

Good Morning Ladies and Gentlemen,

I'd like to begin by welcoming you to BMG's 2nd Family Business Forum, with the hope that those of you who were able to join us at the GCC Polo Cup yesterday, enjoyed the beginning to our two day summer retreat in the UK this year.

BMG Financial Group has always exerted efforts in pioneering informational initiatives for potential investors, and this Forum, we hope, will prove to be an experience exchange which will play a further role in developing our surrounding market and enhancing the sophistication of its participants.

The role of family businesses has always been pivotal in various business communities, but especially in the Kingdom of Saudi Arabia where these types of businesses form the bread and butter of the country's national economic dynamics. With Saudi merchant families spanning decades in their operations, it is imperative to sustain these power houses for generations to come to continue carrying forth the respective legacies.

Family owned businesses have their own set of unique challenges and rewards. Particularly in the Middle East, it is imperative to note that almost 90% of companies in Saudi Arabia are family owned, but only 5% survive into the third generation in the region. These trading houses have grown to become multibillion dollar conglomerates, with little to no guidance in terms of corporate governance, ownership structure and the value added behind institutionalizing the operation. Decision making becomes impacted as family members increase over the years and the transfer of knowledge may start to suffer.

Additionally, to avoid the risks of over leveraging, and to mitigate the levels of concern, on the part of international, regional and local financial lending institutions, and on the back of the world financial crisis, the nature of family businesses must become more versatile and more accommodating to ever-changing rules and regulations.

Other challenges that may emerge revolve around the separation of management and ownership and the issue of corporate transparency becomes integral in building long lasting relationships with future investors and clients. Today, we hope to introduce different perspectives, with the presence of our esteemed colleagues here, as how best to navigate these integral issues, while simultaneously preserving the values and integrity at every stage in these family's evolutionary story.

At this stage, I would like to take this opportunity to thank our European colleagues, in bringing their European experiences and stories to our Arab and Saudi market: Dr. Schmidt, Ms. Stark, Mr. Green-Armytage, and (Mr. Pinder?).

To this effect, we hope this Forum will start the lively discourse regarding the next steps within Family Businesses. Be it transferable ideas, or actionable strategies, I am confident that our combined experiences will result in a promising narrative to pass on to our children.