SAUDI INDUSTRIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010

ERNST & YOUNG

P.O. Box 1994
13th Floor, King's Road Tower
King Abdulaziz Road (Malek Road)
Al Shatea District, Jeddah 21441
Saudi Arabia
Tel: +966 2 221 8400
Fax : +966 2 221 8575
www.ey.com/me
Registration No. 45

AUDITORS' REPORT TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope of audit

We have audited the accompanying consolidated balance sheet of Saudi Industrial Services Company - a Saudi Joint Stock Company ("the Company") and its subsidiaries ("the Group") as at 31 December 2010 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Company's Board of Directors and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

i) present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Company's memorandum of association in so far as they affect the preparation and presentation of the financial statements.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE NO. 45
ERNST & YOUNG

13 Rabi Awal 1432 H
16 February 2011

Jeddah

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	*31 December 2010 SR*	*31 December 2009 SR*
ASSETS			
CURRENT ASSETS			
Bank balances and cash	3	**225,296,079**	441,027,772
Accounts receivable and other receivables	4	**66,011,613**	70,398,707
Inventories	5	**10,182,459**	10,023,119
TOTAL CURRENT ASSETS		**301,490,151**	521,449,598
NON-CURRENT ASSETS			
Investments	6	**69,416,016**	96,553,108
Property, plant and equipment	7	**271,874,675**	249,663,665
Property and equipment - bonded and re-export project	8	**115,002,354**	122,429,752
Project-in- progress – bonded and re-export project	9	**10,407,399**	9,095,988
Property and equipment - quay project	10	**13,396,026**	13,979,958
Intangible assets – quay project	11	**1,701,994,356**	1,344,707,079
Goodwill	12	**12,396,651**	12,396,651
Deferred charges	13	**74,345**	439,276
TOTAL NON-CURRENT ASSETS		**2,194,561,822**	1,849,265,477
TOTAL ASSETS		**2,496,051,973**	2,370,715,075
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and other liabilities	14	**95,419,299**	96,258,794
Short term loan and current portion of long term loans	15	**131,810,510**	28,184,787
TOTAL CURRENT LIABILITIES		**227,229,809**	124,443,581
NON-CURRENT LIABILITIES			
Long term loans and bank facilities	15	**1,215,684,435**	1,204,028,299
Employees' end of service benefits provision	16	**7,183,918**	5,711,577
TOTAL NON-CURRENT LIABILITIES		**1,222,868,353**	1,209,739,876
TOTAL LIABILITIES		**1,450,098,162**	1,334,183,457
SHAREHOLDERS' EQUITY			
Share capital	17	**680,000,000**	680,000,000
Share premium		**36,409,063**	36,409,063
Statutory reserve	18	**3,250,885**	3,250,885
Special reserve	19	**1,615,899**	1,615,899
Effect of reducing the ownership percentage in a subsidiary	33	**4,653,218**	4,653,218
Unrealized gain on available-for-sale investment securities		**-**	6,627,660
Accumulated loss		**(907,482)**	(3,034,266)
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY		**725,021,583**	729,522,459
MINORITY INTEREST		**320,932,228**	307,009,159
TOTAL SHAREHOLDERS' EQUITY		**1,045,953,811**	1,036,531,618
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,496,051,973**	2,370,715,075

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2010

	Note	*31 December 2010 SR*	*31 December 2009 SR*
Sales and operating income	26	**281,843,419**	138,894,108
Cost of sales and operations		**(173,346,383)**	(73,969,414)
GROSS PROFIT		**108,497,036**	64,924,694
Selling and distribution expenses	21	**(7,638,064)**	(6,901,805)
General and administration expenses	22	**(65,741,009)**	(48,883,101)
Net income from main operations		**35,117,963**	9,139,788
Financial charges		**(28,488,948)**	(3,505,666)
Non-temporary impairment of available for sales investment securities		**(7,700,000)**	(3,000,000)
Net share in associates' profits		**(1,508,422)**	438,904
Realised (profit)/loss from available-for-sale investment securities		**11,082,620**	(1,229,151)
Other income	23	**1,639,610**	6,766,140
NET INCOME BEFORE ZAKAT AND MINORITY INTERESTS		**10,142,823**	8,610,015
Zakat	24	**(2,098,776)**	(1,701,749)
NET INCOME BEFORE MINORITY INTERESTS		**8,044,047**	6,908,266
Minority interest share in net profit of subsidiaries		**(5,917,263)**	(5,663,233)
NET PROFIT FOR THE YEAR		**2,126,784**	1,245,033
Number of shares in issue	17	**68,000,000**	68,000,000
Profit per share from main operations	25-a	**0.52**	0.13
Profit per share from net profit for the year	25-b	**0.03**	0.02

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2010

	31 December 2010 SR	*31 December 2009 SR*
OPERATING ACTIVITIES		
Net income before zakat and minority interest	**10,142,823**	8,610,015
Adjustments for:		
Depreciation	**28,936,676**	24,650,843
Amortisation	**44,352,625**	-
End of service benefits provision	**2,146,454**	1,314,333
Loss/(profit) on investment	**1,508,422**	(438,904)
Losses on disposal of property, plant and equipment	**-**	51,758
Non-temporary impairment of available-for-sale investment securities	**7,700,000**	3,000,000
Realised (profit)/loss on sale of available for sale investments securities	**(11,082,620)**	1,229,151
Financial charges	**28,488,948**	3,505,666
	112,193,328	41,922,862
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	**4,387,094**	(29,259,784)
Inventories	**(159,340)**	(5,640,376)
Accounts payable and other liabilities	**1,145,687**	8,910,694
Cash from operations	**117,566,769**	15,933,396
Zakat paid	**(4,083,958)**	(1,660,261)
Employees' terminal benefits paid	**(674,113)**	(150,989)
Financial charges paid	**(28,488,948)**	(3,505,666)
Net cash from operating activities	**84,319,750**	10,616,480
INVESTING ACTIVITIES		
Purchase and finance of investments	**(8,675,035)**	(26,079,222)
Proceeds from sale of investments	**31,058,665**	-
Additions to property, plant, equipment and intangible assets	**(446,433,957)**	(715,669,883)
Proceeds from sale of property, plant and equipment	**711,219**	73,200
Net cash used in investing activities	**(423,339,108)**	(741,675,905)
FINANCING ACTIVITIES		
Proceeds from loans	**143,466,646**	516,423,274
Repayment of short and long term loans	**(28,184,787)**	(138,724,182)
Net change in minority interest	**8,005,806**	76,710,608
Net cash from financing activities	**123,287,665**	454,409,700
DECREASE IN BANK BALANCES AND CASH	**(215,731,693)**	(276,649,725)
Bank balances and cash at the beginning of the year	**441,027,772**	717,677,497
BANK BALANCES AND CASH AT THE END OF THE YEAR	**225,296,079**	441,027,772
Major non-cash transactions:		
Transfer of property, plant and equipment from work in progress	**25,511,285**	26,389,510

The attached notes 1 to 34 form part of these consolidated financial statements.

Saudi Industrial Services Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For year ended 31 December 2010

	Share capital *SR*	*Share premium* *SR*	*Statutory reserve* *SR*	*Special reserve* *SR*	*Eeffect of reducing the shareholding in a subsidiary* *SR*	*Unrealized profit/(loss) on available-for-sale investment securities* *SR*	*Accumulated losses* *SR*	*Total shareholders' equity* *SR*	*Minority interest* *SR*	*Total* *SR*
Balance at 31 December 2008	680,000,000	36,409,063	3,250,885	1,615,899	4,653,218	-	(4,279,299)	721,649,766	224,635,318	946,285,084
Net profit for the year	-	-	-	-	-	-	1,245,033	1,245,033	5,663,233	6,908,266
Unrealized profit on available for sale investment securities	-	-	-	-	-	6,627,660	-	6,627,660	-	6,627,660
Net movement in minority interest	-	-	-	-	-	-	-	-	76,710,608	76,710,608
Balance at 31 December 2009	680,000,000	36,409,063	3,250,885	1,615,899	4,653,218	6,627,660	(3,034,266)	729,522,459	307,009,159	1,036,531,618
Balance at 31 December 2009	680,000,000	36,409,063	3,250,885	1,615,899	4,653,218	6,627,660	(3,034,266)	729,522,459	307,009,159	**1,036,531,618**
Net profit for the year	-	-	-	-	-	-	2,126,784	2,126,784	5,917,263	**8,044,047**
Realized gain on available for sale investment securities	-	-	-	-	-	(6,627,660)	-	(6,627,660)	-	**(6,627,660)**
Net movement in minority interest	-	-	-	-	-	-	-	-	8,005,806	**8,005,806**
Balance at 31 December 2010	**680,000,000**	**36,409,063**	**3,250,885**	**1,615,899**	**4,653,218**	**-**	**(907,482)**	**725,021,583**	**320,932,228**	**1,045,953,811**

The attached notes 1 to 34 form part of these consolidated financial statements.

1 ACTIVITIES

Saudi Industrial Services Company ("the Company") is a joint stock company incorporated in accordance with Saudi Arabian Regulations for Companies under the Ministry of Commerce Resolution No 223 of 7 Rabi Awwal 1409 H and registered under Commercial Registration No. 4030062502 of 10 Rabi Thani 1409 H (corresponding to 20 November 1988) to engage in maintenance, operations and management of factories, industrial facilities, construction of residential buildings and all related facilities such as entertainment centers, malls, restaurants, catering projects, construction of hospitals and buildings to provide health services to factory and industrial company workmen, marketing factory products locally and worldwide, provide services and participate in formation of companies. The principal activity of the company currently is investment and management of subsidiaries.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in the kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements comprise the financial statements of Saudi Industrial Services Company (A Saudi Joint Stock Company) (the company) and its branches in Saudi Arabia and the financial statements of its 50% owned subsidiaries or over which the company has control ("the Group"). The subsidiaries are consolidated from the date the company gains control until such time the control ceases.

The financial statements are consolidated by combining similar items of assets, liabilities, revenue and expenses. Material intercompany transactions are eliminated in preparing the consolidated financial statements. Minority interest represents the interests in subsidiaries not owned by the Group.

Following are the details of consolidated subsidiaries:

Company	Country of incorporation	Shareholding direct/indirect		Principal activity
		2010	*2009*	
Saudi Trade and Export Development Company (Tusdeer) (see note B below)	Saudi Arabia	**76%**	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port.
Kindasa Water Services Company	Saudi Arabia	**60%**	60%	Water desalination and treatment plant and sale of water.
Support Services Operation Company Limited (ISNAD)	Saudi Arabia	**100%**	100%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease.
Red Sea Gateway Terminal Company Limited (see notes A and B below)	Saudi Arabia	**63%**	63%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.
Red Sea Port Development Company – (Closed Joint Stock Company) (see note B below)	Saudi Arabia	**63%**	63%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

a) During the fourth quarter of 2009, the capital of Red Sea Gateway Terminal Company Limited ("RSGT") was increased from SR 135 million to SR 505 million. The Company's contribution in such increase was made through the conversion of the loans previously granted by the Company to RSGT. At the same time, the capital shareholdings of RSGT were also reallocated to the Company and its subsidiaries to keep the Company's shareholding in RSGT unchanged.

b) During the second quarter of 2009, a new company, Red Sea Port Development Company, a closed Saudi joint stock company ("RSPD"), was formed by the Company and Saudi Trade and Export Development Company (Tusdeer) and other partners with a capital of SR 5 million. During the fourth quarter of 2009, the capital of RSPD was increased from SR 5 million to SR 86 million. The Company transferred 42,930 of its shares in RSGT, a subsidiary, to RSPD, a subsidiary, against the acquisition of an interest in such increase. The shares were transferred at nominal value which is more than its carrying value due to the decrease in the equity of RSGT caused by the losses incurred.

c) Also, during the fourth quarter of 2009, the capital of RSPD was further increased from SR 86 million to SR 303 million. The Company's contribution to the new increase in capital was made through the conversion of loans granted by the Company to RSPD.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention modified to measure at fair value available-for sale investments.

Use of estimate

The preparation of financial statements in conformity with generally accepted accounting principles requires the 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 financial statements and the reported amounts of revenues and expenses during the reporting period.

Sales and revenue recognition

Sales are recognized when the goods are delivered and the services rendered to customers and are stated net of trade discount and volume rebates and the share of Saudi General Port Authority. Lease revenue from leased spaces and warehouses is distributed over respective lease periods. Lease revenue relating to subsequent years is deferred and recognized in the subsequent years.

Expenses

Selling and distribution expenses primarily comprise the cost incurred for distributing and selling of subsidiaries' goods. Other expenses are classified as general expenses and administrative.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the weighted average method.

Investments

Investments in securities are classified according to the Company's intention. Trading securities are stated at fair value. Attributable realised/unrealized profit/losses are taken to the consolidated statement of income. Available for sale securities are stated at fair value and unrealized profit/loss are included in equity. Where it is not possible to determine fair value, securities are stated at cost.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)
Investment in at least 20% owned companies over which the Company has significant influence are accounted for using equity method, whereby investments are initially stated at cost and subsequently adjusted to reflect the Company's share in net assets of investees which referred to as associates (shareholding of 20% to 50%). The Company's share of associate's profit/loss is taken to consolidated statement of income.

The carrying value of all investments and securities is written down by the amount of other than temporary impairment, and the impairment is charged to the consolidated statement of income.

Revenue from investment securities is recognized when dividend payment is announced.

Goodwill
Goodwill represents the increase in the cost of investment over the Company's share in the net fair value of investee's net assets, liabilities and contingencies as at acquisition date. Goodwill is subsequently recognized at cost net of any accumulated impairment losses. The carrying value of goodwill is reviewed annually to determine whether any objective indicator of impairment exists, unless an event or change in circumstances occurs during the year indicating an impairment of the carrying value which requires a valuation of goodwill during the year. Goodwill includes the Company's share and the minority share.

For impairment test the goodwill for subsidiaries is determined individually as each subsidiary is considered an independent cash generating unit.

The impairment is determined by reviewing the realizable amount of cash generating unit (subsidiary) the acquisition of which has given rise to goodwill. Where the realizable amount of a subsidiary is less than its carrying value, an impairment loss is recognized in the consolidated statement of income.

Property, plant and equipment

a) Property, plant and equipment

Free hold land is not depreciated. Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment in value. Depreciation is calculated on the basis of estimated useful lives of property, plant and equipment using straight line method.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to consolidated statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalized.

b) Bonded and re-export project

Property, plant and equipment of bonded and re-export project is stated at cost net of accumulated depreciation and any impairment in value. The development cost of leasehold land and the buildings constructed thereon is amortized over the shorter of estimated useful life or remaining period of lease.

Intangible assets
Intangible assets are recognized on acquisition at cost. Subsequently, intangible assets are stated at cost net of any amortization and impairment provisions. Intangible assets consist of finite and infinite useful life assets.

Intangible assets with finite useful lives are amortized over their respective useful lives and reviewed for impairment where an impairment indicator exists. Amortization period and amortization method of intangible assets with a finite useful lives are reviewed at least at the end of each financial year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)
The changes in useful life of intangible asset or change in the depreciation pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or amortization method, as appropriate. Such changes are treated as changes in accounting estimates. Amortization expense of intangible assets with finite useful lives are recognized in the consolidated statement of income together with similar items.

Intangible assets with infinite useful lives are not amortized. Instead they are annually reviewed for impairment either on an individual basis or at cash generating unit level. The useful life of intangible assets is reviewed annually to determine whether the infinite useful life still can be supported at consolidated financial statement date. Where this cannot be supported, the change in useful life from infinite to finite is made on a prospective basis.

Gains or loss on disposal of intangible assets are measured as the difference between the cash from sale and carrying value of intangible asset and is recognized in consolidated statement of income. Intangible assets impairment loss is recognized in consolidated statement of income.

Capitalization of borrowing costs
Borrowing cost attributable to the construction of quay project is capitalized during construction phase and then borrowing cost are recorded as expense in consolidated statement of income.

Accounts receivable
Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

End of service benefits
Provision is made for amounts payable to employees for their accumulated periods of service at the balance sheet date under the Saudi Arabian labour law.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Impairment and uncollectibility of financial assets
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Deferred charges
Deferred charges primarily comprise pre-incorporation and pre-operating expenses incurred during pre-incorporation period and prior to commencement of commercial operations of the Company and its subsidiaries net of non-operating revenue earned during incorporation period. Such expenses are amortised using straight line method over seven years.

Zakat
The Group is subject to the requirements of Saudi Arabian Zakat and Income Tax Department. Zakat provision is charged to consolidated statement of income. Zakat is provided for in accordance with zakat base. Any differences between zakat provision and final assessment are recognized when the assessment is finalized.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the consolidated balance sheet date. The resulting losses and profit are taken to consolidated statement of income.

Segmental reporting
A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. Because the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only.

3 BANK BALANCES AND CASH

	2010 *SR*	*2009* *SR*
Cash at banks	**212,097,591**	389,367,342
Bank deposits	**13,198,488**	51,660,430
	225,296,079	441,027,772

The deposits are placed with local banks and have maturity of less than three months.

4 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	2010 *SR*	*2009* *SR*
Accounts receivable, net	**23,271,780**	21,046,673
Advances to suppliers	**1,539,191**	2,477,279
Marginal deposits on letters of guarantee	**32,524,914**	32,250,000
Prepaid expenses and other receivables	**8,675,728**	14,624,755
	66,011,613	70,398,707

The management reviews accounts receivable on a regular basis to make sure that all balances are collectable and that the management is confident that the balances in excess of the credit usually given to customers will be collected.

5 INVENTORIES

	2010 *SR*	*2009* *SR*
Spare parts	**9,817,599**	9,590,980
Fuel and oil	**95,395**	93,980
Desalinated water	**269,465**	338,159
	10,182,459	10,023,119

6 INVESTMENTS

	2010 *SR*	*2009* *SR*
Investment in available-for-sale securities - quoted (see note a below)	-	26,603,705
Investment in available-for-sale securities - unquoted (see note b below)	**9,570,150**	17,270,150
Investment in associates (see note c below)	**59,845,866**	52,679,253
	69,416,016	96,553,108

a) Investment in available-for-sale securities represents the investment in a quoted investment portfolio. During the fourth quarter of 2010, the investment was sold at a gain of SR 11,082,620 recognized in the consolidated statement of income as gains realized on investment.

b) The Company's management decided to record other than temporary impairment of market value of an investment in unquoted available-for-sale securities amounting to SR 7,700,000 (2009: SR 3,000,000) in the consolidated statement of income.

c) As at 31 December, the investment in associates comprises the following :

Associate's name	**Principal activity**	***Shareholding*** %	***2010*** ***SR***	*2009* *SR*
- International Water Distribution Company Limited	Water/waste works, water treatment and lease of water equipment	50%	**32,893,116**	30,002,904
- Saudi Water and Environmental Services Company (see note (a) below)	Electrical, water and mechanical works and operation and maintenance	Indirect shareholding	**18,808,293**	15,822,091
- Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	33.33%	**8,144,457**	5,749,238
- Kindasa Water Services – Yemen (see note (b) below)	Distillation/selling of water	Indirect shareholding	-	1,105,020
			59,845,866	52,679,253

a) Saudi Water and Environment Services Company is 49% owned by Kindasa Water Service Company (a subsidiary) which is 60% owned by the Company.

b) During 2009, Kindasa Water Services (Yemen), was still in pre-operation stage and no financial statements were issue for the year. Accordingly, Kindasa Water Services Yemen was not consolidated during 2009. During 2010 the subsidiary's first financial statements were issued, therefore, it is consolidated in the accompanying consolidated financial statements.

7 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of assets for calculation of depreciation are as follows:

Building	10 – 36 years	Desalination plants, water filling stations and accessories	8-21 years
Motor vehicle and tankers	4-10 years	Plant and equipment	6.67-25 years
Furniture, fixtures and office equipments	2-10 years	Lease hold improvements	Shorter of lease period or 5 years
Computers	2-6.67 years		

	Land SR	*Buildings SR*	*Leasehold improvements SR*	*Motor vehicles and tankers SR*	*Plant and equipment SR*	*Fixtures and furnishing SR*	*Computers SR*	*Desalination plants SR*	*Work-in-progress SR*	***Total 2010 SR***	*Total 2009 SR*
Cost:											
At the beginning of the year	66,808,150	7,888,880	131,943	12,368,475	9,654,936	3,573,316	584,698	191,383,436	23,239,353	**315,633,187**	295,970,815
Additions	-	906,895	-	2,143,826	445,526	454,429	34,182	3,539,187	31,184,103	**38,708,148**	20,338,969
Disposals	-	-	-	(299,471)	(10,250)	(58,336)	(39,300)	(1,161,835)	(135,193)	**(1,704,385)**	(676,597)
Transfers	-	-	-	-	-	1,171,932	-	24,044,677	(25,216,609)	-	-
At the end of the year	66,808,150	8,795,775	131,943	14,212,830	10,090,212	5,141,341	579,580	217,805,465	29,071,654	**352,636,950**	315,633,187
Depreciation:											
At the beginning of the year	-	3,908,747	106,358	6,076,837	5,256,236	2,645,294	440,496	47,535,554	-	**65,969,522**	52,354,415
Charge for the year	-	245,882	10,846	1,343,326	737,562	355,571	36,574	13,056,158	-	**15,785,919**	14,166,746
Disposals	-	-	-	(297,823)	(9,892)	(12,001)	(999)	(672,451)	-	**(993,166)**	(551,639)
At the end of the year	-	4,154,629	117,204	7,122,340	5,983,906	2,988,864	476,071	59,919,261	-	**80,762,275**	65,969,522
Net book value:											
At 31 December 2010	**66,808,150**	**4,641,146**	**14,739**	**7,090,490**	**4,106,306**	**2,152,477**	**103,509**	**157,886,204**	**29,071,654**	**271,874,675**	
At 31 December 2009	66,808,150	3,980,134	25,585	6,291,638	4,398,700	928,018	144,202	143,847,882	23,239,353		249,663,665

7 PROPERTY, PLANT AND EQUIPMENT (continued)

a) Water desalination plants and filling stations are situated on land leased from Jeddah Islamic Port under long term leases with Saudi Arabia Sea Port Authority at an annual rent of SR 574,170. All Leases expire on 14 Muharram 1444 H.

b) All property and equipment of Kindasa Company with a net book value of SR 178,919,266 (2009: SR 168,365,796) are mortgaged to Saudi Industrial Development Fund. SABB Bank has a second mortgage on the Company's equipment (note 15).

8 PROPERTY AND EQUIPMENT - BONDED AND RE-EXPORT PROJECT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Leasehold improvements	Shorter of lease period or 36 years
Buildings	10 to 36 years
Equipment	2 to 6.67 years

	Leasehold improvements SR	*Buildings SR*	*Equipment SR*	***Total 2010 SR***	*Total 2009 SR*
Cost:					
At the beginning of the year	111,309,609	45,300,656	1,064,575	**157,674,840**	130,225,330
Additions & Transfers	-	62,000	-	**62,000**	27,449,510
Disposals	(20,000)	-	-	**(20,000)**	-
At the end of the year	111,289,609	45,362,656	1,064,575	**157,716,840**	157,674,840
Depreciation:					
At the beginning of the year	21,382,896	12,797,617	1,064,575	**35,245,088**	28,458,747
Charge for the year	3,089,102	4,380,296	-	**7,469,398**	6,786,341
At the end of the year	24,471,998	17,177,913	1,064,575	**42,714,486**	35,245,088
Net book value:					
At 31 December 2010	**86,817,611**	**28,184,743**	-	**115,002,354**	
At 31 December 2009	89,926,713	32,503,039	-		122,429,752

a) Bonded and re-export project is situated on land within Jeddah Islamic Port leased by Saudi Trade and Export Development Company (Tusdeer), a subsidiary, on 15 Muharram 1419 H (11 May 1998) from Saudi Arabia Sea Port Authority at an annual rent of SR 945 thousand for twenty Hijra years effective 15 Muharram 1421 H (20 April 2001). The lease was subsequently extended to 40 years effective the beginning of 2003 to develop the land and execute storage and re-export project for the construction of warehouses and re-export yards, and other facilities. The Company will sublease the same to earn rent over lease period. The facilities to be erected by the Company including the land developed and computers will be transferred to the government at the end of lease period.

b) During 2007, the development of land cost amounted to SR 133.3 million. During 2007, also, the right to partially use the leased land was transferred to Red Sea Gateway Terminal Company Limited against SR 75 million. The development cost of the transferred land amounted to SR 22.17 million thus resulting in a net profit of SR 50.8 million (after deducting deferred income against future obligations of SR 1.9 million). The Company's share of this profit is SR 38.6 million which represent unrealized profits eliminated on consolidation. The minority share of profit of SR 12.2 million are shown under minority interest.

9 PROJECTS IN PROGRESS – BONDED AND RE-EXPORT PROJECT

	2010 *SR*	*2009* *SR*
At the beginning of the year	**9,095,988**	29,247,465
Additions	**1,311,411**	6,238,033
Transfers	-	(26,389,510)
At the end of the year	**10,407,399**	9,095,988

Transfers represent buildings completed during 2009 and transferred to property and equipment.

10 PROPERTY AND EQUIPMENT – QUAY PROJECT

	Motor vehicles *SR*	*Furniture and fixtures* *SR*	*Computers and equipments* *SR*	***Total 2010*** ***SR***	*Total 2009* *SR*
Cost:					
At the beginning of the year	2,707,380	1,824,637	11,745,031	**16,277,048**	16,277,048
Additions	1,425,651	869,508	2,507,592	**4,802,751**	-
Disposals	-	(310,166)	(602,058)	**(912,224)**	-
Transfers	-	-	294,676	**294,676**	-
At the end of the year	4,133,031	2,383,979	13,945,241	**20,462,251**	16,277,048
Depreciation:					
At the beginning of the year	521,106	488,638	1,287,346	**2,297,090**	2,297,090
Charge for the year	711,172	631,295	4,338,892	**5,681,359**	-
Disposal	-	(310,166)	(602,058)	**(912,224)**	-
At the end of the year	1,232,278	809,767	5,024,180	**7,066,225**	2,297,090
Net book value:					
At 31 December 2010	**2,900,753**	**1,574,212**	**8,921,061**	**13,396,026**	
At 31 December 2009	2,186,274	1,335,999	10,457,685		13,979,958

11 INTANGIBLE ASSETS - QUAY PROJECT

Quay project's intangible assets consist of:

	2010 *SR*	*2009* *SR*
Quay project's intangible assets (See note (a) below)	**1,650,017,272**	1,145,210,635
Right to use land	**36,808,463**	38,357,338
Advances to suppliers	**15,168,621**	161,139,106
	1,701,994,356	1,344,707,079

11 INTANGIBLE ASSETS - QUAY PROJECT (continued)

(a) Intangible assets – Quay project

	Right to use quay *SR*	*Intangible assets under construction* *SR*	***Total 2010*** ***SR***	*Total 2009* *SR*
Cost:				
At the beginning of the year	642,591,791	503,382,812	**1,145,974,603**	664,874,846
Additions	20,978,571	528,180,691	**549,159,262**	481,099,757
Disposals	(3,620)	-	**(3,620)**	-
Transfers	790,238,209	(790,238,209)	-	-
At the end of the year	1,453,804,951	241,325,294	**1,695,130,245**	1,145,974,603
Amortization:				
At the beginning of the year	763,968	-	**763,968**	-
Charge for the year	44,352,625	-	**44,352,625**	763,968
Disposal	(3,620)	-	**(3,620)**	-
At the end of the year	45,112,973	-	**45,112,973**	763,968
Net book value:				
At 31 December 2010	**1,408,691,978**	**241,325,294**	**1,650,017,272**	
At 31 December 2009	641,827,823	503,382,812		1,145,210,635

Red Sea Gateway Terminal Company Limited, a subsidiary, entered into a Build-Operate-Transfer (BOT) concession service agreement with Saudi General Ports Authority.

In accordance with Generally accepted accounting standards in the Kingdom of Saudi Arabia, in such agreement, the Group should recognize during construction period nominal construction revenue and corresponding construction costs incurred up to date on percentage of completion basis. Also, the construction costs for capital assets are required to be shown as intangible assets. Accordingly, Group's management has recognized total construction costs and nominal construction revenue of SR 528,180,691 during the year ended 31 December 2010 (2009: SR 481,099,757). Amortization charge is allocated over agreement duration.

The Group's management believes the pricing of such projects is generally determined on the basis that any profit realized solely from construction activities cannot be separately determined. Therefore, in line with prudence concept the Group's management has decided not to recognize such profit in the consolidated financial statements.

12 GOODWILL

	31 December 2010 SR	*31 December 2009 SR*
Purchase of Kindasa Water services Company – subsidiary	**8,776,760**	8,776,760
Purchase of Al Jabr Talky Company Limited – associate (see note 6-c)	**3,619,891**	3,619,891
	12,396,651	12,396,651

13 DEFERRED CHARGES

	2010 SR	*2009 SR*
Cost:		
At the beginning and end of the year	**24,740,585**	24,740,584
Amortisation:		
At the beginning of the year	**24,301,308**	21,824,248
Charge for the year	**364,932**	2,477,060
At the end of the year	**24,666,240**	24,301,308
Net book value	**74,345**	439,276

14 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2010 SR	*2009 SR*
Accounts payable	**36,490,395**	41,362,247
Accrued expenses	**3,897,466**	4,389,743
Zakat payable (note 24)	**6,456,405**	8,441,587
Tax payable	**129,274**	-
Retentions	**13,340,059**	19,866,312
Other payables	**35,105,700**	22,198,905
	95,419,299	96,258,794

15 BANK LOANS AND FACILITIES

Bank Loans and facilities as at 31 December are as following:

	2010 *SR*	*2009* *SR*
Saudi Industrial Development Fund's loan (note "a" below)	**31,264,484**	42,988,666
Ijara loan (see note "b" below)	**1,205,010,423**	1,174,231,170
Short term Murabaha loans (note "c" below)	**90,019,740**	-
Loan (note "d" below)	**11,243,250**	14,993,250
Loan (note "e" below)	**9,957,048**	-
Total loans	**1,347,494,945**	1,232,213,086
Less: current portion	**(131,810,510)**	(28,184,787)
Non-current portion	**1,215,684,435**	1,204,028,299

a) During 2003, Kindasa Water Services Company (a subsidiary) signed a long term loan agreement with Saudi Industrial Development Fund ("SIDF") limited to SR 64.5 million. The loan is secured by a mortgage on the subsidiary's property and equipment, and corporate guarantees from the partners in the subsidiary. The loan was obtained to finance the expansion of desalination plant. The loan agreement has certain covenants including setting of a maximum limit on rents, capital expenditure and dividend payments and maintaining the financial ratios within certain limits. The loan is payable in semi - annual installments as follows:

	2010 *SR*	*2009* *SR*
Total long term loan	**31,264,484**	42,988,666
Less: Current portion	**(14,655,227)**	(11,724,182)
Long term portion	**16,609,257**	31,264,484

During 2008, the Subsidiary obtained the approval of SIDF's management to reschedule the repayment of loan as detailed above due to the delay in the operation of the desalination plant.

b) During December 2007, Red Sea Gateway Terminal Company Limited (a subsidiary) signed an Islamic Financing Facility Agreement with two banks for an amount of SR 1,271 million. As at 31 December 2010, the total amount received is SR 1,205 million. The facilities are secured by mortgage on the property and equipment of the subsidiary. The facilities are repayable in semi-annual installments with the last installment payable in December 2023. The installments payable in 2010 are included under current liabilities.

	2010 *SR*	*2009* *SR*
Total long term Ijara financing	**1,205,010,423**	1,174,231,170
Less: current portion	**(21,488,338)**	(12,710,605)
Long term portion	**1,183,522,085**	1,161,520,565

15 BANK LOANS AND FACILITIES (continued)

c) During 2010, Red Sea Gateway Terminal Company limited (a subsidiary) obtained short term Murabaha loans payable within three months from the consolidated balance sheet date amounting to SR 90,019,740. These loans are secured by mortgage on company's assets.

d) During 2009 Saudi Trading Development and Export Company (a subsidiary) obtained a long term loan from a The National Commercial Bank (NCB) amounting to SR 15 million, payable in four equal annual installments. The loan is secured by a promissory note covering the total amount received, a restricted cash deposit of SR 4 million, corporate guarantee from the subsidiary and written undertaking from the subsidiary to deposit all its revenue in NCB bank account and letter of comfort from Xainal Industrial Company Ltd.

	2010 *SR*	*2009* *SR*
Total long term loan	**11,243,250**	14,993,250
Less: current portion	**(3,750,000)**	(3,750,000)
Long term portion	**7,493,250**	11,243,250

e) During 2010, Kindasa Company Limited (a subsidiary) obtained three Term Murabaha loans from the National Commercial Bank repayable in four equal annual installments.

	2010 *SR*	*2009* *SR*
Total long term loans	**9,957,048**	-
Less: current portion	**(1,897,205)**	-
Long term portion	**8,059,843**	-

16 EMPLOYEES' END OF SERVICE BENEFITS PROVISION

	2010 *SR*	*2009* *SR*
Balance at the beginning of the year	**5,711,577**	4,548,233
Charge for the year	**2,146,454**	1,314,333
Payment during the year	**(674,113)**	(150,989)
	7,183,918	5,711,577

17 SHARE CAPITAL

Capital is divided into 68 million shares of SR 10 each (2009: 68 million shares)

18 STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income each year until it has built up a reserve equal to one half of the capital. The Company may under a general meeting resolution decide to discontinue such transfer. No such transfer has been made because the Company has accumulated losses.

19 SPECIAL RESERVE

As required by the Company's bye laws, 5% of the net income for the year should be transferred to a special reserve to be spent on matters of benefit to the Company. The Company may resolve to discontinue such transfer when the reserve totals one half of the capital. The reserve represents restricted earnings. Because the Company has accumulated losses no such transfer has been made.

20 TRANSACTIONS WITH RELATED PARTIES

During the year, the Company conducted transactions with related parties. The material transactions with related parties and respective balances during the year were as follows:

	2010 *SR*	*2009* *SR*
Director's attendance fee and key executive managers' salaries, allowances and compensation included under general and administration expenses	**3,814,693**	4,884,293

21 SELLING AND DISTRIBUTION EXPENSES

	2010 *SR*	*2009* *SR*
Salaries and benefits	**3,364,256**	3,431,477
Depreciation and amortization	**1,313,894**	953,346
Utilities and telecommunication	**1,074,781**	739,550
Repairs and maintenance	**48,205**	43,666
Other	**1,836,928**	1,733,766
	7,638,064	6,901,805

22 GENERAL AND ADMINISTRATION EXPENSES

	2010 *SR*	*2009* *SR*
Salaries, wages and benefits	**33,403,728**	28,540,084
Government and professional fees	**2,506,726**	2,031,365
Depreciation and amortization	**6,559,181**	5,920,185
Utilities and telecommunication	**217,192**	336,361
Rent	**4,471,582**	683,961
Other	**18,582,600**	11,371,145
	65,741,009	48,883,101

23 OTHER INCOME

	2010 *SR*	*2009* *SR*
Compensations	-	4,610,611
Profit on murabaha placements	-	1,351,186
Profit on investments, net	-	185,333
Information technology division's revenue	**408,000**	86,008
Other	**1,231,610**	533,002
	1,639,610	6,766,140

24 ZAKAT

Movement in zakat provision during the year was as follows:

	2010 *SR*	*2009* *SR*
At the beginning of the year	**8,441,587**	8,400,099
Provided during the year	**2,098,776**	1,701,749
Amounts paid during the year	**(4,083,958)**	(1,660,261)
At the end of the year	**6,456,405**	8,441,587

Zakat was calculated on the unconsolidated financial statement of the Company and its subsidiaries.

Zakat assessments
The Company has received final assessment for the year ended 31 December 2001. Final declarations for the years 2002 through 2009 have been filed by the Company and the zakat due thereunder was paid. Zakat declarations are still under review by the DZIT.

25 PROFIT PER SHARE

a) Profit per share from main operations for the year is calculated by dividing net income from main operations by the average number of outstanding shares during the year ended 31 December 2010 of 68 million shares (2009: 68 million shares).

b) Profit per share from the profit for the year is calculated by dividing the profit for the year by the average number of outstanding shares during the year ended 31 December 2010 of 68 million shares (2009: 68 million shares).

26 SALES AND OPERATING INCOME

	2010 *SR*	*2009* *SR*
Total nominal construction revenue from BOT project	**528,180,691**	481,099,757
Total construction cost or BOT project	**(528,180,691)**	(481,099,757)
Revenue of Selling potable water	**78,662,742**	70,672,257
Selling of fuel and transport and support services revenue	**38,156,319**	35,021,041
Shipping and unloading services revenue	**121,282,218**	712,742
Rent services revenue	**43,742,140**	32,488,068
Total	**281,843,419**	138,894,108

27 CONTINGENCIES

The Group's bankers have issued letters of guarantee amounting to SR 35,371 thousand on which cash margin of SR 32,524 thousand was paid (2009: SR 59,500 on which cash margin of SR 32,250 was paid).

28 COMMITMENTS

As at 31 December 2010, the Company has commitments for capital work in progress amounting to SR 126,482 thousands (2009: SR 474,666 thousand).

In addition, civil work contractor of Red Sea Gateway Terminal Company Limited (a subsidiary) has lodged a substantial claim for delay fine relating to pre loading quay wall, shortage in reclamation material and delay in payment of fees. Based on legal advice, the subsidiary's management believes no need to provide for the claim in the financial statements as the claim for delay fines is without merits.

29 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest bearing assets and liabilities, including bank deposits, and term loan.

Management limits interest rate risk by monitoring changes in interest rates in the currencies in which its interest bearing liabilities are denominated.

Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages its liquidity risk by ensuring that funds are available when required.

The table below summarises the maturities of the undiscounted financial liabilities at 31 December, based on contractual payment dates.

Year ended 31 December 2010	*Less than* 3 months *SR*	*3 to 12* months *SR*	*1 to 5* years *SR*	*> 5 years SR*	***Total SR***
Accounts payables and other liabilities	76,542,715	18,876,584	-	-	**95,419,299**
Bank loans and facilities	-	131,810,510	410,139,542	805,544,893	**1,347,494,945**
Total	**76,542,715**	**150,687,094**	**410,139,542**	**805,544,893**	**1,442,914,244**

Year ended 31 December 2009	*Less than 3 months SR*	*3 to 12 months SR*	*1 to 5 Years SR*	*5 years SR*	*Total SR*
Accounts payables and other liabilities	36,503,743	59,755,051	-	-	96,258,794
Bank loans and facilities	5,862,091	22,322,696	360,295,129	843,733,170	1,232,213,086
Total	42,365,834	82,077,747	360,295,129	843,733,170	1,328,471,880

29 RISK MANAGEMENT (continued)

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals during the year.

30 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Group's financial assets consist of bank balances and cash, receivables and other receivables, and its financial liabilities consist of term loans, payables and other payables. The fair values of financial instruments are not materially different from their carrying values.

31 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

Impairment of inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on expected selling prices.

32 BUSINESS SEGMENTS

The Company and its subsidiaries consist of the following main business segments of business:

- Fuel station and maintenance
- Quay project
- Ports development
- Sea Water desalination
- Storage and re-export
- Main office which comprises main office's operations and investment activities.

These form the basis of management internal reporting of main business segments.
No material intersegment or otherwise intercompany revenue.

32 BUSINESS SEGMENTS (continued)

Following are the assets, liabilities, sales and result of such segments for the years ended 31 December:

	Fuel stations and maintenance SR'000	*Quay project and ports development SR'000*	*Desalination SR'000*	*Storage and re-export SR'000*	*Main office SR'000*	***Total SR'000***
2010						
Assets	22,638	1,814,015	259,419	185,435	214,544	**2,496,051**
Liabilities	2,837	1,352,002	50,830	25,625	18,804	**1,450,098**
Sales and operations revenue	38,156	121,282	78,663	43,742	-	**281,843**
Net (loss)/profit before minority interest	1,959	(22,985)	29,215	16,055	(16,200)	**8,044**
Net (loss)/income	1,959	(14,481)	17,998	12,850	(16,200)	**2,126**
2009						
Assets	22,453	1,677,379	237,882	209,549	223,452	2,370,715
Liabilities	2,663	1,237,582	51,614	28,895	13,429	1,334,183
Sales and operations revenue	35,021	713	70,672	32,488	-	138,894
Net (loss)/profit before minority interest	1,266	(23,686)	29,773	17,595	(18,040)	6,908
Net (loss)/income	1,266	14,921	18,396	14,544	(18,040)	1,245

The Group operates in Saudi Arabia in Jeddah and Riyadh.

33 EFFECT OF REDUCING SHAREHOLDING PERCENTAGE IN A SUBSIDIARY

During 2005, Saudi Trade Export Development Company Limited - Tusdeer (a subsidiary) increased its capital by SR 35 million to become SR 80 million. The Company has contributed SR 17,300,000 (divided into 17,300 shares) for the increase in subsidiary's capital. Accordingly, the Company now holds 60,800 shares representing 76% of the subsidiary's capital compared to a shareholding of 96.67% before the increase in capital. Due to the decrease in the shareholding in the subsidiary, the Company's share in the accumulated losses of the subsidiary has consequently decreased as other partners of the subsidiary have partially absorbed accumulated losses of SR 4,653,218, in addition to SR 12,075 arising from decreasing of shareholding percentage in other subsidiaries during 2008. The above transactions were included in shareholders' equity in the consolidated balance sheet.

34 COMPARATIVE FIGURES

Certain prior year's figures have been reclassified to conform to the presentation in the present year. These reclassifications did not have any impact on the results of prior year.