

**ANAAM INTERNATIONAL  
HOLDING GROUP COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
For the three-month period and year ended December 31, 2011

**With  
AUDITORS' REVIEW REPORT**

# **Anaam International Holding Group Company**

(A Saudi Joint Stock Company)

## **Interim Condensed Consolidated Financial Statements (Un-audited)**

For the three- month period and year ended December 31, 2011

---

### **Contents**

	<u>Page</u>
• Review report on the interim condensed consolidated financial statements	-
• Interim consolidated balance sheet	1
• Interim consolidated statement of income	2
• Interim consolidated statement of cash flows	3
• Interim consolidated statements of changes in shareholders' equity	4
• Notes to the interim condensed consolidated financial statements	5-11

## Al Sabti & Bannaga

Certified Public Accountants

Member of RSM International

Office No. 204, Al Amal Plaza, Hail Street  
P.O.Box 6659, Jeddah 21452, K.S.A  
Tel.: +966 2 6634021 Fax: +966 2 6678957  
www.abannaga.com

### "Review Report on the Interim Condensed Consolidated Financial Statements"

#### **The Shareholders**

Anaam International Holding Group Company  
Jeddah, Saudi Arabia


#### Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of Anaam International Holding Group Company (the Company) and its subsidiaries (collectively described as "The Group") as at December 31, 2011 and the interim consolidated statement of income for the three- month period and year ended December 31, 2011, the interim consolidated statements of cash flows and changes in shareholders' equity for the year then ended, and the accompanying condensed notes 1 through 14 which form an integral part of these interim condensed consolidated financial statements. These interim condensed consolidated financial statements is the responsibility of Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our limited review in accordance with the auditing standard on Review of Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants (SOCPA). A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data. 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 on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

#### Conclusion

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

  
Abdelgadir Bannaga, PhD/FCCA  
License No. 22

January 18, 2012



# Anaam International Holding Group Company

(A Saudi Joint Stock Company)

## Interim Consolidated Balance Sheet

As at December 31, 2011

	Note	2011	2010
		SR	SR
		(Un-Audited)	(Audited)
<b><u>ASSETS</u></b>			
<b><u>Current assets</u></b>			
Cash and cash equivalents		5,108,249	4,019,278
Notes receivable	4	-	25,500,000
Trade receivables		40,476,430	53,855,251
Prepayments and other current assets		4,640,330	3,273,155
Inventories		41,325,810	19,118,342
Total current assets		<u>91,550,819</u>	<u>105,766,026</u>
<b><u>Non-current assets</u></b>			
Deferred expenses		2,823,338	1,284,363
Investment	5	-	-
Leased assets	6	19,911,501	-
Property and equipment	7	129,014,266	129,866,774
Total non- current assets		<u>151,749,105</u>	<u>131,151,137</u>
		<u>243,299,924</u>	<u>236,917,163</u>
<b>Total assets</b>			
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b><u>Current liabilities</u></b>			
Trade payables		20,534,431	8,838,944
Current portion of long-term loan	8	2,943,821	2,943,821
Current portion of finance lease obligation		3,076,183	-
Due to related parties		955,129	955,129
Distributions and dues to shareholders		8,960,877	8,993,245
Zakat payable	9	5,846,893	4,323,261
Deferred income – current portion		1,069,308	-
Accrued expenses and other current liabilities		30,091,329	59,630,408
Total current liabilities		<u>73,477,971</u>	<u>85,684,808</u>
<b><u>Non-current liabilities</u></b>			
Long term loan	8	9,798,777	12,742,590
Non-current portion of finance lease obligation		16,684,859	-
Deferred income – non-current portion		4,425,574	-
Provision for claims		-	12,000,000
Employees' termination benefits		3,763,328	3,617,582
Total non- current liabilities		<u>34,672,538</u>	<u>28,360,172</u>
Total liabilities		<u>108,150,509</u>	<u>114,044,980</u>
<b><u>Shareholders' equity</u></b>			
Capital	11	109,000,000	109,000,000
Statutory reserve		2,272,430	2,272,430
Retained earnings		23,876,985	11,599,753
Total shareholders' equity		<u>135,149,415</u>	<u>122,872,183</u>
<b>Total liabilities and shareholders' equity</b>		<u>243,299,924</u>	<u>236,917,163</u>

The accompanying notes 1 through 14 form an integral part of these interim condensed consolidated financial statements

# Anaam International Holding Group Company

(A Saudi Joint Stock Company)

## Interim Consolidated Statement of Income

For the three- month period and year ended December 31, 2011

	Note	<u>Three-month period ended</u>		<u>Year Ended</u>	
		<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>	<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>
		(SR) <b>(Un-audited)</b>	(SR) (Un-audited)	(SR) <b>(Un-audited)</b>	(SR) (Audited)
Sales		<b>42,112,800</b>	54,612,676	<b>214,578,428</b>	139,722,773
Cost of sales		<b>(40,163,283)</b>	(47,715,865)	<b>(200,413,244)</b>	(128,145,734)
Gross profit		<b>1,949,517</b>	6,896,811	<b>14,165,184</b>	11,577,039
Storage and rental income		<b>2,536,283</b>	2,367,181	<b>10,862,574</b>	9,996,307
Total operating income		<b>4,485,800</b>	9,263,992	<b>25,027,758</b>	21,573,346
General and administrative expenses		<b>(5,910,156)</b>	(6,074,496)	<b>(17,295,403)</b>	(15,148,410)
Selling and marketing expenses		<b>(2,551,207)</b>	(1,209,632)	<b>(6,934,140)</b>	(2,810,943)
Net operating income (loss)		<b>(3,975,563)</b>	1,979,864	<b>798,215</b>	3,613,993
Provision and adjustment – net	4&9	<b>1,934,589</b>	-	<b>1,934,589</b>	-
Gain on sale of property and equipment		<b>3,498</b>	100,444	<b>3,155,442</b>	2,123,577
Gain on sale of investments		-	-	-	5,233,732
Other income (expenses)-net	7	<b>6,412,618</b>	2,667,169	<b>7,912,618</b>	2,598,968
Net income before Zakat		<b>4,375,142</b>	4,747,477	<b>13,800,864</b>	13,570,270
Zakat		<b>(23,632)</b>	(798,512)	<b>(1,523,632)</b>	(2,298,512)
Net income		<b>4,351,510</b>	3,948,965	<b>12,277,232</b>	11,271,758
Income per share		<b>0.40</b>	0.36	<b>1.13</b>	1.03

The accompanying notes 1 through 14 form an integral part of these interim condensed consolidated financial statements

# Anaam International Holding Group Company

(A Saudi Joint Stock Company)

## Interim Consolidated Statement of Cash Flows

For the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	<u>SR</u>	<u>SR</u>
	(Unaudited)	(Audited)
<b>Cash flows from operating activities:</b>		
Net income for the year	12,277,232	11,271,758
Adjustments to reconcile net income for the period to net cash (used in) provided by operating activities:		
Depreciation of property and equipment and leased assets	6,738,991	4,935,369
Provision and adjustment	(1,934,589)	-
Amortization of deferred expenses	1,185,413	1,722,587
Gain on sale of property and equipment	(3,133,352)	(2,123,577)
Gain on sale of investments	-	(5,233,732)
Reversal of impairment loss	(4,202,951)	
<b>Change in operating assets and liabilities:</b>		
Trade receivables	12,842,698	(21,633,896)
Inventories	(22,207,468)	1,911,531
Prepayment and other current assets	(1,367,175)	1,134,236
Trade payables	11,695,487	(6,538,018)
Accrued expenses other current liabilities	(1,568,367)	(2,005,419)
Due to related parties	-	(2,204,233)
Net movement in deferred income	(89,104)	
Zakat payable	1,523,632	4,323,261
Employee termination benefits	145,746	1,032,099
Provision for claims	(12,000,000)	-
Net cash (used in) operating activities	<u>(93,807)</u>	<u>(13,408,034)</u>
<b>Cash flows from investing activities:</b>		
Addition to property and equipment	(19,216,385)	(9,051,537)
Payment for lease assets	(238,958)	-
Proceeds from sale of property and equipment	26,338,690	3,688,593
Additions to deferred expenses	(2,724,388)	(1,264,302)
Proceeds from sale of investments	-	6,750,000
Net cash provided by investing activities	<u>4,158,959</u>	<u>122,754</u>
<b>Cash flows from financing activities:</b>		
Settlement of loan	(2,943,813)	(3,179,541)
Distributions and dues to shareholders	(32,368)	(26,071)
Net cash (used in) financing activities	<u>(2,976,181)</u>	<u>(3,205,612)</u>
Net increase (decrease) in cash and cash equivalents	1,088,971	(16,490,892)
Cash and cash equivalents at beginning of the year	<u>4,019,278</u>	<u>20,510,170</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>5,108,249</u></u>	<u><u>4,019,278</u></u>

The accompanying notes 1 through 14 form an integral  
Part of these interim condensed consolidated financial statements.

# Anaam International Holding Group Company

(A Saudi Joint Stock Company)

## Interim Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2011

---

	<u>2011</u> <b>SR</b> (Unaudited)	<u>2010</u> <b>SR</b> (Audited)
<b>Capital:</b>		
Balance at beginning of the year	<u>109,000,000</u>	<u>109,000,000</u>
Balance at the end of the year	<u>109,000,000</u>	<u>109,000,000</u>
<b>Statutory reserve:</b>		
Balance at beginning of the year	<u>2,272,430</u>	<u>1,145,255</u>
Balance at the end of the year	<u>2,272,430</u>	<u>1,145,255</u>
<b>Retained earnings:</b>		
Balance at beginning of the year	11,599,753	1,455,170
Net income for the year	12,277,232	11,271,758
Transfer to statutory reserve	<u>-</u>	<u>(1,127,175)</u>
Balance at end of the year	<u>23,876,985</u>	<u>11,599,753</u>
<b>Total shareholders' equity</b>	<u><u>135,149,415</u></u>	<u><u>122,872,183</u></u>

The accompanying notes 1 through 14 form an integral part of these interim condensed consolidated financial statements.

## Anaam International Holding Group Company

(A Saudi Joint Stock Company)

### Notes to the Interim Condensed Consolidated Financial Statements (Un-audited)

For the year ended December 31, 2011

---

#### 1- ORGANIZATION AND ACTIVITIES

Anaam International Holding Group Company is a listed Saudi Joint Stock Company (the Company) registered under Commercial Registration number 4030035073 issued from Jeddah, Kingdom of Saudi Arabia on Ramadan 7, 1402 H corresponding to June 29, 1982.

At December 31, 2011, the Company has investment in the following subsidiaries collectively referred to as "The Group".

<b>Description</b>	<b>Main activity</b>	<b>Country of incorporation</b>	<b>Ownership Interest (%)</b>
Saudi Cold Store Company Limited	Trading of Frozen Food	Kingdom of Saudi Arabia	100 direct and indirect
Anaam International Investment Company Limited and subsidiaries (Dormant)	Real estates and services	Kingdom of Saudi Arabia	100 direct and indirect
Anaam International Financial Company Limited and subsidiaries (Dormant)	Real estates and services	Kingdom of Saudi Arabia	100 direct and indirect
Anaam International Agricultural Company (Dormant)	Agricultural Production	Kingdom of Saudi Arabia	100 direct and indirect

The Company owns agricultural land with an area of 100 million square meters in the agricultural area of Busayta, in the region of Al Jouf in the northern Saudi Arabia which is mainly engaged in agricultural activities for animal feeds.

# **Anaam International Holding Group Company**

(A Saudi Joint Stock Company)

## **Notes to the Interim Condensed Financial Statements (Un-Audited)**

For the year ended December 31, 2011

---

### **1- ORGANIZATION AND ACTIVITIES (continued)**

The Company's objective is to engage in performing all operations of marine transport of livestock within and outside the Kingdom, possession of all means of marine and land transport necessary to the Company, trading of marine equipment necessary for the vessels of the Company, trading of livestock and fodder, related operations of meat production and transport, management and operation of slaughterhouses and meat processing, establishing , managing and operating centers and industrial projects, wholesale and retail trade in foodstuff, carryout import , export and marketing to third parties and public services in the fields of trading and distribution agencies.

However, currently the Group's main activity represents growing of agriculture products for animal feeds, wholesale and retail trade in animal feeds and frozen foodstuff and storage services.

### **2- BASIS OF PREPARATION**

#### **a. Statement of Compliance**

The accompanying interim condensed consolidated financial statements have been prepared in accordance with standard applicable to interim financial reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA).

These interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Groups for the year ended December 31. 2010.

#### **b. Basis of measurement**

The interim condensed consolidated financial statements have been prepared under the historical cost basis (except investments available for sale which are recorded in fair value), using the accrual basis of accounting and the going concern concept.

#### **c. Functional and presentation currency**

The interim condensed consolidated financial statements are presented in Saudi Riyals which is the functional currency.

#### **d. Use of estimates and judgments**

The preparation of the interim financial statements requires management to use judgments, estimates and assumptions which affect the presented amounts of assets and liabilities. It also requires from the management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

# **Anaam International Holding Group Company**

(A Saudi Joint Stock Company)

## **Notes to the Interim Condensed Financial Statements (Un-Audited)**

For the year ended December 31, 2011

---

### **3- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Group for the preparation of these interim condensed consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements. Significant accounting policies adopted by the Group are summarized as follow:

#### ***a. Basis of consolidation***

The interim consolidated financial statements include the accounts of the Company and its subsidiaries (the Group) set forth in note 1, above. Associates are accounted for using the equity method.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances and financial transactions resulting from transactions between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

#### ***b. Cash and cash equivalents***

For the purpose of preparation of the interim consolidated statement of cash flow, cash and cash equivalents comprise of cash on hand and balance with banks.

#### ***c. Trade receivables***

Trade receivables are stated at original invoice amount less provision for doubtful amounts. An estimate for doubtful debts is made based on the study of the accounts receivable balances and an assessment of the extent of collectability at end of the financial year.

#### ***d. Inventories***

Inventories are valued at the lower of cost (determined principally by using the weighted average method) and net realizable value.

Cost of ready fodder and those in progress includes the cost of raw material, direct labor and appropriate overheads.

## Anaam International Holding Group Company

(A Saudi Joint Stock Company)

### Notes to the Interim Condensed Financial Statements (Un-Audited)

For the year ended December 31, 2011

---

#### 3- **SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### *e. Deferred costs*

Deferred costs represent costs incurred in development of agricultural farm. Such costs are amortized using the straight- line method over the related economic benefits of three years.

##### *f. Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to statement of income on a straight- line basis over the estimated useful lives of individual item of property and equipment. The annual depreciation rates are as follows:

Buildings	3.33% - 4%
Vehicles and trucks	10% - 20%
Furniture	10% - 20%
Machineries, equipment and tools	10% - 25%
Leasehold improvements	10%
Agricultural equipment	7.5%
Water wells	3.33%
Irrigation equipment	7.5%
Other equipment	10%

##### *g. Sales and lease back transactions*

The Company has entered into sales and lease back transaction of certain land and buildings. Based on the agreement the lease has been classified as finance lease. The sale price is greater than the book value of the assets and resultant gain has been deferred. Such deferred gain is recognised in the statement of income in proportion to the depreciation of the leased assets except for land where deferred gain is recognized over the lease term using the straight line method.

The Company has accounted for the finance lease by recording the asset and the related liability. The amounts are determined on the basis of lower of fair value of assets and discounted value of minimum lease payments. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Land is not depreciated. Depreciation on building is charged applying the straight-line method on the remaining useful lives of the respective buildings which is 5 and 24 years.

##### *h. Zakat*

Zakat is measured and recognized in the statement of income for each financial period in accordance with the regulations of the Department of Zakat and Income Tax (DZIT). The provision for the financial period is calculated on an estimated basis and charged to the statement of income. Any differences between the estimates made during the interim periods and the provision based on the detailed calculations of the Zakat based at year-end are accounted for at the year end.

# Anaam International Holding Group Company

(Saudi Joint Stock Company)

## Notes to the Interim Condensed Financial Statements (Un-Audited)

For the year ended December 31, 2011

---

### 3- SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *i. Revenue recognition*

Revenue on sale of goods is recognized upon delivery of goods to the customer and are recorded net of discounts.

Storage revenue is measured based on the specified and agreed price with the third parties during the storage period on accrual basis. Rental income for the use of Group's land by other parties recorded on accrual basis.

#### *j. Expenses*

Selling, marketing, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting principles. Selling and marketing expenses are those arising from the Group's efforts underlying the marketing, selling and distribution functions. All other expenses are classified as general and administrative expenses.

#### *k. Employees' termination benefits*

Employees' termination benefits, calculated in accordance with Saudi labor regulations are accrued and charged to consolidated statement of income currently.

#### *l. Foreign currency transactions*

Transactions denominated in foreign currencies are translated to the Saudi Riyal at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the Currency, Saudi Riyal at the foreign exchange rate ruling at the end of fiscal year. Exchange differences arising on translation are recognized in the statement of income currently.

#### *m. Impairment of assets*

Financial assets, property and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

# **Anaam International Holding Group Company**

(Saudi Joint Stock Company)

## **Notes to the Interim Condensed Financial Statements (Un-Audited)**

For the year ended December 31, 2011

---

### **4- NOTES RECEIVABLE**

The existing disputes between the Group and Al-Ghamdi group of companies were settled under the terms of a final settlement on Jumadi Al awal 29, 1427 corresponding to September 25, 2006. This settlement is final and comprehensive and included the settlement of judgment no. 46/d/t/c for the year 1422 and all executive, judicial and administrative procedures between the parties. According to this agreement, Ahmad Ali Ahmad Al-Ghamdi and Mohamad Ali Ahmad Al-Ghamdi have committed to pay an amount of SR 30,000,000 to the company, out of which an amount of SR 500,000 was paid immediately, and the remaining balance of SR 29,500,000 is to be paid by promissory notes (free of protest) within scheduled dates at SR 500,000 for each note ending on May 25, 2011. Eight promissory notes of SR 4,000,000 have been settled, represent the accrued notes up to February 25, 2007, and they stopped making payments. The company has taken legal procedures on their rights to collect the remaining balance amounted to SR 25,500,000. However, the ultimate recoverability of the outstanding amount cannot be determined at this time and accordingly, the receivable amount has been written down to nil value.

With strong commitment, management will continue their efforts of recovering the total outstanding amount.

### **5- INVESTMENT**

The Company has 20% ownership interest in Al Mawashi Al Mukairish – United Arab Emirates. The Company is under liquidation and because of impairment; investment value of SR 2,875,503 has been reduced to nil value.

### **6- SALE AND LEASE BACK TRANSACTIONS**

In November 30,2011,The Group sold certain properties with a book value of SR 14,416,014 under the sale and lease back arrangement to a third party for a value of SR 20,000,000. The lease has been classified as finance lease which is for 5 years for a total lease payments of SR 27,250,000.

### **7- PROPERTY AND EQUIPMENT**

- i. The Company has agricultural land for a value of SR 31.3 million representing 55 plots of land covering 100 million square meters in Busayta near Jouf. At December 31, 2011 the Company was able to register the title of 48 plots of land with a value of SR 27.2. The transfer of the title deeds of 4 plots of the land with a value of SR 2.2 is with the Notary Public in Tabarjal city. The preparation and transfer of remaining 3 plots of land with a value of SR 1.9 is currently under process. All project's land are owned by the company through assignment, power of attorney, declarations and commitments from the persons who were the partners of the company before the merger in 1995 (in their capacity as agents of all owners) to appear at the Notary Public for transfer of the title deeds. These procedures for transfer are in progress.
- ii. The title deed of a land with a cost of SR 26,085,092 in Jeddah is not registered in the name of the Company. The Company is following the necessary procedures to transfer the title deed of the land. An impairment adjustment of provision of SR 19,563,810 has been made to cover any probabilities of impairment in value and inability of transfer the title deed of the land.
- iii Management has reassessed the valuation of the land in Jeddah with a cost of SR 16,811,804 against which impairment loss of SR 4,202,951 was booked in prior year resulting the book value to be SR 12,608,853. Based on this present valuation, the market value of the land amounts to SR 98.4 million. Accordingly, the impairment loss of SR 4,202,951 has been reversed to income statement (included under other income) in 2011 to re-instate the land at its actual cost.

# **Anaam International Holding Group Company**

(Saudi Joint Stock Company)

## **Notes to the Interim Condensed Financial Statements (Un-Audited)**

For the year ended December 31, 2011

---

### **8- LONG TERM LOAN**

The Company obtained long term loan for rearing livestock from Saudi Arabian Agricultural Bank. The Bank has rescheduled the loan payments starting from 25/6/1430 corresponding to 19/6/2009. The total loan balance is to be paid over a period up to 25/6/1439 corresponding to 13/3/2018. The loan is secured by the bank guarantees provided by the Chairman of the Company.

### **9- ZAKAT**

The Company obtained the final Zakat certificate for the year upto 1994. During third quarter of 2011, The Company decided to file Zakat filing for the years 1995 to 2010 on the basis of consolidated financial statements and, accordingly, filed Zakat returns for the above-mentioned years with the Department of Zakat and Tax (DZIT) through a Zakat consultant and the 'total liability' determined amounts to SR 4,323,261 (stated as zakat payable in the balance sheet) against which a provision of SR 57,970,012 was accrued both for the Company and its subsidiaries and reflected in financial statements for the Year ended Dec 31, 2010. Based on management estimate, supported with zakat consultant's view, the provision made in the books is far in excess of the actual liability to be assessed by zakat authorities and accordingly, provision for an amount of SR 27,970,012 has been reversed to income statement, in 2011 and included under provision and adjustments. Any adjustment to this provision will be made based on the final amount determined as Zakat liability by DZIT.

The difference between the remaining provision and the amount separately shown as zakat payable in the balance sheet amounting to SR 25,676,739 has been classified under accrued expenses and other current liabilities. Previous year's figures have been reclassified to conform to the current year presentation.

### **10- PROVISION FOR CLAIMS**

During the year ended December 31, 2011, management has adjusted provision for claims losses amount against specific liabilities and losses.

### **11- CAPITAL**

The capital of the company is SR 109,000,000, consists of 10,900,000 fully paid of SR 10 each.

### **12- EARNINGS PER SHARE**

Earnings per share for the period have been calculated by dividing the net income for such period over the total number of shares (10,900,000) at end of the period.

### **13- INTERIM FINANCIAL RESULTS**

The Group's interim results may not be indicative of its annual results of the operations.

### **14- COMPARATIVE FIGURES**

Certain figures of the comparative interim condensed consolidated financial statements have been reclassified to conform to the current period presentation.