

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**
For the three-month and six-month periods ended June 30, 2015



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REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders
Saudi Industrial Services Company
Jeddah, Kingdom of Saudi Arabia.

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Saudi Industrial Services Company and its subsidiaries ("collectively referred as the Group") as at June 30, 2015, the related interim consolidated statement of income for the three-month and six-month periods then ended, the interim consolidated statements of cash flows and changes in equity for the six-month period then ended and the attached notes 1 to 19 which form an integral part of these interim condensed consolidated financial statements. These interim condensed consolidated financial statements are the responsibility of the 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 review in accordance with the Auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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.

For KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
License No. 382



Ramadan 26, 1436H
Corresponding to July 13, 2015

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at June 30, 2015

(Expressed in Saudi Arabian Riyals)

	Notes	2015	2014
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	4	231,471,012	231,928,234
Accounts and other receivables		156,264,733	110,543,860
Inventories		31,952,401	21,874,038
Total current assets		419,688,146	364,346,132
Non-current assets:			
Investments	5	112,703,142	92,200,790
Property, plant and equipment	6	632,725,776	616,871,120
Intangible assets - quay project	7	1,394,905,431	1,458,098,669
Goodwill	8	8,776,761	8,776,761
		2,149,111,110	2,175,947,340
Assets classified as held for disposal	13	—	620,426
Total non-current assets		2,149,111,110	2,176,567,766
Total assets		2,568,799,256	2,540,913,898
<u>LIABILITIES AND EQUITY</u>			
Current liabilities:			
Accounts payable and other current liabilities		133,402,666	118,240,440
Current portion of long-term loans and bank facilities	9	112,030,894	106,241,802
Total current liabilities		245,433,560	224,482,242
Non-current liabilities:			
Non-current portion of long-term loans and bank facilities	9	892,120,879	990,734,036
Other long-term liabilities	7	42,372,717	35,502,842
Employees' end of service benefits		20,356,862	16,336,614
Derivative financial instruments	10	7,935,393	8,664,627
		962,785,851	1,051,238,119
Liabilities classified as held for disposal	13	—	120,980
Total non-current liabilities		962,785,851	1,051,359,099
Total liabilities		1,208,219,411	1,275,841,341
Equity attributable to the shareholders' of Parent Company			
Share capital		680,000,000	680,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		25,867,675	17,099,764
Special reserve		12,924,294	8,540,339
Other reserves		8,652,510	(634,652)
Retained earnings		156,842,719	117,715,481
Total equity attributable to the shareholders' of Parent Company		920,696,261	859,129,995
Non-controlling interests		439,883,584	405,942,562
Total equity		1,360,579,845	1,265,072,557
Total liabilities and equity		2,568,799,256	2,540,913,898

The accompanying notes 1 to 19 form an integral part
of these unaudited interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

	Notes	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
		<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Continuing Operations:					
Revenue	11	168,862,251	143,095,368	319,565,790	264,532,949
Costs of revenue		(85,501,897)	(71,220,965)	(161,253,672)	(136,343,373)
Gross profit		83,360,354	71,874,403	158,312,118	128,189,576
Selling and distribution expenses		(4,469,273)	(3,440,316)	(7,481,521)	(6,531,532)
General and administrative expenses		(28,459,261)	(27,439,798)	(64,465,083)	(53,615,009)
Operating profit		50,431,820	40,994,289	86,365,514	68,043,035
Share of results from equity accounted associates, net		2,994,113	1,901,908	4,937,280	1,600,497
Other income, net	12	579,628	1,636,713	1,039,495	7,390,302
Financial charges		(8,288,850)	(8,930,617)	(17,093,581)	(17,988,315)
Income before Zakat and non-controlling interests from Continuing Operations		45,716,711	35,602,293	75,248,708	59,045,519
Discontinued Operations:					
Net loss for the period from Discontinued Operations	13	—	(192,873)	—	(350,465)
Income before Zakat and non-controlling interests		45,716,711	35,409,420	75,248,708	58,695,054
Zakat		(3,318,766)	(1,768,590)	(6,594,570)	(4,392,420)
Income before non-controlling interests		42,397,945	33,640,830	68,654,138	54,302,634
Income attributable to non-controlling interests		(17,174,090)	(11,919,970)	(24,963,382)	(20,213,523)
Net income for the period		25,223,855	21,720,860	43,690,756	34,089,111
Earnings per share on operating profit for the period	14	0.74	0.60	1.27	1.00
Earnings per share from net income for the period	14	0.37	0.32	0.64	0.50

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of these unaudited interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)

For the six-month period ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

	Notes	2015	2014
Operating activities:			
Income before Zakat and non-controlling interests from continuing operations		75,248,708	59,045,519
Adjustments for:			
Depreciation and amortization		56,735,866	55,530,541
Provision for employees' end of service benefits		2,795,372	3,034,128
Loss / (gain) on disposal of property, plant and equipment	12	159,781	(13,550)
Share of results from equity accounted associates, net		(4,937,280)	(1,600,497)
Other provisions		6,414,767	--
Provision for doubtful debts		240,794	--
Loss from discontinued operations	13	--	(350,465)
Provision for asset replacement cost		4,993,614	4,716,654
Financial charges		17,093,581	17,988,315
		<u>158,745,203</u>	<u>138,350,645</u>
Changes in operating assets and liabilities:			
Accounts and other receivables		(55,201,616)	(7,903,532)
Inventories		(4,456,685)	(2,914,954)
Accounts payable and other current liabilities		(510,315)	3,267,727
Cash generated from operating activities		<u>98,576,587</u>	<u>130,799,886</u>
Employees' end of service benefits paid		(374,765)	(453,454)
Financial charges paid		(16,596,119)	(16,190,565)
Zakat paid		(6,705,652)	(6,190,171)
Net cash generated from operating activities		<u>74,900,051</u>	<u>107,965,696</u>
Investing activities:			
Investments in associates		--	(2,615,997)
Additions to property, plant and equipment		(28,270,621)	(32,280,064)
Proceeds from disposal of property, plant and equipment		--	265,746
Net cash used in investing activities		<u>(28,270,621)</u>	<u>(34,630,315)</u>
Financing activities:			
Net change in loans and bank facilities		(51,802,950)	(44,147,443)
Dividend and other distributions	18	(35,400,000)	--
Net movement in non-controlling interests		(1,393,968)	(6,677,870)
Net cash used in financing activities		<u>(88,596,918)</u>	<u>(50,825,313)</u>
Net change in cash and cash equivalents		(41,967,488)	22,510,068
Cash and cash equivalents at the beginning of the period		<u>273,438,500</u>	<u>209,418,166</u>
Cash and cash equivalents at the end of the period	4	<u>231,471,012</u>	<u>231,928,234</u>
Non-cash supplementary information:			
Change in fair value of derivative financial instruments	10	<u>(1,147,703)</u>	<u>(2,256,947)</u>

The accompanying notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

	Equity attributable to the shareholders' of the Parent Company						
	Share capital	Share premium	Statutory reserve	Special reserve	Other reserves		
					Effect of reducing the ownership percentage in a subsidiary	Cash flow hedging reserve	Unrealized gain on available for sale investment
Balance at January 1, 2015	680,000,000	36,409,063	21,498,599	10,739,756	4,653,218	(4,144,715)	8,836,068
Net income	--	--	--	--	--	--	--
Transfer to reserves	--	--	4,369,076	2,184,538	--	--	--
Dividend paid (note 18)	--	--	--	--	--	--	--
Other distributions (note 18)	--	--	--	--	--	--	--
Net movement in non-controlling interests	--	--	--	--	--	--	--
Change in fair value of derivative financial instrument (note 10)	--	--	--	--	--	--	--
Balance at June 30, 2015	680,000,000	36,409,063	25,867,675	12,924,294	4,653,218	(4,836,776)	8,836,068
Balance at January 1, 2014	680,000,000	36,409,063	13,690,853	6,835,883	4,653,218	(3,923,156)	--
Net income	--	--	--	--	--	--	--
Transfer to reserves	--	--	3,408,911	1,704,456	--	--	--
Net movement in non-controlling interests	--	--	--	--	--	--	--
Change in fair value of derivative financial instrument (note 10)	--	--	--	--	--	--	--
Balance at June 30, 2014	680,000,000	36,409,063	17,099,764	8,540,339	4,653,218	(5,287,870)	--

The accompanying notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Industrial Services Company ("the Company" or "the Parent Company" or "SISCO") is a joint stock company incorporated in accordance with Saudi Arabian Regulations for Companies under the Ministry of Commerce Resolution No. 223 of Rabi Al Awal 7, 1409 H (corresponding to October 18, 1988) and registered under Commercial Registration No. 4030062502 dated Rabi Al Thani 10, 1409H (corresponding to November 20, 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 is investment and management of subsidiaries.

The registered head office of the Company is located at the following address:

Saudi Business Center
P. O. Box 14221,
Jeddah 21424,
Kingdom of Saudi Arabia.

These interim consolidated financial statements include assets, liabilities and the results of the operations of the Company and its following subsidiaries ("the Group"):

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Principal activities</u>
		<u>2015</u>	<u>2014</u>	
Saudi Trade and Export Development Company Limited ("Tusdeer")	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 Limited	Saudi Arabia	60%	60%	Water desalination and treatment plant and sale of water.
Support Services Operation Limited Company ("ISNAD")	Saudi Arabia	99.28%	99.28%	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 ("RSGT")	Saudi Arabia	60.6%	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.
Red Sea Port Development Company – Closed Joint Stock Company ("RSPD")	Saudi Arabia	60.6%	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia and the Accounting Standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants (SOCPA).

Functional and presentation currency

These accompanying interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is the functional currency of the Group.

The interim results may not be an indicator of the annual results of the Group. These interim condensed consolidated financial statements should be read in conjunction with the latest annual audited consolidated financial statements of the Group.

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

Accounting convention

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for available for sale investments and derivative financial instruments which are measured at fair value, using accrual basis of accounting and going concern assumption.

Use of estimates and judgements

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 future periods affected. The key areas requiring significant management judgements and estimates are as follows:

Impairment of accounts receivable and other current assets

An estimate of the collectible amount of 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.

Provision for slow moving inventory items

The Group makes a provision for slow moving inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of period.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATION (continued)

Use of estimates and judgements (continued)

Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable in part or full. Whenever the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognized in the interim consolidated statement of income. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment of available for sale investments

The Group exercises judgement to consider the impairment of available for sale investments as well as their underlying assets. This includes the assessment of objective evidence which causes other than temporary decline in the value of investments. Any significant and prolonged decline in the fair value of equity investment below its cost is considered as objective evidence for the impairment. The determination of what is 'significant' and 'prolonged' requires judgement. The Group also considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. Impairment losses once recognized are not reversible.

Impairment of intangible assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which 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 lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses once recognized are not reversible.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going concern basis.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATION (continued)

Use of estimates and judgements (continued)

Provision for equipment replacement cost

Provision for equipment replacement cost is assessed periodically based on the Build, Operate and Transfer Agreement and is discounted at a date reflective of the term of the obligation.

Impairment of non-financial assets

The Group assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies used 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:

Basis of consolidation

These interim consolidated financial statements include the financial statements of the Company and its subsidiaries as set out in note 1.

Subsidiaries

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, the right to variability of return from its involvement with the investee and its ability to affect those returns through its power over the investee, is considered. The financial statements of subsidiaries, which are prepared for the same reporting period as the Parent Company using consistent accounting policies, 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 interim condensed consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Non-controlling interests

The Group applies a policy of treating transactions with non-controlling interest transactions with parties external to the Group. Disposals to non-controlling interests, if any, result in gains and losses for the Group that are recorded in the interim consolidated statement of income if control is lost. Purchase of non-controlling interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less.

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.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Provision is made where necessary for obsolete and slow moving inventories.

Investment in associates

The Group's investment in associates is accounted for under the equity method of accounting. There are entities over which the Group exercises significant influence and which is neither a subsidiary nor a joint venture. Investment in associates are carried in the interim consolidated balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value based on its latest financial statements at each reporting date. The interim consolidated statement of income reflects the Group's share of the results of its associate. Where there has been a change recognized directly in the equity of associate, the Group recognizes its share of any changes and discloses this when applicable in the interim consolidated statement of changes in equity. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. The financial statements of the associates are prepared for the same period as the Parent Company.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Dividends are recorded when received and credited to the investment.

Available for sale investments

Investments purchased neither with the intention of being held to maturity nor for trading purposes are designated as available for sale investments and initially recorded at cost and subsequently measured at fair value. Unrealised gains and losses reported as a separate component of equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity, is included in the interim consolidated statement of income for the period.

Fair value is determined by reference to the market value in the open market. If fair value is not available, cost is considered to be the most appropriate objective and reliable measurement of the fair value of investments.

Dividend income is recognized when the right to receive the dividend is established.

Property, plant and equipment

Free hold land is not depreciated. The development cost of leasehold land and the buildings constructed thereon is amortized over the shorter of estimated useful life or the remaining period of lease net of accumulated depreciation and any impairment in value. Property, plant and equipment and property and equipment of the quay project 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. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare those assets for its intended use.

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

The estimated economic useful lives of assets are as follows:

Buildings	Shorter of lease period or 10 - 40 years
Leasehold improvements	Shorter of lease period or 35 years for bonded and re-export projects, 10 years for Quay projects and 5 years for others.
Plant and equipment	7 - 25 years
Desalination plants, water filling stations and accessories	8 - 21 years
Machinery and equipment	8 - 25 years
Motor vehicles and tankers	4 - 10 years
Fixtures and furnishing	2 - 10 years
Computers and equipment	2 - 7 years

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(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Capital work-in-progress

Capital work-in-progress is measured at cost less impairment losses, if any, and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

Intangible asset - quay project

Port concession rights

The Group's port terminal operations are conducted pursuant to a long-term concession arrangement. The Group recognises port concession rights arising from a service concession arrangement, in which the public sector ("the grantor") controls or regulates the services provided, the prices charged and also controls any significant residual interest in the infrastructure such as property and equipment if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

The Group has adopted the guidance in International Financial Reporting Standards which is included in IFRIC 12 – Service concession arrangements ("IFRIC 12") issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board to account for the costs incurred for the construction of container terminal (port concession rights) as there is no related guidance available under accounting standards issued by SOCPA. Pursuant to IFRIC 12, costs incurred under service concession arrangements are recognized as an intangible asset.

The port concession rights include all costs incurred towards construction of the container terminal. The port concession rights are stated at cost, less amortization of cost over the useful lives of the assets from the date of commencement of operations and impairment losses, if any.

Right to use land

Right to use land is measured on initial recognition at cost. Following initial recognition, right to use land is carried at cost less any accumulated amortisation and any accumulated impairment losses. Right to use land is amortized over the concession period on straight line basis.

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 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.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

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 interim consolidated statement of income.

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. Deferred charges for which future economic benefits are certain and evident are stated at cost less amortization using straight line method over seven years and impairment losses, if any.

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.

Employees' end of service benefits

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

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources embodying will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-Zakat rate that reflects, where appropriate, current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Derivative financial instruments

The Group is using Profit Rate Swap contracts as hedging instruments to hedge its exposure to the variability in cash flows arising from profit payments on Ijara Facilities obtained from banks. Hedging instruments are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured at fair value. Hedging instrument is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

For the purpose of hedge accounting, hedging instrument is classified as cash flow hedge. The effective portion of the gain or loss on the hedging instrument is recognised directly in shareholders' equity in hedging reserve, while any ineffective portion is recognised immediately in the interim consolidated statement of income in financial charges.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documents include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed in an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Amount recognised in equity is transferred to the interim consolidated statement of income when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognized.

Revenue recognition

Sale is recognized when the goods are delivered and when risk and rewards are transferred. Lease revenue from leased spaces and warehouses is recognised over respective lease periods. Lease revenue relating to subsequent years is deferred and recognised in appropriate years.

Service revenue represents the invoiced value of services rendered by the Group during the period, net of trade discounts and Saudi Arabian Seaports Authority's ("SEAPA") share of revenue and are recognized when the amount of revenue can be measured reliably, on rendering of services to customers.

Construction revenue pertaining to construction of Port terminal is recognized using the percentage of completion method. Percentage of completion is determined by comparison of costs incurred to date with estimated total costs. When it is probable that the total costs will exceed the total contract revenue, the expected loss is recognized immediately.

Lease revenue from leased spaces and warehouses is recognised over respective lease periods. Lease revenue relating to subsequent years is deferred and recognised as income over future periods.

Expenses

Selling and distribution expenses are those arising from the Group's efforts underlying their marketing, selling and distribution functions. All other expenses, except cost of sales and operations, are classified as general and administration expenses. Allocations of common expenses between cost of revenue and selling and distribution, general and administration expenses, when required, are made on a consistent basis.

Finance costs

Finance costs except for those, that are directly attributable to the construction of an asset are capitalised using capitalised rate up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed, are charged to the interim consolidated statement of income.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Operating lease payments are recognized as an expense in the interim consolidated statement of income on a straight-line basis over the lease term.

Zakat

The Company and its subsidiaries are subject to the requirements of Saudi Arabian Zakat and Income Tax Department. Zakat provision is charged to the interim consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are recorded in Saudi Arabian Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the interim balance sheet date. All differences are taken to the interim consolidated statement of income. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate at the date of initial recognition.

Foreign operations

Assets and liabilities of foreign consolidated subsidiaries are converted into Saudi Arabian Riyals at the exchange rates in effect at the balance sheet date. The equity components of foreign subsidiaries with the exception of retained earnings of subsidiaries are translated at the exchange rates in effect at the dates the related items originated. The elements of foreign subsidiaries' income statements are translated using the weighted-average exchange rate for the period. Adjustments resulting from the translation of foreign subsidiaries' financial statements into Saudi Arabian Riyals are reported as a separate component of equity (foreign currency translation reserve) attributable to shareholders of the Company in the interim condensed consolidated financial statements.

Assets and liabilities classified as held for disposal and discontinued operations

Non-current assets, or a disposal group comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in the interim consolidated statement of income. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets and liabilities classified as held for disposal and discontinued operations (continued)

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on abandonment or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the interim consolidated balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the interim consolidated statement of income unless required or permitted by generally accepted accounting principles in Kingdom of Saudi Arabia.

Segmental reporting

A segment is a distinguishable component of the Group 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. As the Group carries out its business activities mainly in the Kingdom of Saudi Arabia, reporting is provided by business segment only (see note 16).

4. CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
Cash on hand	468,555	432,071
Cash at banks	145,002,457	211,496,163
Murabaha term deposits with maturity of 3 months or less	<u>86,000,000</u>	<u>20,000,000</u>
	<u>231,471,012</u>	<u>231,928,234</u>

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

5. INVESTMENTS

	<u>2015</u>	<u>2014</u>
Available for sale investment - unquoted	18,406,218	9,570,150
Investment in associates (see note 'a' below)	94,296,924	82,630,640
	<u>112,703,142</u>	<u>92,200,790</u>

a) The investment in associates comprises the following:

<u>Associates</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Shareholding percentage</u>	<u>2015</u>	<u>2014</u>
- International Water Distribution Company Limited	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	45,812,439	43,076,400
- Saudi Water and Environmental Services Company (see note 'i' below)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	29.4%	18,196,748	15,557,583
- Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.33%	19,728,341	13,314,208
- Stork Technical Services Saudi Arabia limited	Maintenance and operations of power, oil, gas, desalination and petrochemical plants and calibration of machinery and electrical equipment	Kingdom of Saudi Arabia	45%	6,971,341	2,250,000
- Xenmet SA, Vaduz (see note 'ii' below)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	3,588,055	8,432,449
				<u>94,296,924</u>	<u>82,630,640</u>

- i) Saudi Water and Environmental Services Company is 49% (2014: 49%) owned by Kindasa Water Service Company (Subsidiary) which is 60% owned by the Parent Company (2014: 60%).
- ii) Xenmet SA, Vaduz is 25% (2014: 25%) owned by Saudi Trade and Export Development Company Limited, which is 76% owned by the Parent Company (2014: 76%).

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

	<u>2015</u>	<u>2014</u>
Property, plant and equipment	263,561,088	289,270,953
Property, plant and equipment of bonded and re-export project	197,657,674	195,602,244
Property and equipment – quay project	<u>171,507,014</u>	<u>131,997,923</u>
	<u>632,725,776</u>	<u>616,871,120</u>

During the quarter ended June 30, 2015, additions amounting to SR 13.31 million (2014: 16.75 million) have been made to property, plant and equipment.

7. INTANGIBLE ASSETS – QUAY PROJECTS

Saudi Trade and Export Development Company (Tusdeer) (“parent of RSGT”) had an agreement with Saudi Arabian Seaport Authority (“SEAPA”) for the construction of a container terminal at the re-export zone of Jeddah Islamic Port. This Build-Operate-Transfer (“BOT”) Service Concession Agreement with SEAPA has been novated by Tusdeer to RSGT, effective from Shawal 22, 1428H (corresponding to November 3, 2007), and the duration of this agreement is 32 years. As per the BOT agreement, at the end of the concession period, the property and equipment underlying the quay project’s intangible assets shall be transferred to SEAPA.

Provision for equipment replacement cost

As per the BOT agreement with SEAPA, RSGT (one of the subsidiaries of the Company) has an obligation to replace certain machinery and equipment (the “Equipment”) during the tenure of the agreement. The management of RSGT has estimated that RSGT will be required to incur an amount of SR 304.9 million (2014: SR 304.9 million) to replace the Equipment. As at June 30, 2015, an amount of SR 42.11 million (2014: SR 30.7 million) has been recorded as provision for equipment replacement cost. For discounting purposes, the management uses annualized rate of 3.3082% (2014: 3.7625%).

8. GOODWILL

Goodwill of SR 8.8 million (2014: SR 8.8 million) was recognised on acquisition of Kindasa Water Services Company, a subsidiary.

During the six-month period ended June 30, 2015, goodwill has been reviewed for impairment and the management has ascertained that no impairment is required.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

9. LONG-TERM LOANS AND BANK FACILITIES

- 9.1 During 2003, Kindasa signed an agreement with Saudi Industrial Development Fund ("SIDF") for obtaining a loan of SR 64.5 million to finance the extension of the desalination plant. The loan is secured by the mortgage over Kindasa's property and equipment and personal guarantees from its shareholders. The loan agreement include certain covenants such as limiting rents, capital expenditure, dividends and maintenance of certain financial ratios. The loan is repayable in semi-annual installments with maturity of up to July 2017.
- 9.2 During 2007, RSGT entered into an Ijara arrangement with two banks to obtain a loan of SR 1,271 million. The Ijara facility is secured by the assets of RSGT. The remaining amount of loan is being repaid in six monthly installments, ending in December 2023. The loan bears commission rate of SIBOR plus an agreed margin.
- 9.3 During 2013, Tusdeer entered into an agreement for a long-term loan facility with a commercial bank up to a maximum aggregate amount of SR 35 million. The loan carries commission at commercial rates and is repayable in eight equal half yearly instalments. The loan is secured by assigning rights of the rental income and through promissory notes. The loan is repayable in semi-annual installments with maturity of up to December 2017.
- 9.4 In previous years, Kindasa obtained long-term Murabaha finance from local commercial bank. The loan was received in 5 different periods, bearing a Murabaha rate from 4.8% to 6.1% per annum. The purpose of the Murabaha financing was to finance a project for Kindasa. The loan is repayable in quarterly installments with maturity of up to May 2016.
- 9.5 During 2013, Kindasa entered into an agreement for a long-term loan facility with a commercial bank up to a maximum aggregate amount of SR 6 million. The loan carries commission at commercial rates and is repayable in quarterly instalments with maturity of up to December 2016.

The installments payable in the next twelve months are shown as current liabilities.

10. DERIVATIVE FINANCIAL INSTRUMENTS

During 2012, a subsidiary "Red Sea Gateway Terminal Company Limited" entered into a Profit Rate Swap contract with a commercial bank to hedge its exposure to the variability in cash flows arising from profit payments on Ijara facilities obtained from banks. The negative fair value of this instrument as at June 30, 2015 is SR 7.76 million (2014: SR 8.42 million). The maturity date of the instrument is September 30, 2017.

During 2013, a subsidiary "Saudi Export Development Company Limited" entered into a Profit Rate Swap contract to hedge its exposure to the variability in cash flows arising from profit payments on long-term loan facilities obtained from banks. The negative fair value of this instrument as at June 30, 2015 is SR 0.18 million (2014: SR 0.24 million). The maturity date of the instrument is December 31, 2017.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

For the purposes of hedge accounting, hedging instrument is classified as a cash flow hedge. The fair value and notional amount of the hedge are as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Negative Fair Value</u>	<u>Notional Amount</u>	<u>Negative Fair Value</u>	<u>Notional Amount</u>
Profit Rate Swap	<u>7,935,393</u>	<u>650,741,174</u>	<u>8,664,627</u>	<u>698,784,219</u>

Movement in derivative financial instruments is as follows:

	<u>2015</u>	<u>2014</u>
Balance at the start of the period	<u>6,787,990</u>	6,407,680
Change in fair value	<u>1,147,403</u>	<u>2,256,947</u>
Balance at the end of the period	<u>7,935,393</u>	<u>8,664,627</u>

11. REVENUE

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Shipping and unloading services	<u>110,844,958</u>	91,096,180	<u>207,320,598</u>	165,972,756
Rentals and support services	<u>24,722,245</u>	23,878,017	<u>49,783,804</u>	46,140,052
Sale of potable water	<u>28,430,053</u>	23,632,094	<u>53,147,900</u>	42,918,630
Fuel, transport and support services	<u>4,864,995</u>	4,489,077	<u>9,313,488</u>	9,501,511
Total	<u>168,862,251</u>	<u>143,095,368</u>	<u>319,565,790</u>	<u>264,532,949</u>

12. OTHER INCOME / (EXPENSES), NET

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
(Loss) / profit on sale of property, plant and equipment	<u>(145,252)</u>	--	<u>(159,781)</u>	13,550
Other income (see note 'a' below)	<u>724,880</u>	1,636,713	<u>1,199,276</u>	7,376,752
Total	<u>579,628</u>	<u>1,636,713</u>	<u>1,039,495</u>	<u>7,390,302</u>

a) In the year ended December 31, 2014, other income included an amount of SR 5.7 million pertaining to compensation received against claims made in prior years.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

13. ASSETS AND LIABILITIES HELD FOR DISPOSAL

During 2013, the Board of Directors of Bahr Kindasa had decided to liquidate the entity and appointed a liquidator to perform the liquidation. Accordingly, during 2014, Bahr Kindasa Water Services Company Limited was liquidated and the remaining assets and liabilities of the entity were distributed between the shareholders in accordance with their percentage of shareholding.

Results of the discontinued operation were as follows:

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Expenses incurred and net loss for the period from Discontinued Operation	--	(192,873)	--	(350,465)
Assets classified as held for disposal		<u>2015</u>		<u>2014</u>
Property, plant and equipment		--		600,000
Accounts and other receivables		--		20,426
Total assets		--		620,426
Liabilities classified as held for disposal				
Accounts and other payables		--		110,926
Employees' end of service benefits		--		10,054
Total liabilities		--		120,980

14. EARNINGS PER SHARE

Earnings per share from operating profit for the period is calculated by dividing operating profit by the weighted average number of outstanding shares during the period. Earnings per share has been calculated on operating profit attributable to the Group (including non-controlling interests).

Earnings per share from net income for the period is calculated by dividing the net income attributable to the equity holders of the Parent Company for the period by the weighted average number of outstanding shares during the period.

The calculation of diluted earnings per share is not applicable to the Company.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

15. COMMITMENTS AND CONTINGENCIES

- 15.1 The Department of Zakat and Income Tax ("DZIT") has raised assessments for the years ended December 31, 2002 through 2008 with additional liability of SR 25.8 million. The Company filed an objection against the DZIT's assessment. The Preliminary Objection Committee ("POC") rendered its decision on the Company's objection reducing the assessed liability to SR 3.9 million. The appeal is now with the Higher Appeal Committee ("HAC"). Moreover, DZIT raised initial assessments for the year ended December 31, 2010, 2011 and 2012 with an additional liability of SR 1.3 million. The Company has filed an objection against the DZIT's initial assessment.
- 15.2 At June 30, 2015, the Group's bankers have issued letters of guarantee of SR 35.37 million (2014: SR 36.37 million) against which cash margin of SR 14 million (2014: SR 15 million) was paid.
- 15.3 As at June 30, 2015, the Group has commitments for capital work in progress of SR 60 million (2014: SR 36 million) relating to capital expenditures.

16. BUSINESS SEGMENTS

The Group has the following main business segments:

- Fuel station and maintenance
- Port development and Quay project
- Sea water desalination
- Storage and re-export
- Corporate office: Consists of operation activities and investment activities.

These form the basis of internal management reporting of main business segments.

Following are the assets, liabilities, sales and result of such segments as at and for the period ended June 30:

	Port develop- ment and quay projects (SR'000)	Storage and re-export (SR'000)	Sea water desalination (SR'000)	Fuel stations and maintenance (SR'000)	Corporate office (SR'000)	Total (SR'000)
2015						
Assets	1,762,563	300,401	277,383	23,561	204,891	2,568,799
Liabilities	1,064,481	59,798	49,673	3,795	30,472	1,208,219
Revenue	207,321	49,784	53,148	9,313	—	319,566
Net income / (loss) before non- controlling interest	46,251	27,594	4,643	(3,505)	(6,329)	68,654
Net income / (loss) for the period	30,441	20,189	2,894	(3,505)	(6,329)	43,690

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

16. BUSINESS SEGMENTS (continued)

	Port develop- ment and quay projects (SR'000)	Storage and re-export (SR'000)	Sea water desalination (SR'000)	Fuel stations and maintenance (SR'000)	Corporate office (SR'000)	Total (SR'000)
2014						
Assets	1,740,495	302,812	283,893	22,603	191,111	2,540,914
Liabilities	1,128,809	63,980	51,662	3,400	27,990	1,275,841
Revenue	165,972	46,140	42,919	9,502	--	264,533
Net income / (loss) before non- controlling interest	27,376	24,776	10,890	(2,730)	(6,009)	54,303
Net income / (loss) for the period	17,328	18,870	6,630	(2,730)	(6,009)	34,089

The Group mainly operates in the Kingdom of Saudi Arabia.

17. RELATED PARTY TRANSACTIONS AND BALANCES

- a) Parties are considered to be related if one party has the ability to control the other party or exercise significant influence on the other party in making financial and operating decisions.

Related parties include the shareholder, directors, associated companies and key management personnel of the Group. Pricing policies and terms of these transactions are approved by the Company's Board of Directors.

Related party transactions mainly represent services, expenses and other transactions which are undertaken at mutually agreed terms and approved by the board of directors.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015

(Expressed in Saudi Arabian Riyals)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant related party transactions for the six-month period June 30, 2015 are described as under:

<u>Related party</u>	<u>Nature of transaction</u>	<u>2015</u>		<u>2014</u>	
		<u>Amount of transaction</u>	<u>Balance receivable / (payable)</u>	<u>Amount of transaction</u>	<u>Balance receivable / (payable)</u>
International Water Distribution Company Limited	Sales of goods and services	28,884,296	10,740,950	24,064,505	9,717,301
	Services rendered to associate	382,334	1,566,828	369,750	989,123
Karam Fedics	Purchase of goods and services	5,187,272	(850,000)	6,319,971	(1,651,178)
Saudi Water and Environmental Services Company Limited	Sale of goods and services	608,065	623,139	605,196	386,705
	Advances	—	—	1,960,000	3,432,798
Ali Reza Travel and Tourism Company Limited	Purchase of goods and services	618,512	(481,405)	1,145,948	(573,149)
Xenel Industries Limited	Expenses incurred on behalf of Group	790,179	(275,434)	941,381	(296,340)
Water and Environmental Services Company Limited	Purchase of goods and services	14,627,903	(3,513,809)	5,548,229	(3,087,079)
Stork Technical Services Saudi Arabia Limited	Payments made by Group on behalf of affiliate	3,119,892	370,423	--	261,922
Aecom Arabia Limited	Payments made by Group for services obtained on behalf of affiliate	--	--	--	220,322
	Expense incurred on behalf of the Group	--	--	26,720	(114,726)
	Purchase of goods and services	93,533	--	--	--
Al Jabr Talke Company Limited	Loans and advances	1,222,275	3,867,591	151,601	6,299,617

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2015
(Expressed in Saudi Arabian Riyals)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Remuneration

Remuneration, compensation and bonuses of the key management personnel / executive directors and attendance fee and bonuses of Board Directors and members of Board Committees paid during the six-month period June 30, 2015 was approximately SR 12,848,604 (2014: SR 10,284,693).

18. DIVIDEND AND DISTRIBUTION

In the Annual General Meeting of the Company held on 5 May 2015, the shareholders authorized a final dividend of SR 0.5 per share (2013: SR Nil) amounting to SR 34 million (2013: SR Nil) and remuneration to Board of Directors amounting to SR 1.4 million (2013: SR Nil), which was appropriated from the retained earnings and paid during the period.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised to issue by the Board of Directors on Ramadan 26, 1436H, corresponding to July 13, 2015.