

**FITAIHI HOLDING GROUP COMPANY**  
**A SAUDI JOINT STOCK CO.**  
**JEDDAH - KINGDOM OF SAUDI ARABIA**

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AND LIMITED REVIEW REPORT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

**FITAIHI HOLDING GROUP COMPANY**  
**A SAUDI JOINT STOCK CO.**  
**JEDDAH – KINGDOM OF SAUDI ARABIA**

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**Jeddah, Dhul Qida 28, 1433 (H)**  
**Corresponding to October 14, 2012 (G)**

**The Shareholders of**  
**Fitaihi Holding Group Company**  
**A Saudi Joint Stock Co.**  
**Jeddah – Kingdom of Saudi Arabia**

**Limited Scope Review Report for Interim Consolidated Financial Reports**

We have reviewed the accompanying interim consolidated balance sheet of Fitaihi Holding Group Company, A Saudi Joint Stock Co. and its subsidiaries, as of September 30, 2012, and the related interim consolidated income statement for the three months and nine months, and interim consolidated cash flow, and interim consolidated statement of change in shareholders' equity for the nine months period then ended on this date and the accompanying notes from # (1) to # (8) which are considered integral part from these interim consolidated financial statements which have been prepared by the company and presented to us along with all information and statements which we required. We conducted our limited scope of review in accordance with interim financial report review standard issued by the Saudi Organization for Certified Public Accountants (SOCPA). The limited scope of review consists principally of applying analytical procedures on financial information and making inquiries of company personnel 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.

Based on our limited scope of review, we are not aware of any material modifications that should be made to the accompanying interim financial statements to be in conformity with the generally accepted accounting principles.

**Talal Abu-Ghazaleh & Co.**



**Mohammed A. Hanbazaza**  
**Certified Public Accountant - Licence No. 359**

**FITAIHI HOLDING GROUP COMPANY**  
**A SAUDI JOINT STOCK CO.**  
**JEDDAH - KINGDOM OF SAUDI ARABIA**

**INTERIM CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2012**  
**(UNAUDITED)**

**EXHIBIT "A"**

	<u>Note</u>	<u>As of September 30, 2012 (SR)</u>	<u>As of September 30, 2011 (SR)</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	2(c)	84,196,512	45,946,174
Receivables and other debit balances		21,724,822	14,916,800
Inventory	2(d)	254,802,506	263,909,952
<b>Total current assets</b>		<u>360,723,840</u>	<u>324,772,926</u>
<b><u>Non Current assets</u></b>			
Investments and financial assets	2(e)	259,269,938	273,405,566
Investments in subsidiaries (under liquidation)	2(f)	1,902,535	1,417,983
Property & equipment - net	2(g)	94,752,140	62,642,509
Construction in progress		8,375,484	39,536,600
Pre-establishing expenses - net	2(h)	2,839,571	2,853,013
<b>Total non current assets</b>		<u>367,139,668</u>	<u>379,855,671</u>
<b>Total Assets</b>		<u>727,863,508</u>	<u>704,628,597</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b><u>Current Liabilities</u></b>			
Payables and other credit balances		37,628,959	25,741,254
Accrued expenses		2,157,728	2,107,498
Provision for zakat	2(i)	14,113,441	11,555,635
<b>Total current liabilities</b>		<u>53,900,128</u>	<u>39,404,387</u>
<b><u>Non Current Liabilities</u></b>			
Provision for end of service indemnity	2(j)	15,633,610	13,232,292
<b>Total non current liabilities</b>		<u>15,633,610</u>	<u>13,232,292</u>
<b>Total Liabilities</b>		<u>69,533,738</u>	<u>52,636,679</u>
<b><u>Equity</u></b>			
<b><u>Shareholders' Equity</u></b>			
Capital (fully paid)	3	550,000,000	500,000,000
Statutory reserve	4	41,825,852	55,342,257
General reserve		14,268,490	50,000,000
Unrealized accumulated losses			
on investments & financial assets		(12,564,543)	(58,004,668)
Retained earnings		63,938,829	104,036,284
<b>Total Shareholders' Equity</b>		<u>657,468,628</u>	<u>651,373,873</u>
<b>Minority interest</b>		861,142	618,045
<b>Total Equity</b>		<u>658,329,770</u>	<u>651,991,918</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>727,863,508</u>	<u>704,628,597</u>

***THE ACCOMPANYING NOTES FROM (1) TO (8) CONSTITUTE  
AN INTEGRAL PART OF THESE INTERIM CONSOLIDATED FINANCIAL STATEMENTS***

**FITAIHI HOLDING GROUP COMPANY**  
**A SAUDI JOINT STOCK CO.**

**JEDDAH - KINGDOM OF SAUDI ARABIA**

**INTERIM CONSOLIDATED INCOME STATEMENT**

**FOR THE PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012**  
**(UNAUDITED)**

EXHIBIT "B"

	For the period from July 1, 2012 to September 30, 2012	For the period from July 1, 2011 to September 30, 2011	For the period from January 1, 2012 to September 30, 2012	For the period from January 1, 2011 to September 30, 2011
	(SR)	(SR)	(SR)	(SR)
Sales	57,946,885	48,853,060	187,719,577	159,970,370
Cost of sales	(28,460,184)	(22,758,671)	(90,619,847)	(80,806,148)
<b>Gross sales profit</b>	<b>29,486,701</b>	<b>26,094,389</b>	<b>97,099,730</b>	<b>79,164,222</b>
Net income (loss) on investments	613,264	(132,212)	8,672,694	8,952,353
<b>Gross profit from main operation</b>	<b>30,099,965</b>	<b>25,962,177</b>	<b>105,772,424</b>	<b>88,116,575</b>
<b>Expenses:</b>				
Selling and distribution expenses	(13,491,378)	(11,524,472)	(38,274,259)	(30,959,261)
General and administrative expenses	(5,369,155)	(4,837,556)	(16,414,621)	(13,186,445)
Depreciation of property and equipment	(2,885,592)	(1,789,115)	(8,798,866)	(5,333,382)
Amortization of pre-establishing expenses	(237,403)	(167,935)	(582,019)	(602,387)
Decline in inventory value	-	(500,000)	-	(4,000,000)
<b>Total expenses</b>	<b>(21,983,528)</b>	<b>(18,819,078)</b>	<b>(64,069,765)</b>	<b>(54,081,475)</b>
Profit from the main operations	8,116,437	7,143,099	41,702,659	34,035,100
Other (expenses) revenues - net	391,132	(306,334)	280,587	81,867
<b>Net income before zakat and minority interest</b>	<b>8,507,569</b>	<b>6,836,765</b>	<b>41,983,246</b>	<b>34,116,967</b>
Provision for zakat	(1,914,437)	(1,405,000)	(5,874,437)	(5,574,438)
<b>Net income before minority interest</b>	<b>6,593,132</b>	<b>5,431,765</b>	<b>36,108,809</b>	<b>28,542,529</b>
Minority interest	(153,642)	(94,993)	(257,970)	(212,540)
<b>Net income of the period - Exhibit "D"</b>	<b>6,439,490</b>	<b>5,336,772</b>	<b>35,850,839</b>	<b>28,329,989</b>
Earned per share	0.12	0.10	0.65	0.52

THE ACCOMPANYING NOTES FROM (1) TO (8) CONSTITUTE

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**FITAIHI HOLDING GROUP COMPANY**  
**A SAUDI JOINT STOCK CO.**  
**JEDDAH - KINGDOM OF SAUDI ARABIA**

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012**  
**(UNAUDITED)**

**EXHIBIT "C"**

	<b>For the period from January 1, 2012 to September 30, 2012 (SR)</b>	<b>For the period from January 1, 2011 to September 30, 2011 (SR)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net income for the period	35,850,839	28,329,989
<b><u>Adjustments to reconcile net income for the period to net cash flows by operating activities</u></b>		
Depreciation of property & equipment	8,798,866	5,333,382
Amortization of pre-establishing expenses	582,019	602,387
Losses on sale of investments	718,649	1,070,798
Losses on sale of property, plant, and equipment	4,650	-
Provision for end of service indemnity	2,181,369	1,713,744
Provision for zakat	5,874,437	5,574,438
Changes in minority interest	257,970	212,540
<b><u>Changes in Operating Assets &amp; Liabilities</u></b>		
Increase in receivables and other debit balances	(4,628,251)	(1,913,801)
Increase (decrease) in inventory	(3,180,292)	18,501,668
Increase in payables and credit balances	20,543,355	9,899,249
(Decrease) increase in accrued expenses	(73,181)	895,210
Provision for end of service indemnity paid	(948,761)	(60,403)
Zakat paid	(8,179,091)	(8,371,268)
Directors' remuneration	(600,000)	(600,000)
<b>Net Cash flows by Operating Activities</b>	<b><u>57,202,578</u></b>	<b><u>61,187,933</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net change in property and equipment	(2,514,918)	(1,936,589)
Net change in investments	(16,303,453)	(21,539,530)
Net change in construction in progress	(7,937,579)	(1,985,607)
Addition on pre-establishing expenses	(637,500)	(497,473)
<b>Net Cash used in Investing Activities</b>	<b><u>(27,393,450)</u></b>	<b><u>(25,959,199)</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Net change in cash and cash equivalents	29,809,128	35,228,734
Cash and cash equivalents at beginning of the period	<u>54,387,384</u>	<u>10,717,440</u>
Cash and cash equivalents at end of the period	<u><u>84,196,512</u></u>	<u><u>45,946,174</u></u>
<b><u>SUPPLEMENTARY INFORMATION ON NON CASH TRANSACTIONS</u></b>		
Unrealized accumulated losses resulted from investments and financial assets available for sale	<u>(12,838,974)</u>	<u>(35,175,210)</u>
Capital increase from Statutory reserve and share premium	<u>50,000,000</u>	<u>-</u>

***THE ACCOMPANYING NOTES FROM (1) TO (8) CONSTITUTE  
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FITAIHI HOLDING GROUP COMPANY  
A SAUDI JOINT STOCK CO.  
JEDDAH - KINGDOM OF SAUDI ARABIA

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012  
(UNAUDITED)

	Capital (Fully Paid) (SR)	Statutory Reserve (SR)	General Reserve (SR)	Unrealized Losses on Investments & Financial Assets (SR)	Retained Earnings (SR)	Total Shareholders' Equity (SR)
<b>For the period ended September 30, 2012</b>						
Balance at the beginning of period	500,000,000	52,509,258	50,000,000	274,431	32,273,074	635,056,763
Movement during the period	50,000,000	(14,268,490)	(35,731,510)	(12,838,974)	-	(12,838,974)
Board of directors' remunerations	-	-	-	-	(600,000)	(600,000)
Net income for the period after zakat- Exhibit "B"	-	-	-	-	35,850,839	35,850,839
Transferred to statutory reserve	-	3,585,084	-	-	(3,585,084)	-
<b>Balance at end of the period - Exhibit "A"</b>	<b>550,000,000</b>	<b>41,825,852</b>	<b>14,268,490</b>	<b>(12,564,543)</b>	<b>63,938,829</b>	<b>657,468,628</b>
<b>For the period ended September 30, 2011</b>						
Balance at the beginning of period	500,000,000	52,509,258	50,000,000	(22,829,458)	79,139,294	658,819,094
Transferred from the profits	-	2,832,999	-	-	-	2,832,999
Movement during the period	-	-	-	(35,175,210)	-	(35,175,210)
Board of directors' remunerations	-	-	-	-	(600,000)	(600,000)
Net income for the period - Exhibit "B"	-	-	-	-	28,329,989	28,329,989
<b>Balance at end of the period - Exhibit "A"</b>	<b>500,000,000</b>	<b>55,342,257</b>	<b>50,000,000</b>	<b>(58,004,668)</b>	<b>(2,832,999)</b>	<b>(2,832,999)</b>
					104,036,284	651,373,873

*THE ACCOMPANYING NOTES FROM (1) TO (8) CONSTITUTE*

*AN INTEGRAL PART OF THESE INTERIM CONSOLIDATED FINANCIAL STATEMENTS*

**FITAIHI HOLDING GROUP COMPANY**  
**A SAUDI JOINT STOCK CO.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**1 - Legal Status and Company's Activities**

Ahmed Hassan Fitaihi & Co., (A Limited Liability Co.), registered in Jeddah under Commercial Registration No. 4030085128 dated 2/8/1412 (H) corresponding to 5/2/1992 (G).

The Minister of Commerce Resolution No. 1058 has been issued on 9/9/1418 (H) corresponding to 7/1/1998 (G) by approving to convert Ahmed Hassan Fitaihi & Co. from a Limited Liability Co. to a Joint Stock Co. and on Jumada II 1, 1429 corresponding to May 6, 2008 the name of the company has been changed to Fitaihi Holding Group Company .

Activities of the company and its branches representing the following:

- Manufacturing, trading, wholesale and retail of precious jewelry, metals and gems.
- Wholesale and retail of perfumes and cosmetics.
- Wholesale and retail of household appliances, cutlery fabrics, antiques, gifts and clothes.
- Wholesale of retail of medical and surgical equipment, medical equipment, artificial limbs and hospital supplies.
- Establishing, organizing and managing temporary and permanent exhibitions, and its related services and supplies.
- Constructing, owning, managing, operating and maintaining hospitals, healthcare centers and rehabilitation centers.
- Wholesale and retail of food stuff and constructing and managing commercial centers.

These interim consolidated financial statements represent the accounts of the Head Office in Jeddah and all the following branches:

- Fitaihi Factory for Jewelry at Fitaihi Center in Jeddah under C.R. No. 85130 dated 2/8/1412 (H).
- Fitaihi wholesale Center in Jeddah under C.R. No. 85131 dated 2/8/1412 (H).
- Al-Saghah market branch in Jeddah under C.R. No. 85129 dated 2/8/1412 (H).
- Fitaihi Center in Riyadh under C.R. No. 115028 dated 21/3/1414 (H).
- Branch of Jewelry Center in Jeddah (Marina B – Jeddah) under C.R. No. 129959 dated 12/1/1421 (H).
- Branch of Jewelry Center in Jeddah (Miss Fitaihi) under C.R. No. 132730 dated 12/11/1421 (H).
- Branch of Sultanah Center Trading in Jeddah (Fitaihi Al Tahliyah) under C.R. No. 145447 dated 11/9/1424 (H).
- Branch of Alaglan Trading in Riyadh (fitaihi, Al Olayah) under C.R. No. 1010222334 dated 15/10/1428(H).
- Branch of Etoile Center in Jeddah (Fitaihi, Al Malik Road) under C.R. No. 4030173628 dated 15/10/1428(H).
- Branch of Red Sea Mall in Jeddah (Fitaihi, Red Sea Mall) under C.R. No. 4030181612 dated 2/8/1429(H).



- Branch of Red Sea Mall in Jeddah (Tatto Tatti, Red Sea Mall) under C.R. No. 4030201468 dated 15/6/1431(H).
- Branch of Elbasateen in Jeddah (Tatto Tatti, Elbasabeen) under C.R. No. 4030216204 dated 9/10/1432(H).
- Branch of Gharnatah in Riyadh (Tatto Tatti, Gharnatah) under C.R. No. 1010304937 dated 9/4/1432(H).
- Branch of Elrashid Mall in Al Khobar (Tatto Tatti, Elrashid Mall) under C.R. No. 2051046515 dated 9/10/1432(H).
- Branch of Prince Sultan Street in Jeddah (Tatto Tatti, Prince Sultan Street) under C.R. No. 4030222547 dated 14/3/1433(H).
- Branch of Riyadh Gallery in Riyadh (Tatto Tatti, Riyadh) under C.R. No. 1010327620 dated 14/3/1433(H).
- Branch of Al Salam Mall in Jeddah (Tatto Tatti, Central Park) under C.R. No. 4030227175 dated 29/5/1433(H).
- Branch of Roshan Mall (Tatto Moda) under C.R. No. 4030234232 dated 8/11/1433(H).

These interim consolidated financial statements also include in accordance with the consolidation basis the following subsidiaries' financial statements:

<u>Company's Name</u>	<u>Country of Incorporation</u>	<u>Percentage of Ownership</u>	<u>Activity</u>
a)Sodouq International Holding Company for Investment	Jeddah - Saudi Arabia	100% Directly and indirectly	Wholesale and retail trade in perfumes, cosmetics and watches. The company is currently operating under the Memorandum of Association, the activities of co-founding, investing in companies by owning appropriate percentage to allow the company to have control over those companies.
b)Midmac Gulf Company for Real Estate Investment	Jeddah - Saudi Arabia	100% Directly and indirectly	Purchase of lands for the purpose of building on it for investment by sales or lease in favour of the company and management and development of the real estate.
c)Luxury Goods Trading Co.	Jeddah - Saudi Arabia	80%	Sell and purchase precious metals, precious stones and jewellery.

## 2 - Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The following is a summary of the significant accounting policies applied by the Company:

### a) Accounting convention

The interim consolidated financial statements are prepared according to historical cost convention and in accordance with the accrual basis, and on the going concern basis (except investments and financial assets that are stated at fair value).

### b) Basis of the interim consolidated financial statements

These consolidated financial statements represents the financial statements of the company and its subsidiaries as stated in Note (1). All balances and important transactions between the parent company and its subsidiaries are omitted in the preparation of the consolidated financial statements. Also, the unrealized profit and losses resulted from internal transactions in the group have been excluded.

### c) Cash and cash equivalent

For the purposes of preparing the statement of cash flow, cash and cash equivalent consist of cash on hand and unrestricted cash at banks.

### d) Inventory

Inventory is stated at the lower of cost or net realizable value and cost were derived as follows:

- Jewelry at actual cost per piece.
- Gold products, raw material of gold at the weight, precious stones and other products in the commercial centers at moving average.

### e) Investments and financial assets

Investments and financial assets are stated as follows:

Investments and financial assets available for sale are stated at fair value, and the changes between the fair value and book value are recorded as follows:

- The increase in fair value (permanent or temporary), which included in the unrealized gain (losses) in the shareholders' equity.
- The temporary decrease in fair value, which included in the unrealized gain (losses) in the shareholders' equity.
- The permanent decrease in fair value, which included in the income statement. The fair value is stated at cost.

f) **Investments in subsidiaries ( under liquidation )**

- Investments in subsidiaries (under liquidation) were stated by using the equity method.
- Cost will be considered as fair value for non-tradable investments and financial assets does not have other indicators from which to determine the market value objectively.

g) **Property and equipment**

Property and equipment are stated in the balance sheet at their net cost after deducting the accumulated depreciation. Depreciation on property and equipment is computed in accordance with the straight line method over their estimated economic useful lives using the following annual rates of depreciation:

Commercial centers' buildings (commercial & administration) and staff accomodation	3%-5%
Decorations	15%
Elevators, security systems and air-conditioners	20%
Furniture and fixtures	12.5%-25%
Computer equipment, motor vehicles, machinery and equipment and tools	20%-25%

h) **Establishing expenses**

Establishing expenses represent the expenses incurred for establishing new branches which expected to provide future benefits. Establishing expenses shown in the financial statements are net of amortization and decline in the value (if any), and are being amortized by using straight-line method over a period of 5 years, starting from the date of commencing trading activity.

i) **Provision for zakat**

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

j) **Provision for end of service indemnity**

Provision for end of service indemnity is calculated in accordance with the Saudi Arabian Labour Law.

k) **Sales**

Sales are recognized when sales transactions are completed, invoices issued and goods delivered to the customers.

l) **Selling, distribution, general and administrative expenses**

Selling, distribution, general and administrative expenses are measured and recognized as a period cost according to the accrual basis of accounting and are charged to accounting period in which they are incurred.

Selling, distribution, general and administrative expenses benefiting more than one accounting period are allocated proportionately among such periods based on the span of time involved using their historical cost.

m) **Impairment of assets value**

The company's assets (except inventory) are reviewed as of the date of the financial statements to determine whether there was any indication of the decline in those values, in case of existence of the indicator is estimated and value can be retrieved from the assets, and the decline of assets value is stated in the income statement when the decline in asset value exceed its book value.

n) **Leasing contracts**

Leasing contracts are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental payable under operating leases are charged to income on a straight line basis over the operating lease period.

o) **Foreign Currencies translation**

Foreign currency transactions are converted into Saudi Riyal at the rate of exchange prevailing at the transaction date. Assets and liabilities in foreign currency are translated using the exchange rates prevailing at the balance sheet date. The resulting gains or losses are included in the income statement.

### 3 - Capital

Capital consists of 55 millions shares with face value of SR 10 for each share fully paid. Where the unusual fourth General assembly held in Wednesday 4/4/2012 approved 10% increasing of the capital of the group from 500 millions Saudi Riyal ( 50 millions of shares ) to 550 millions Saudi Riyal ( 55 millions of shares ) by granting one free share for every 10 shares owned by the shareholders who are listed in the company's shareholders record on the end of the trading day in which the unusual general assembly was held, and the increase in capital was paid from the General Reserve (SR 35,731,510 from General Reserve and 14,268,490 from share premium), and the article number seven of the article of association was amended accordingly.

### 4 - Statutory Reserve

a) This item consists of the following:

	<u>2012</u> <u>(SR)</u>	<u>2011</u> <u>(SR)</u>
Share premium	-	14,268,490
Statutory Reserve	41,825,852	41,073,767
<b>Total</b>	<u>41,825,852</u>	<u>55,342,257</u>

b) In accordance with Saudi Arabian Regulations for Companies and the Company's Articles of Association, at least 10% of the annual net profit is required to be transferred to a statutory reserve. General Assembly can decide to stop the transferring until such deduction of the statutory reserve is equal to 50% of the capital.

### 5 - Earning per Share

Earnings per share is calculated by dividing the net profit for the period on the number of 55 million shares. The number of shares has been amended retrospectively for the previous period.

## **6 - Financial Instruments**

### **Fair value**

The fair value of the financial instruments which represent cash, accounts receivable, accounts payable and investments are not significantly different from their carrying value. The notes of the financial statements show the fair value of these financial instruments and the accounting policies in Note (2) show the methods adopted in valuating these financial instruments.

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has no significant concentration of credit risk, since it deeply committed to follow the policy of cash sales.

### **Market price risk:**

The risk that results in a fluctuation in the value of financial instruments due to change in market prices. The risk related to market price associated with financial instruments is concentrated in the market price risk on the investment. The company has no significant concentration of market price risk since it consider most of its investments are for long term strategy. Probably the events which occurred in Egypt might have some impact on the investments included in the company's financial statements. This effect depends on the expected range and the time period which is expected to stabilized the situation and then will imply the effect.

### **Currency fluctuation risk**

Currency fluctuation risk is the risk caused by fluctuation of the value of financial instruments due to changes in the price of foreign currency. The risk of the currency fluctuations related to financial instruments are concentrated in the currency fluctuation related to investment in foreign companies. The company has no significant concentration of currency fluctuation risk since it consider most of its investment are for long term strategy.

### **Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The risk related to interest rate risk is concentrated in financial changes of Islamic Murabaha and Securitization. There is no interest risks to the company for this period due to lack of funding.

## **7 - Results of Interim Period**

The results of the interim period may not provide with an accurate indication of the results of the annual business.

## **8 - General**

- a) The figures in the consolidated financial statements are rounded to the nearest Saudi Riyal.
- b) These unaudited interim consolidated financial statements and special result report are translation of the company's unaudited interim consolidated financial statements and special result report for a period of nine months and year ended September 30, 2012.