009	2008
		SR 000	SR 000
REVENUE		2,720,084	2,784,523
Cost of sales		<u>(1,494,426)</u>	<u>(1,361,794)</u>
GROSS PROFIT	15	1,225,658	1,422,729
Administrative, sales and marketing expenses		(63,710)	(61,765)
Depreciation		(9,752)	(11,432)
OPERATING PROFIT BEFORE FINANCING ACTIVITIES		1,152,196	1,349,532
Finance income	16	-	3,652
Finance costs	17	(88,378)	(220,678)
Other income		1,966	7,785
PROFIT BEFORE ZAKAT		1,065,784	1,140,291
Zakat provision		(23,000)	-
NET PROFIT FOR THE PERIOD		1,042,784	1,140,291
Earnings per share (in Saudi Riyal)	18		
Basic and diluted		0.97	1.06


Managing Director

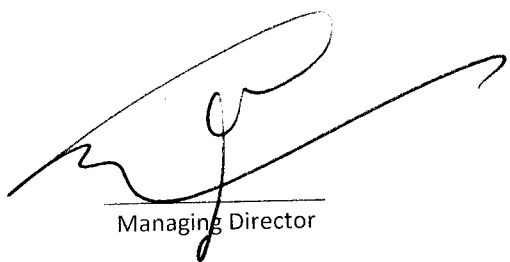

Chief Financial Officer

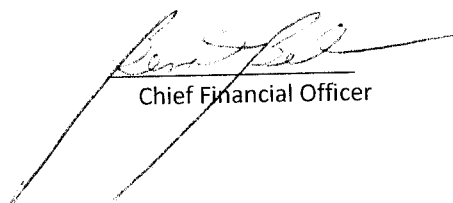

Chief Internal Auditor

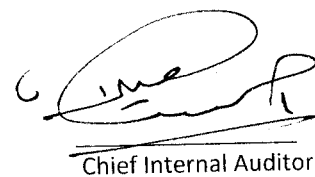
The accompanying notes form an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Share capital	Statutory reserve	Retained earnings	Total shareholders' equity
	SR 000	SR 000	SR 000	SR 000
For the six-month period ended 30 June 2009				
Balance as at 1 January 2009	7,200,000	3,600,000	936,497	11,736,497
Profit for the period	-	-	1,042,784	1,042,784
Balance as at 30 June 2009	<u>7,200,000</u>	<u>3,600,000</u>	<u>1,979,281</u>	<u>12,779,281</u>
For the six-month period ended 30 June 2008				
Balance as at 1 January 2008	5,400,000	3,242,254	2,357,996	11,000,250
Dividends	-	-	(1,620,000)	(1,620,000)
Profit for the period	-	-	1,140,291	1,140,291
Balance as at 30 June 2008	<u>5,400,000</u>	<u>3,242,254</u>	<u>1,878,287</u>	<u>10,520,541</u>


Managing Director

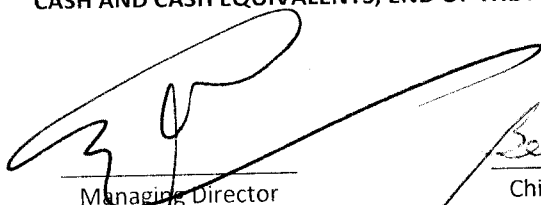

Chief Financial Officer

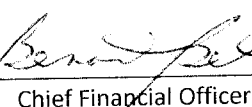

Chief Internal Auditor

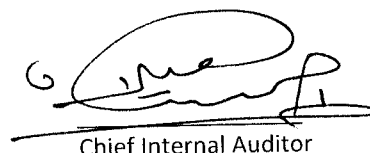
The accompanying notes form an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Six-month period ended 30 June	
	2009	2008
	SR 000	SR 000
OPERATING ACTIVITIES		
Profit before Zakat	1,065,784	1,140,291
Adjustment for:		
Depreciation	9,752	11,432
End of service indemnities	2,063	2,295
Finance income	-	(3,652)
Finance costs	88,378	220,678
Share of income in associates	(400)	-
Operating cash flows before movements in working capital	1,165,577	1,371,044
(Increase)/decrease in development properties	(2,000,694)	1,114,620
Decrease in trade receivables and others	912,526	230,437
Decrease in other assets	1,343	15,374
Increase /(Decrease) in trade payables and others	194,575	(267,734)
Cash from operations	273,327	2,463,741
Finance costs paid	(88,378)	(220,678)
End-of-service indemnities paid	(654)	(99)
NET CASH FROM OPERATING ACTIVITIES	184,295	2,242,964
INVESTING ACTIVITIES		
Investment in associates	(32,000)	(102,500)
Payment on construction of investment properties	(784,022)	(174,775)
Increase in development properties	(295,694)	(3,281,995)
Increase in property and equipment, net	(1,034)	(2,201)
Finance income received	-	3,652
NET CASH USED IN INVESTING ACTIVITIES	(1,112,750)	(3,557,819)
FINANCING ACTIVITIES		
Proceeds from the issue of Sukuk	750,000	-
(Settlement)/proceeds of Murabaha borrowings	(77,805)	600,000
Dividends paid	-	(1,620,000)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	672,195	(1,020,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(256,260)	(2,334,855)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	716,475	3,346,865
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	460,215	1,012,010


Managing Director


Chief Financial Officer


Chief Internal Auditor

The accompanying notes form an integral part of these interim consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

1 GENERAL INFORMATION

Dar Al Arkan Real Estate Development Company is an Islamic Shar'iah compliant Joint Stock Company established under the Company Laws & Regulations of The Kingdom of Saudi Arabia. The Company is registered in Riyadh under Commercial Registration No. 1010160195 dated 16/04/1421H, corresponding to 18/07/2000 G. The Company is domiciled in The Kingdom of Saudi Arabia and its registered office address is P.O. Box No: 105633, Riyadh-11656, K.S.A.

The equity shares of the Company are listed with the stock exchange of The Kingdom of Saudi Arabia.

The Company and its Subsidiaries are collectively called as "the Group" and is predominantly engaged in the business of development and sale of real estate projects and associated activities. The Company manages its activities through subsidiary divisions which are formed to establish the business lines in each of those areas. These Subsidiaries operates under their own commercial registration and are summarized below:

<u>Name of the Company</u>	<u>Country of establishment</u>	<u>Ownership %</u>	<u>Main Activity</u>
Dar Al-Arkan Properties Co. (Limited liability company)	K.S.A	100	Property management
Dar Al-Arkan Projects Co. (Limited liability company)	K.S.A	100	Development of residential and commercial properties
Dar Al-Arkan Commercial Investments Co. (Limited liability company)	K.S.A	100	Real Estate Investments
Dar Al-Arkan Sukuk Co. (Limited liability company)	K.S.A	100	Real Estate Investments and Development

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

2.2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

At the date of authorization of these interim consolidated financial statements, the following standards and amended standards were in issue but not yet effective, certain standards and amended standards were adopted early:

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

Standards, amended standards and interpretations adopted early:

IAS 1 Presentation of financial statements

Introduces new disclosure and format of the interim financial statements and has no effect of the value of equity. Since this early adoption, the format of the interim comparative financial statements has been restated to reflect the update to this standard.

IAS 23 Borrowing costs

The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition and construction of a qualifying asset (one which takes a substantial period of time to get ready for use or sale) as part of the cost of the asset. The option of immediately expensing borrowing costs is removed.

IAS 40 Investment properties

The amendment recognizes investment properties in the course of construction to be classified as investment properties directly and does not require these properties to be separately disclosed.

IFRS 8 Operating segments

Amends the current segmental reporting requirements of IAS 14 and requires management to adopt segmental information as it is presented on the same basis for internal reporting purposes.

IFRIC 15 Agreements for the construction of real estates

The interpretation considers the practice of recognizing revenue by real estate developers for sale of units, clarification of this interpretation is consistent with the revenue recognition policy adopted by the Group, and therefore the interpretation has no effect on the results of the Group.

Standards, amended standards and interpretations not adopted early:

The directors anticipate that the adoption of the following standards; amended standards and interpretations in future periods will have no significant impact on the interim consolidated financial statements of the Group when the standards, amended standards and interpretation come into effect.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (CONTINUED)**

	Standard	Effective for annual periods beginning on or after
IFRS 1	First time adoption of international financial reporting standards	July 1, 2009
IFRS 2	Vesting conditions and cancellations	January 1, 2009
IFRS 3	Business combinations	July 1, 2009
IFRS 1 & IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate	January 1, 2009
IAS 27	Consolidated and separate financial statements	July 1, 2009
IAS 32 & 1	Puttable financial instruments and obligations arising on liquidation	January 1, 2009
IAS 39	Eligible hedged items	July 1, 2009
IAS 39 & IFRS 7	Reclassification of financial assets	July 1, 2008
IFRIC 13	Customer loyalty programmes	July 1, 2008
IFRIC 16	Hedges of a net investment in a foreign operation	October 1, 2008
IFRIC 17	Distribution of non-cash assets to owners	July 1, 2009

2.3 ACCOUNTING CONVENTION

The interim consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets at fair value, the principle accounting policies are set out below:

2.4 BASIS OF CONSOLIDATION

The interim consolidated financial statements of the Group incorporate the interim financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 30 June 2009.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit to the Group. Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any non-controlling interest. The interest of non-controlling shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interests are allocated against the interests of the parent.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009**

The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognized directly in the interim consolidated statement of income.

All intra-group transactions, balances, and unrealized gains on transactions between Group companies are eliminated on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, assets and liabilities of associates are incorporated in these interim consolidated financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the interim consolidated financial position at the Group's share of the net assets of the associate. Losses of the associates in excess of the Group's interest in those associates are not recognized.

Any excess of cost of acquisition over the Group's share of the fair values of identifiable net assets acquired of the associate or joint venture at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of identifiable net assets of the associate or joint venture at the date of acquisition (i.e. discount on acquisition) is recognized in the interim consolidated statement of income.

Where a Group company transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

2.5 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost less estimated residual value of assets, other than land, over their estimated useful lives, using the straight-line method, on the following basis:

Freehold buildings	3%
Plant and machinery	20%
Other equipment	20% - 25%
Leasehold improvements	5% - 20%
Vehicles	25%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the interim consolidated statement of income.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

At each date of preparation of the interim consolidated financial statements, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

2.6 INVESTMENT PROPERTY

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at cost less accumulated depreciation and any recognized impairment loss. Depreciation is charged so as to write off the cost less estimated residual value of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Buildings	3%
------------------	-----------

Gains or losses arising from the retirement or disposal of investment properties being the difference between the net disposal proceeds and carrying value are included in the interim consolidated statement of income for the period of the retirement/disposal except those that relate to sale and leaseback arrangements.

2.7 DEVELOPMENT PROPERTIES

Development properties principally comprise, properties held for sale, developed land held for sale, property projects under construction, land projects under development and land waiting development.

Properties held for sale and developed land held for sale are completed projects, all other development properties are in the progress of development or waiting for development to commence.

All development properties are accounted for at the lower of cost and net realizable value. Cost comprises direct material cost, direct labour costs, borrowing costs and those overheads that have been incurred in bringing the development properties to their present location and condition. Cost is calculated using the average method. Net realizable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

The operating cycle of development properties is such that the majority of development properties will not be realized within 12 months. These have been split between non-current and current development properties.

2.8 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the interim consolidated statement of income in the period in which they are incurred.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2.9 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Group's interim consolidated financial position when the Group has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are classified as loans and receivables and are initially recognized at fair value. They are subsequently measured at their amortized cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognized in the interim consolidated statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group with original maturities of less than three months.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities include Islamic Sukuk, Islamic Murabaha and Bank Loans; these are recorded initially at their fair value. Direct transaction costs are subsequently carried at their amortized cost and are recognized in the interim consolidated statement of income over the term of the instrument.

Trade payables

Trade payables are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

2.10 REVENUE RECOGNITION

Revenue represents the sale of development properties. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of consideration received.

Revenue is recognised from the sale of development properties on legal completion or unconditional exchange.

2.11 ZAKAT TAXATION

Zakat is calculated and recognized in the interim consolidated statement of income for the period and for each financial period separately pursuant to Zakat Regulation in the Kingdom of Saudi Arabia. The provision for Zakat is adjusted in the financial period in which the final assessment of Zakat is issued. Variances between the amount of provision for Zakat as per the interim consolidated financial statements and the provision as per final assessment issued by the Department of Zakat and Income Tax are recognized in the interim consolidated statement of income as changes in accounting estimates and included in the financial period in which the final assessment of Zakat is issued.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2.12 FOREIGN CURRENCIES

Transactions in currencies other than Saudi Riyals, the presentational and functional currency of the Group, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the interim consolidated statement of income for the period, except for exchange differences on non-monetary assets and liabilities, which are recognized directly in shareholders' equity.

2.13 STATUTORY RESERVE

According to the article (176) of the Regulations for Companies, the Group retains 10% of net income against the statutory reserve. The Group may stop the deductions when this reserve reaches 50% of the capital.

2.14 END OF SERVICE INDEMNITIES

The Group provides end of service benefits to its employees in accordance with the labour law provision of Saudi Arabia. The entitlement to these indemnities is based upon the employee's final salary, length of service and the completion of a minimum service period. The costs of these indemnities are accrued over the period of employment at the rate of the employee's current salary and are paid on cessation of employment.

2.15 RETIREMENT BENEFIT COSTS

The Group makes contributions in line with the General Organization for Social Insurance Regulations and are calculated as a percentage of employees' wages. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan. Payments made to defined contribution retirement benefit plans are charged as an expense as they fall due.

2.16 SEGMENT REPORTING

A business segment is a Group of assets and operations that provide a product or service and that is subject to risks and returns that are different from other business segments. A geographic segment is a Group of assets and operations that provide a product or service within a particular economic environment and that is subject to risks and returns that are different from segments operating in different economic environments.

2.17 LEASING

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience, internal controls, advice from external experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

The Group makes estimates and assumptions concerning the future. The resulting accounting judgments will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Investment Properties

Management identify projects or certain properties within projects which ownership will remain with the Group once development of the properties has completed. Ownership remains with the Group for long-term investment purposes which includes capital appreciation and rental income. When these properties are identified, they are categorized as Investment Properties whether the properties are under construction or completed.

Development Properties

The Group's development properties have been categorized between current and non-current development properties, management have categorized the individual project on a long term and short term nature dependent on its estimated completion date. If this is considered to be within 12 months of balance sheet date, the project has been categorized as a current development property.

Revenue Recognition

The Group recognizes revenue on the Group's development properties at legal completion or unconditional exchange when significant risks and rewards of ownership transfer to the buyer. It is management's judgment that revenue will not be recognized until legal completion as their involvement is such that the significant risks and rewards remain with the Group until completion.

Recognition of cost of sales

The Group's projects represent significant developments with a number of properties on each site. As when properties are sold individually management make estimates using past experience and internal controls to average the costs of the project to each property. These estimates are reviewed regularly on a profit per project basis and updated where relevant.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management reporting purposes, management has organized the Group around three divisions which match its entity structure. These are in line with its strategic planning and business model and include DAR Projects, DAR Investments and DAR Properties. There are currently no revenue streams being recognized during the period from DAR Properties or DAR Investments, as such only one reportable segment is recognized as at 30 June 2009.

Geographical segments

The Group operates exclusively in Saudi Arabia and all its revenues derive from its portfolio of properties which the Group manages. As such there are no defined geographical segments.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

5. INVESTMENT PROPERTIES

	Six-month period ended 30 June 2009 (Unaudited) SR 000	Year ended 31 December 2008 (Audited) SR 000
COST		
At beginning of the period/year	594,234	243,830
Additions	766,084	319,665
Capitalization of borrowing costs	18,313	30,739
At end of the period/year	<u>1,378,631</u>	<u>594,234</u>
ACCUMULATED DEPRECIATION		
At beginning of the period/year	2,996	2,141
Charge during the period/year	375	855
At end of the period/year	<u>3,371</u>	<u>2,996</u>
CARRYING AMOUNT AT THE END OF THE PERIOD/YEAR	<u>1,375,260</u>	<u>591,238</u>

Included within investment properties is land with an original cost of SR 378.1 million (31 December 2008: SR 218.8 million) which is not being depreciated. The market value of the investment properties is considered to be the carrying value, as the investment properties are currently under construction and their fair value cannot be reliably estimated until completion.

6. DEVELOPMENT PROPERTIES

	30 June 2009 (Unaudited) SR 000	31 December 2008 (Audited) SR 000
Property projects under development	1,416,662	1,301,382
Developed land	2,256,192	2,978,237
Land projects under development	10,101,322	9,198,863
Non-current assets	<u>13,774,176</u>	<u>13,478,482</u>
Property projects under development	692,549	1,148,200
Developed land	2,576,945	120,600
Current assets	<u>3,269,494</u>	<u>1,268,800</u>
Total development properties	<u>17,043,670</u>	<u>14,747,282</u>

Included within Land projects under development are land worth SR 3.68 billion (31 December 2008: 3.72 billion), which represents the Group's share of co-ownership with third parties according to the contracts of land development.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

The movement in development properties during the six-month periods ended 30 June 2009 and year ended 31 December 2008 is as follows:

Non-current assets	Property projects under development	Developed land	Land projects under development	Total
	SR 000	SR 000	SR 000	SR 000
Balance at 1 January 2009	1,301,382	2,978,237	9,198,863	13,478,482
Additions	48,595	2,060,951	1,392,721	3,502,267
Capitalization of borrowing costs	66,685	-	-	66,685
Transfers	-	(2,467,573)	-	(2,467,573)
Disposals	-	(315,423)	(490,262)	(805,685)
Balance at 30 June 2009	1,416,662	2,256,192	10,101,322	13,774,176
Balance at 1 January 2008	1,017,539	2,234,452	6,625,247	9,877,238
Additions	214,419	719,229	2,573,616	3,507,264
Capitalization of borrowing costs	69,424	-	-	69,424
Transfers	-	175,562	-	175,562
Disposals	-	(151,006)	-	(151,006)
Balance at 31 December 2008	1,301,382	2,978,237	9,198,863	13,478,482

Current assets	Property projects under development	Developed land	Total
	SR 000	SR 000	SR 000
Balance at 1 January 2009	1,148,200	120,600	1,268,800
Additions	62,197	466,263	528,460
Capitalization of borrowing costs	20,755	-	20,755
Transfers	(327,353)	2,467,573	2,140,220
Disposals	(211,250)	(477,491)	(688,741)
Balance at 30 June 2009	692,549	2,576,945	3,269,494
Balance at 1 January 2008	1,193,345	1,490,134	2,683,479
Additions	663,015	658,125	1,321,140
Capitalization of borrowing costs	-	54,324	54,324
Transfers	-	(175,562)	(175,562)
Disposals	(708,160)	(1,906,421)	(2,614,581)
Balance at 31 December 2008	1,148,200	120,600	1,268,800

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

7. PROPERTY AND EQUIPMENT, NET

Six-month period ended 30 June 2009	Land and buildings SR 000	Leasehold improvements SR 000	Vehicles SR 000	Plant and machinery SR 000	Office equipment SR 000	Total SR 000
COST						
At 1 January 2009	109,145	18,626	11,966	14,143	38,213	192,093
Additions	-	81	-	-	953	1,034
At 30 June 2009	<u>109,145</u>	<u>18,707</u>	<u>11,966</u>	<u>14,143</u>	<u>39,166</u>	<u>193,127</u>
ACCUMULATED DEPRECIATION						
At 1 January 2009	14,224	13,126	9,317	11,331	24,305	72,303
Charge for the period	2,242	1,623	974	936	3,977	9,752
At 30 June 2009	<u>16,466</u>	<u>14,749</u>	<u>10,291</u>	<u>12,267</u>	<u>28,282</u>	<u>82,055</u>
CARRYING AMOUNT AT 30 JUNE 2009	<u>92,679</u>	<u>3,958</u>	<u>1,675</u>	<u>1,876</u>	<u>10,884</u>	<u>111,072</u>
Year ended 31 December 2008	Land and buildings SR 000	Leasehold improvements SR 000	Vehicles SR 000	Plant and machinery SR 000	Office equipment SR 000	Total SR 000
COST						
At 1 January 2008	134,145	18,153	11,626	14,065	35,654	213,643
Additions	-	473	340	100	2,559	3,472
Transfers	(25,000)	-	-	-	-	(25,000)
Disposals	-	-	-	(22)	-	(22)
At 31 December 2008	<u>109,145</u>	<u>18,626</u>	<u>11,966</u>	<u>14,143</u>	<u>38,213</u>	<u>192,093</u>
ACCUMULATED DEPRECIATION						
At 1 January 2008	11,554	9,577	7,165	8,651	16,100	53,047
Charge for the year	5,667	3,549	2,152	2,680	8,205	22,253
Transfers	(2,997)	-	-	-	-	(2,997)
At 31 December 2008	<u>14,224</u>	<u>13,126</u>	<u>9,317</u>	<u>11,331</u>	<u>24,305</u>	<u>72,303</u>
CARRYING AMOUNT AT 31 December 2008	<u>94,921</u>	<u>5,500</u>	<u>2,649</u>	<u>2,812</u>	<u>13,908</u>	<u>119,790</u>

Included within land and buildings is land with an original cost of SR 9.50 million (31 December 2008: SR 9.50 million), which is not being depreciated.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

8. INVESTMENT IN ASSOCIATES

The Group's investments in its associates are:

	Six-month period ended 30 June 2009 (Unaudited) SR 000	Year ended 31 December 2008 (Audited) SR 000
Investments, beginning of period/year	1,120,000	75,000
Acquisition during the period/year	32,000	1,045,000
Income during the period/year	400	-
Investments, end of period/year	<u>1,152,400</u>	<u>1,120,000</u>

This item represents investments in share of companies, where the Group exercises significant control. The shares of these companies are not publicly traded. The Group's ownership in these companies ranges from 15% to 33.34%. The Group's share of profits and losses in these associates amounted to SR 400 thousand for the period ended 30 June 2009 (31 December 2008: nil).

9. TRADE RECEIVABLES AND OTHERS

	30 June 2009 (Unaudited) SR 000	31 December 2008 (Audited) SR 000
Trade receivables - net provision for doubtful debts (SR 4.5 million)	763,936	948,647
Trade receivables - related party	31,500	57,042
Prepayments	<u>1,034,362</u>	<u>1,736,635</u>
	<u>1,829,798</u>	<u>2,742,324</u>

The directors consider that the carrying amount of trade receivables and others approximates to their fair value.

Prepayments include SR 645 million and SR 252 million being advance payments to purchase land and to acquire an investment respectively (31 December 2008: 1.37 billion and 250 million respectively).

10. LONG-TERM BORROWINGS

	30 June 2009 (Unaudited) SR 000	31 December 2008 (Audited) SR 000
Islamic Sukuk - International	3,750,000	6,000,000
Islamic Sukuk - Local	750,000	-
Islamic Murabaha	657,195	-
	<u>5,157,195</u>	<u>6,000,000</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

The borrowings are repayable as follows:

	30 June 2009 (Unaudited) SR 000	31 December 2008 (Audited) SR 000
Within one year	-	-
In the second year	50,000	2,250,000
In the third to fifth years inclusive	4,307,195	3,750,000
After five years	800,000	-
Amounts due for settlement after 12 months	<u>5,157,195</u>	<u>6,000,000</u>

Analysis of borrowings:

	Amount SR 000	Rate (%)	Maturity
Islamic Sukuk (International) USD 1 billion	3,750,000	Libor + 225 bps	16 July 2012
Islamic Sukuk (Local) SR 750 million	750,000	Sibor + 400 bps	15 April 2014
Islamic Murabaha SR 400 million	400,000	Sibor + 250 bps	Eight equal semi-annual payments starting Oct. 2010
Islamic Murabaha SR 400 million	257,195	Sibor + 225 bps	31 January 2012
	<u>5,157,195</u>		

Islamic Sukuk - International

This item represents SR 3.75 billion (USD 1 billion) of Islamic Sukuk carried in the books of the Group, which is issued by Dar Al Arkan International Sukuk Company at LIBOR plus profit margin of 2.25% and maturing on 16 July 2012. The beneficiary rights are for Dar Al Arkan Real Estate Development Company and its subsidiaries. These Sukuk were issued through the sale of land owned by the Group with the rights to buy back the beneficial ownership of these land upon the repayment of the full amount of the Sukuk. The Group has issued a corporate guarantee to the Sukuk holders.

The Islamic Sukuk (International) is denoted in US dollars since the Saudi Arabian Riyal is limited to fluctuations in the US Dollar there is no exposure to foreign exchange risk.

Islamic Sukuk - Local

This item represents an Islamic Sukuk issued by the Group for the amount of SR 750 Million at SIBOR plus profit margin of 4%, maturing on 15 April 2014.

The Sukuk agreements include financial covenants, which the Group was in compliance with as at 30 June 2009.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

Islamic Murabaha

This represents SR 800 million long-term Islamic Murabaha facilities from local commercial banks comprising:

- 1) An amount of SR 400 million bears finance charges at prevailing rates between the local banks plus an annual profit margin of 2.5% and is repayable in eight equal semi-annual payments starting October 2010. As of 30 June 2009, the Group has utilized SR 400 million.
- 2) An amount of SR 400 million bears finance charges at prevailing rates between the local banks plus an annual profit margin of 2.25% and matures on 31 January 2012. As at 30 June 2009, the Group has utilized SR 257 million. This facility is collateralized by specific assets of a subsidiary.

There were no defaults or breaches of loan terms during the current or preceding period.

11. END OF SERVICE BENEFITS

The Group provides end of service benefits to its employees in accordance with the labor law provision in Saudi Arabia.

The total cost charged to income for the period was SR 2.06 million (30 June 2008: SR 2.29 million).

12. SHORT-TERM BORROWINGS

	30 June 2009 (Unaudited)	31 December 2008 (Audited)
	SR 000	SR 000
Islamic Sukuk – International	2,250,000	-
Islamic Murabaha	900,000	1,635,000
	<u>3,150,000</u>	<u>1,635,000</u>

Islamic Sukuk - International

This item represents SR 2.25 billion (USD 600 million) of Islamic Sukuk carried in the books of the Group, which is issued by Dar International Sukuk Company at LIBOR plus profit margin of 2% and matures on 4 March 2010. The beneficiary rights are for Dar Al Arkan Real Estate Development Company and its subsidiaries. These Sukuk were issued through the sale of land owned by the Group with the rights to buy back the beneficial ownership of these land upon the repayment of the full amount of the Sukuk. The Group has issued a corporate guarantee to the Sukuk holders.

The Islamic Sukuk (International) is denoted in US dollars since the Saudi Arabian Riyal is limited to fluctuations in the US Dollar there is no exposure to foreign exchange risk.

Islamic Murabaha

The Group has total bank facilities of SR 1 billion from local commercial banks, in the form of short-term Islamic Murabaha, letters of guarantee and letters of credit.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

The Group has utilized SR 900 million in the form of Islamic Murabaha. The short-term Islamic Murabaha bear finance charges at prevailing rates between the local banks plus an annual profit margin ranging from 1.75% to 2.75%.

These facilities are secured by promissory notes.

The bank facility agreements include certain financial covenants, which the Group was in compliance with as at 30 June 2009

There were no defaults or breaches of loan terms during the current or preceding period.

13. TRADE PAYABLES AND OTHERS

	30 June 2009 (Unaudited) SR 000	31 December 2008 (Audited) SR 000
Trade payables	256,553	171,207
Accruals	206,220	93,924
Other payables	6,323	9,390
	469,096	274,521

Trade payables and others principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 12 days (31 December 2008: 15 days).

The directors consider that the carrying amount of trade payables and others approximates to their fair value.

14. SHARE CAPITAL

	Six-month period ended 30 June 2009 (Unaudited) SR 000	Year ended 31 December 2008 (Audited) SR 000
Authorized:		
720,000,000 ordinary shares of SR 10 each (31 December 2008: 720,000,000)	7,200,000	7,200,000
Issued and fully paid shares of SR 10 each		
At the start of the period/year	7,200,000	5,400,000
Issued during period/year	-	1,800,000
At the end of the period	7,200,000	7,200,000

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009**

The Group has one class of ordinary shares which carry no right to fixed income.

On 23 May 2009 (corresponding to 28 Jumadi Al Awal 1430), the Board of Directors recommended to increase the Company's share capital from SR 7.2 billion to SR 10.8 billion by issuing 360 million additional shares at SR 10 per share, by transferring SR 3.6 billion from the statutory reserve and retained earnings. On Tuesday 7 July 2009 (corresponding to 14 Rajab 1430), the General Assembly of the Company held its extraordinary meeting and approved the increase in share capital. The shareholders who were registered in the shareholders' records at the end of the trading day of 7 July 2009 (corresponding to 14 Rajab 1430) were granted one share for each two shares held at that date. These interim consolidated financial statements as at 30 June 2009 do not reflect the impact of this approval.

15. SEGMENT REPORTING

	Six-month period ended 30 June	
	2009 (Unaudited) SR 000	2008 (Unaudited) SR 000
REVENUES		
Sales of residential properties	271,720	825,862
Sales of land	2,448,364	1,958,661
Total	2,720,084	2,784,523
COST OF SALES		
Residential properties	211,250	434,191
Land	1,283,176	927,603
Total	1,494,426	1,361,794
GROSS MARGIN		
Residential properties	60,470	391,671
Land	1,165,188	1,031,058
Total	1,225,658	1,422,729

16. FINANCE INCOME

This item represents income from bank deposits amounted to nil for the six-month period ended 30 June, 2009 and SR 3.65 million for the six-month period ended 30 June 2008.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

17. FINANCE COSTS

	Six-month period ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	SR 000	SR 000
Charges on Sukuk	45,433	178,494
Charges on Islamic Murabaha/Participations	30,492	22,561
Bank charges	2,681	2,224
Amortization of finance costs	9,772	17,399
	<u>88,378</u>	<u>220,678</u>

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six-month period ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	SR 000	SR 000
Earnings		
Earnings for the purpose of basic earnings per share (Net profit for the period)	1,042,784	1,140,291
Number of shares	Number	Number
Weighted average number of ordinary shares	1,080,000,000	1,080,000,000
For the purposes of basic earnings per share		

Earnings per share from operating activities and from net income for all the periods are computed by dividing with 10,080 million of equity shares after considering proposed capital increase.

There is no dilution of ordinary shares and as such the basic and diluted earnings per share calculation are consistent.

19. OPERATING LEASE ARRANGEMENTS

The minimum lease payments under non-cancellable operating lease rentals are as follows:

	30 June 2009	31 December
	(Unaudited)	2008
	SR 000	(Audited) SR 000
Amounts due:		
Within one year	2,101	2,451
Between one and five years	1,750	2,320
After five years	500	700
	<u>4,351</u>	<u>5,471</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

20. RELATED PARTY TRANSACTIONS

During the period, the Group sold residential homes to individuals who sought financing from Saudi Home Loans, which is an associate to the Group. As a result, Saudi Home Loans has reimbursed the Group on behalf of these individuals. The balance due from Saudi Home Loans as at 30 June 2009 is SR 31,500 thousand (31 December 2008: SR 57,042 thousand).

21. RETIREMENT BENEFIT PLANS

The Group makes payments to defined contribution retirement benefit plans in the form of the General Organization of Social Insurance that are charged as an expense as they fall due. Payments are made on the basis of a percentage of qualifying salary for certain employees to this state-managed scheme.

The total cost charged to income for the period was SR 797 thousand (30 June 2008: SR 558 thousand), and there were no outstanding contributions in the balance sheet date.

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to its parent company through optimization of debt and equity balances. The Group's overall strategy remains unchanged from 2008.

The capital structure of the Group consists of net debt, which includes the borrowing disclosed in notes 10 and 12, cash and cash equivalents and equity, comprising share capital, statutory reserve, and retained earnings.

Gearing ratio

The Group consistently monitors its gearing ratio to ensure compliance with external covenant requirements.

23. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities are mainly comprised of Islamic Murabaha (term and annual revolving) facilities taken from banks, amounts due to related parties, issue of Islamic Sukuk, sundry liabilities and retention payables to contractors and other suppliers. The paramount objectives of these financial instruments are to raise the funding base for various projects as well as for the working capital requirement of the Group.

The Group also has financial assets in the form of bank deposits, cash in hand, due from related parties and trade and other receivables, which are integral and directly derived out of its regular business. On the reporting date the Group has not entered into any financial derivative contracts by way of currency hedging, interest rate swap agreements or similar instruments.

The Group's financial operations are subject to following risks.

1. Credit Risk
2. Interest Rate Risk
3. Liquidity Risk
4. Foreign Currency Risk

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

Credit Risk

The Credit Risk can be defined as a loss of value of an asset as a result of a failure by a customer or a counter party to such commercially valid and legally enforceable contract to comply with its obligations.

The general sales policy of the Group is "No Credit" terms, but in some cases there are enhanced payment schedules or staggered payment request by selected customers which have been accommodated. In such cases the Group has an exposure of Credit Risk with respect to the amount due from those customers. However, in such cases the Group holds back the final delivery or possession of the property to mitigate the risk until the full amount due is paid to the satisfaction of the contract. The monitoring and follow up is regular and as a result the Group's exposure to losses is limited.

With respect to the Credit Risk exposure of other financial assets, namely, due from related parties, bank deposits and trade and other receivables, the maximum Credit Risk of the Group is limited to its carrying value, in case there is a failure to meet its obligation by the other party.

As of the reporting date, the Group does not have significant Credit Risk concentration with any single party or a Group.

Interest Rate Risk

Interest Rate Risk is associated with the change in interest rate in global financial market. The Group is exposed to Interest Rate Risk with respect to its floating interest covenants agreed for its long term Sukuk borrowings and other Islamic Murabaha (revolving credit) facilities obtained from local banks.

The short term revolving borrowings rates are renegotiated at every renewal proposal to achieve the best possible interest rate matching with the given financial credentials and related risk perception of the Group.

The Group does not have any derivative contract to manage its Interest Rate Risk. The Group's Sukuk borrowings interest rates are based on LIBOR and its local borrowings are based on SIBOR. Hence the interest exposure of the Group is variable according to the changes in the LIBOR & SIBOR.

During the period under review the average rate of 6 months LIBOR varied between 1.41 % and 0.60% (4.68% and 2.54% for 2008) and SIBOR varied between 2.47 % and 0.64 % (4.04 % and 2.14 % for 2008).

The interest rate sensitivity analysis is performed based on the interest rate exposure of the Group for floating rate liabilities outstanding at the end of the balance sheet date. The calculations are done on floating interest rates assuming the liabilities outstanding for a whole year as on the balance sheet date.

The sensitivity of an interest variance on the Group's external borrowings which affects the Group's consolidated financial statements is shown below:

	Six-month period ended 30 June 2009 (Unaudited)	Year ended 31 December 2008 (Audited)
	SR 000	SR 000
+ 25 basis points	20,768	17,837
- 25 basis points	(20,768)	(17,837)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

The net profit of the Group for the reporting period would have affected by the above amount in consequences to such changes in floating interest rates. Due to the capitalization of borrowing costs directly attributed to projects in progress, there would be timing differences on such impact to the Group's current profit and loss account and the current impact would be limited to around 40%, as historically, the management capitalizes 60% of borrowing costs to projects in progress as explained in note 2.8.

Liquidity Risk

Liquidity Risk can result from a difficulty to meet the financial commitments and obligations of the Group as per the agreed terms and covenants.

To mitigate the risk of liquidity and associated losses of business and brand value opportunities, the Group, to the extent possible, keep sufficient liquid assets in all business conditions like boom, depression or normal. The Group refrain from funding its long term capital requirements through short term borrowings and related party current account transactions. Currently the long term projects are funded from long term or revolving borrowings only. Also the Group has a dynamic cash flow assessment policy and system by which it can estimate and plan the maturities as well as required resources to meet such obligations.

See notes 10, 12 and 13 for further details.

Foreign Currency Risk

Foreign Currency Risk is associated with the change in the value of the carrying value in functional currency due to the variation of the underlined foreign currency obligation or right by way of transaction or translation reasons. The functional currency of the Group is the Saudi Riyal and the same is pegged against the US Dollar with a fixed exchange rate of 3.75 Saudi Riyals per US Dollar. Since the transactions other than US Dollars are negligible, the Group does not assume any significant foreign currency risk.

24.COMMITMENTS AND CONTINGENCIES

To complete the long term construction and development of investment and development properties, the Group have committed to a number of contractual arrangements and agreements. The estimated uncompleted contracts outstanding as on June 30, 2009 amounts to SR 629.56 million (31 December 2008: SR 1.10 billion).

These commitments are expected to be settled within the duration of the projects in progress and shall be funded through prospective property sales and external borrowings, if necessary.

25.CONTINGENT LIABILITIES

During the normal course of business there are general litigations and legal claims. Management take legal advice as to the likelihood of success of claims and no provision is made when the action is unlikely to succeed.

At the 30 June 2009 there were no significant claims notified (31 December 2008: None).

26.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.