DAR AL ARKAN

REAL ESTATE DEVELOPMENT COMPANY

SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

Deloitte & Touche
Bakr Abulkhair & Co.
Deloitte.

License No. 96

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INDEPENDENT AUDITORS' REVIEW REPORT

To the shareholders
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 balance sheet of **Dar Al Arkan Real Estate Development Company** (A Saudi joint stock company) (the "Company") as at March 31, 2010 and the related interim consolidated statements of income, cash flows and changes in shareholders' equity for the three-month period then ended, prepared by the Company and presented to us with all the information and explanations which we require. 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 Generally Accepted Accounting Standards.

Deloitte & Touche
Bakr Abulkhair & Co.

Bakr A. Abulkhair
License No. 101

Talal Abu-Ghazaleh & Co.

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25 Rabi Al Thani 1431
10 April 2010

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 MARCH 2010

	Note	31 March 2010	31 March 2009
ASSETS		SR 000	SR 000
Current Assets			
Cash and cash equivalents		1,353,055	194,224
Accounts receivable	(5)	696,867	1,005,659
Prepaid expenses and others	(6)	657,232	994,874
Due from related parties	(7)	3,065	50,454
Projects in progress – short-term	(8 a)	583,414	940,741
Developed land – short-term		271,689	120,600
Total Current Assets		3,565,322	3,306,552
Non-Current Assets			
Projects in progress – long-term	(8 b)	8,760,472	7,298,903
Investments in land under development	(9)	4,227,240	3,683,391
Developed land – long-term		3,900,773	3,797,489
Investment properties		1,619,377	998,402
Investment in associates	(10)	1,162,360	1,122,000
Property and equipment	(11)	99,615	115,642
Deferred charges	(12)	129,597	119,213
Total Non-Current Assets		19,899,434	17,135,040
TOTAL ASSETS		23,464,756	20,441,592
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Islamic borrowings – current portion	(13)	450,000	1,300,000
Accounts payable	(14)	475,977	156,250
Accrued expenses and others	(15)	654,563	587,709
Total Current Liabilities		1,580,540	2,043,959
Non-Current Liabilities			
Islamic borrowings	(13)	7,348,803	6,228,093
Provision for end-of-service indemnities	(16)	12,847	8,527
Total Non-Current Liabilities		7,361,650	6,236,620
Shareholders' Equity			
Share capital	(17)	10,800,000	7,200,000
Statutory reserve		462,268	3,600,000
Retained earnings		2,995,557	1,361,013
Equity attributable to Dar Al Arkan shareholders		14,257,825	12,161,013
Non-controlling interests from Group subsidiaries		264,741	-
Total Shareholders' Equity		14,522,566	12,161,013
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,464,756	20,441,592

Managing Director

Chief Financial Officer

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

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

	Note	Three-month period ended 31 March	
		2010	2009
		SR 000	SR 000
Revenues from operations		1,144,938	1,237,715
Cost of operations		(666,516)	(724,881)
Gross profit	(4)	478,422	512,834
Operating expenses:			
General, administrative, selling and marketing expenses		(33,295)	(29,195)
Depreciation		(3,818)	(5,021)
Amortisation of deferred charges		(6,069)	(4,401)
Income for the period from operating activities		435,240	474,217
Other Income / (expenses) :			
Islamic Murabaha charges		(14,626)	(17,179)
Islamic Sukuk charges		(27,490)	(25,188)
Other income		13,525	666
Income for the period before Zakat		406,649	432,516
Zakat provision		(8,000)	(8,000)
Net income for the period		398,649	424,516
Earnings per share (in Saudi Riyal)	(18)		
From operating activities		0.40	0.44
From net income for the period		0.37	0.39

Managing Director

Chief Financial Officer

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

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY
SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

	Three-month period ended 31 March	
	2010	2009
	SR 000	SR 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the period before zakat	406,649	432,516
Adjustment for:		
Depreciation	3,818	5,021
Amortisation of deferred charges	6,069	4,401
Provision for end-of-service indemnities	1,141	675
Changes in operating assets and liabilities		
Accounts receivable	149,045	(57,012)
Prepaid expenses and others	(424,426)	741,761
Due from related parties	(356)	6,588
Projects in progress – short-term	94,017	216,674
Developed land – short-term	14,939	-
Accounts payable	5,020	(14,957)
Accrued expenses and others	11,427	(33,678)
End-of- service indemnities paid	(332)	(37)
Net cash from operating activities	267,011	1,301,952
CASH FLOWS FROM INVESTING ACTIVITIES		
Projects in progress – long-term	(161,539)	(526,138)
Investments in land under development	(543,849)	44,089
Developed land – long-term	270,880	(819,252)
Investment properties	(101,397)	(407,351)
Investment in associates	-	(2,000)
Purchase of property and equipment	(313)	(686)
Net cash used in investing activities	(536,218)	(1,711,338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Islamic Murabaha	6,561	(106,907)
Islamic Sukuk	1,687,500	-
Maturity of Islamic Sukuk	(2,250,000)	-
Deferred charges	(45,294)	(5,958)
Net cash used in financing activities	(601,233)	(112,865)
Decrease in cash and cash equivalents	(870,440)	(522,251)
Cash and cash equivalents, beginning of the period	2,223,495	716,475
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	1,353,055	194,224

Managing Director

Chief Financial Officer

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

	Share Capital	Statutory Reserve	Retained Earnings	Equity attributable to Dar Al Arkan Shareholders
2009	SR 000	SR 000	SR 000	SR 000
Balance as at 1 January 2009	7,200,000	3,600,000	936,497	11,736,497
Net income for the period	-	-	424,516	424,516
Balance as at 31 March 2009	7,200,000	3,600,000	1,361,013	12,161,013
2010				
Balance as at 1 January 2010	**10,800,000**	**462,268**	**2,596,908**	**13,859,176**
Net income for the period	**-**	**-**	**398,649**	**398,649**
Balance as at 31 March 2010	**10,800,000**	**462,268**	**2,995,557**	**14,257,825**

Managing Director

Chief Financial Officer

1. GENERAL INFORMATION

DAR AL-ARKAN REAL ESTATE DEVELOPMENT COMPANY (the "Group"), is a Saudi Joint Stock Company, registered in Riyadh under the Commercial Registration No. 1010160195 dated 16/4/1421 H (corresponding to 18/7/2000 G).

The Group is predominantly engaged in the business of development, sale and lease of real estate projects and associated activities.

The Group operates in general construction of residential and commercial buildings (construction, maintenance, demolition and reconstruction). Below is the nature of business of the Group's subsidiaries:

DAR AL-ARKAN PROPERTIES COMPANY – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010254063, dated 25/7/1429 H (corresponding to 28/7/2008 G). It operates in development and acquisition of commercial and residential real estate. It provides management, operation and maintenance of residential and commercial buildings and public facilities.

DAR AL-ARKAN PROJECTS COMPANY – is a limited liability, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010247583, dated 28/3/1429 H (corresponding to 5/4/2008 G). It operates in general construction of residential and commercial buildings (construction/maintenance/demolition/restructuring).

DAR AL-ARKAN COMMERCIAL INVESTMENT COMPANY – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No: 1010247585, dated 28/3/1429 H (corresponding to 5/4/2008 G). It operates in purchase and acquisition, lease of real estate investments.

DAR AL-ARKAN SUKUK COMPANY – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No: 1010256421, dated 16/9/1429 H (corresponding to 16/9/2008 G). It operates in Real Estate investments and development.

SUKUK AL-ARKAN COMPANY – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No: 1010274407, dated 11/10/1430 H (corresponding to 01/10/2009 G). It operates in development, maintenance and management of real estates, purchase of land and general contracting.

Dar Al-Arkan Real Estate Development Company wholly owns directly or indirectly the above mentioned subsidiaries.

The accompanying interim consolidated financial statements include the assets, liabilities and the results of operations of the subsidiaries mentioned above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim consolidated financial statements have been prepared in accordance with the generally accepted accounting standards issued by the Saudi Organisation of Certified Public Accountants (SOCPA). The significant accounting policies adopted by the Company in preparing its interim consolidated financial statements are in conformity with those described in the Company's annual report for the year ended 31 December 2009 and are summarised below:

2.2 ACCOUNTING CONVENTION

The interim consolidated financial statements have been prepared on the historical cost basis, using accrual basis and going concern assumption except for investment in associates which is accounted for under equity method of accounting.

2.3 BASIS OF CONSOLIDATION

The interim consolidated financial statements of the Group incorporate the financial statements of the companies and enterprises controlled by the Group (its subsidiaries) made up to 31 March 2010.

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 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 at the historical cost of the assets acquired, 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 are initially measured at the historical cost at the acquisition date irrespective of the extent of any non-controlling interests. The interests of non-controlling shareholders are stated at the non-controlling proportion of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the parent.

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

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

Investment 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 balance sheet at the Group's share of the net assets of the associate. Losses of the associates in excess of the Group's interests in those associates are not recognised. Any excess of cost of acquisition over the Group's share of the identifiable net assets acquired of the associate or joint venture at the date of acquisition is recognised 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 identifiable net assets of the associate or joint venture at the date of acquisition (i.e. discount on acquisition) is recognised 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 interests 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.

2.4 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and any recognised 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 recognised in the interim consolidated statement of income.

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 recognised as an expense immediately.

2.5 INVESTMENT PROPERTIES

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at cost less accumulated depreciation and any recognised 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.

2.6 FINANCE CHARGES

Financing 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 financing costs are recognised in the interim consolidated statement of Income in the period in which they are incurred.

2.7 FINANCIAL INSTRUMENTS

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

Accounts receivables
Accounts receivables are initially recognised at transaction value. They are subsequently measured for their realisable value and 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. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised 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 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 and Islamic Murabaha; these are recorded initially at cost. Direct transaction costs are subsequently carried at their amortised cost and are recognised in the interim consolidated statement of income over the term of the instrument.

Accounts payables
Accounts payables are initially recognised at cost and subsequently at amortised cost using the effective commission method.

2.8 IMPAIRMENT OF TANGIBLE ASSETS

At the date of each interim consolidated balance sheet, the Company reviews the carrying amounts of its tangible assets for any indication that those assets have suffered impairment losses. When such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of realisable value less costs to sell and value in use. 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 recognised in the interim consolidated statement of income.

2.9 REVENUE RECOGNITION

Revenue represents the sale of development properties. Revenue is recognised 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 value of consideration received.

2.10 ZAKAT TAXATION

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

2.11 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 interim consolidated balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the interim consolidated balance sheet date. Non-monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the cost was determined.

2.12 STATUTORY RESERVE

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

2.13 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.

2.14 RETIREMENT BENEFIT COSTS

The Group makes contributions in line with the General Organisation 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.

2.15 LEASING

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

2.16 OPERATING EXPENSES

The Group follows accrual basis of accounting to record the operating expenses and recognised as expenses in the interim consolidated statement of income in the period in which they are incurred. Expenses that are deferred for more than one financial year are allocated to expenses over such periods using historical cost.

3. USE OF ESTIMATES

The preparation of interim consolidated financial statements in conformity with generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities actual result ultimately may differ from those estimate.

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 31 March 2010.

Geographical regions
The Group operates exclusively in Saudi Arabia and all its revenues derive from its portfolio of properties which the Group manages. As such there is no additional geographical information.

Products and services
DAR projects is principally focused on the development of basic infrastructure on undeveloped land and the sale of such land ("Sales of land") and the development and sale of residential and commercial projects ("Sales of residential properties").

Information in respect of these products is presented below:

	Three-month period ended	
	31 March 2010 (Unaudited) SR 000	31 March 2009 (Unaudited) SR 000
REVENUES		
Sales of residential properties	**117,969**	120,112
Sales of land	**1,026,969**	1,117,603
Total	1,144,938	1,237,715
COST OF SALES		
Residential properties	**99,862**	88,371
Land	**566,654**	636,510
Total	**666,516**	724,881
GROSS PROFIT		
Residential properties	**18,107**	31,741
Land	**460,315**	481,093
Total	**478,422**	512,834

5. ACCOUNTS RECEIVABLE

	31 March 2010 (Unaudited) SR 000	31 March 2009 (Unaudited) SR 000
Customers	**701,346**	1,010,138
Provision for doubtful debtors	**(4,479)**	(4,479)
Total	**696,867**	1,005,659

6. PREPAID EXPENSES AND OTHERS

	31 March 2010 (Unaudited) SR 000	31 March 2009 (Unaudited) SR 000
Advance payments to purchase land	**555,797**	597,510
Advance for investments	-	250,000
Advance payments to contractors	**87,297**	130,283
Advance payments to suppliers	**5,309**	5,600
Prepaid expenses	**3,863**	4,428
Employees' advances and receivables	**2,704**	2,473
Others	**2,262**	4,580
Total	657,232	994,874

7. 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. In these instances, Saudi Home Loans pays the consideration in respect of the residential property sale to the Group on behalf of the individual. There is no recourse to the Group if such lending by Saudi Home Loans results in a bad debt. The balance with Saudi Home Loans as at 31 March 2010 is SR 3,065 thousand (31 March 2009: SR 50,454 thousand).

For the period ended 31 March 2010 and the period ended 31 March 2009, no transactions are entered with entities that have common Board Members or Shareholders to the Group.

8. PROJECTS IN PROGRESS

a) Projects in progress – short-term

	31 March 2010 (Unaudited) SR 000	31 March 2009 (Unaudited) SR 000
Residential and commercial development	**583,414**	940,741
Total	**583,414**	940,741

Short-term projects in progress represent payments incurred on projects executed by the Group for the purpose of re-sale in the short term.

b) Projects in progress – long-term

	31 March 2010 (Unaudited) SR 000	31 March 2009 (Unaudited) SR 000
Residential and commercial development	**2,887,514**	1,380,206
Land development projects	**5,872,958**	5,918,697
Total	**8,760,472**	7,298,903

Long-term projects in progress represent residential projects and land owned by the Group, which will not be completed within the next twelve months.

During the period the Group's management capitalised Islamic Sukuk charges in the amount of SR 31 million (2009: SR 64 million) under projects in progress.

9. INVESTMENTS IN LAND UNDER DEVELOPMENT

This item represents the Group's co-ownership in land with third parties according to contracts for land development.

10. INVESTMENT IN ASSOCIATES

This item represents investment in shares of companies that are not publicly traded. The Group's ownership in these companies ranges from 15% to 34%.

11. PROPERTY AND EQUIPMENT

Details of cost, accumulated depreciation and net book value of property and equipment are as follows:

(Unaudited)	Land and Buildings	Leasehold Improvements	Vehicles	Plant and machinery	Office equipment	Total
	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000
Cost						
Balance at 1 January, 2010	109,145	18,885	9,990	13,346	37,667	189,033
Additions for the period	-	**140**	-	-	**173**	**313**
Balance at 31 March 2010	**109,145**	**19,025**	**9,990**	**13,346**	**37,840**	**189,346**
Accumulated Depreciation						
Balance at 1 January, 2010	24,025	16,221	8,944	8,496	28,414	86,100
Depreciation for the period	**755**	**557**	**338**	**621**	**1,360**	**3,631**
Transfers / Disposals during the period	-	-	-	**(480)**	**480**	-
Balance at 31 March 2010	**24,780**	**16,778**	**9,282**	**8,637**	**30,254**	**89,731**
Net book value 31 March 2010	**84,365**	**2,247**	**708**	**4,709**	**7,586**	**99,615**
Net book value 31 March 2009	93,788	4,681	2,195	1,632	13,346	115,642

Included within land and buildings are land with an original cost of SR 9.50 million (31 March 2009: SR 9.50 million).

12. DEFERRED CHARGES

The movement during the period is as below:

	Three- month period ended	
	31 March 2010 (Unaudited	31 March 2009 (Unaudited)
	SR 000	SR 000
Deferred charges, beginning of the period	98,269	126,871
Additions during the period	45,294	5,958
Capitalisation during the period	(7,897)	(9,215)
Amortisation charge for the period	(6,069)	(4,401)
Deferred charges, end of the period	129,597	119,213

13. ISLAMIC BORROWINGS

	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)
	SR 000	SR 000
Islamic Sukuk – International	5,437,500	6,000,000
Islamic Sukuk – Local	750,000	-
Islamic Murabaha	1,611,303	1,528,093
Total borrowing , end of the period	7,798,803	7,528,093
Less: Islamic borrowing – current portion	450,000	1,300,000
Islamic borrowing - long-term	7,348,803	6,228,093

Repayable as follows:

	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)
	SR 000	SR 000
Within one year	250,000	700,000
In the second year	800,000	2,500,000
In the third to fifth year inclusive	6,748,803	4,328,093
	7,798,803	7,528,093

Analysis of borrowings:

Islamic Sukuk – International

This represents SR 5.44 billion of Islamic Sukuk comprising:

1) 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 in 2012.

2) SR 1.69 billion (USD 450 million) of Islamic Sukuk carried in the books of the Group, which is issued by Dar International Sukuk Company at 10.75% and maturing in 2015.

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 in 2014.

The Sukuk agreements include financial covenants, which the Group was in compliance with as at 31 March 2010.

Islamic Murabaha

This represents SR 1.7 billion Murabaha facilities from local commercial banks, in the form of Islamic Murabaha, letters of guarantee and letters of credit comprising:

1) An amount of SR 400 million in the form of long-term Islamic Murabaha, which bears finance charges at prevailing rates between local banks plus an annual profit margin of 2.5%. The facility is repayable in eight equal semi-annual payments starting in 2010.

2) Amounts of SR 400 million in the form of short-term Islamic Murabahas bearing finance charges at prevailing rates between the local banks plus an annual profit margin ranging from 1.50% to 2.75%.

3) An amount of SR 500 million in the form of long-term Islamic Murabaha, which bear finance charges at prevailing rates between local banks plus an annual profit margin of 3.50% and matures in 2011.

4) An amount of SR 400 million in the form of long term Islamic Murabaha, which bear finance charges at prevailing rates between local banks plus an annual profit margin of 2.25% and matures in 2012. As at 31 March 2010, the Group has utilised SR 311.30 million. This facility is collateralised by specific assets of a subsidiary.

The facility agreements include certain financial covenants, which the Group was in compliance with as at 31 March 2010.

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

14. ACCOUNTS PAYABLE

The detail of the above account is as follows:

	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)
	SR 000	SR 000
Contractors	296,085	147,722
Suppliers	76,263	1,990
Advances from customers	84,216	-
Others	19,413	6,538
Total	475,977	156,250

15. ACCRUED EXPENSES AND OTHERS

	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)
	SR 000	SR 000
Zakat provision	568,074	518,074
Islamic Murabaha charges	16,254	17,266
Islamic Sukuk charges	47,186	37,672
Accrued expenses	15,649	6,949
Other credit balances	7,400	7,748
Total	654,563	587,709

16. PROVISION FOR END OF SERVICE INDEMNITIES

This item represents the balance of provision for end of service benefits as at 31 March 2010. During the period the Group's management charged an amount of SR 1.14 million (2009: SR 0.7 million) to expenses. The movement during the period is as below:

	Three-month period ended	
	31 March 2010 (Unaudited)	31 march 2009 (Unaudited)
	SR 000	SR 000
Balance, beginning of the period	12,038	7,889
Charged to expenses during the period	1,141	675
Paid during the period	(332)	(37)
Balance, end of the period	12,847	8,527

17. SHARE CAPITAL

The company has one class of 1,080,000,000 authorised, issued and fully paid ordinary shares of SR 10 each, which carry no right to fixed income.

18. EARNINGS PER SHARE

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

	31 March 2010 (Unaudited) SR 000	31 March 2009 (Unaudited) SR 000
Earnings		
For the purpose of basic earnings per share :		
Income for the period from operating activities	**435,240**	474,217
Net income for the period	**398,649**	424,516
Number of shares	**Number**	**Number**
Weighted average number of ordinary shares		
For the purpose of basic earnings per share	**1,080,000,000**	1,080,000,000

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

19. COMMITMENTS

As at 31 March 2010, the Group and its subsidiaries have commitments which represent the value of the part not yet executed from the projects development contracts amounting to SR 565 million (31 March 2009: SR 789 million).

20. INTERIM RESULTS

The results of operations for the interim periods may not be a fair indication of the results of the full year operations of the Group.

21. COMPARATIVE FIGURES

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