

**Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)**

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016  
TOGETHER WITH AUDITOR'S LIMITED REVIEW REPORT**



**Crowe Horwath**

**Al Azem & Al Sudairy**  
CPA's & Consultants  
Member Crowe Horwath International

Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)

INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016

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RASMY GERGUIS AWAD  
CHIEF FINANCIAL OFFICER



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ENGR. ABDULELAH SAAD ALDREES  
CHIEF EXECUTIVE OFFICER



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for HAMAD MOHAMMAD ALDREES  
CHAIRMAN OF BOARD OF DIRECTORS

**AUDITORS' REPORT ON THE REVIEW OF INTERIM  
FINANCIAL STATEMENTS**

**TO: SHAREHOLDERS OF  
AL DREES PETROLEUM AND TRANSPORT SERVICES COMPANY  
(A Saudi Joint Stock Company)**

**Scope of Examination:** We have examined the accompanying Interim balance sheet of **Al drees Petroleum And Transport Services Company (A Saudi Joint Stock Company)** as of September 30, 2016 and the related interim statements of income for nine and three months period ended September 30, 2016 and interim cash flows for nine months period then ended, and the notes from (1) to (14) which are an integral part of these interim financial statements. These interim financial statements are the responsibility of the Company's management and were submitted to us together with all the information and explanations which we requested.

Our examination was limited for the Interim financial statements and was conducted in accordance with the Saudi Organization for Certified Public Accountants standard on interim financial statements. The limited examination consists principally of analytical procedures applied to financial data and inquiries of the Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit 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 limited review, we are not aware of any material modifications that should be made to the interim financial statements to be in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia.

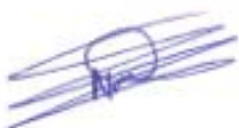


**AlAzem & AlSudairy  
Certified Public Accountants**



**Salman B. AlSudairy  
License No. 283**

16 Muharam 1438H (October 17, 2016)  
Riyadh, Saudi Arabia



Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016

( in Saudi Riyals)

	Notes	2016	2015
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalent		49,949,288	141,245,618
Trade accounts receivable, net		301,820,303	208,123,485
Accrued income		45,875,225	33,026,270
Inventory, net		43,361,516	27,644,667
Prepaid expenses		201,960,241	162,864,683
Due from related party		4,180,372	4,509,271
Other assets		85,897,605	37,201,780
<b>TOTAL CURRENT ASSETS</b>		<b>733,044,550</b>	<b>614,615,774</b>
<b>NON CURRENT ASSETS</b>			
Investment of joint venture	3	500,000	500,000
Deferred cost		17,462,532	22,842,524
Property and equipment		769,577,680	741,348,185
<b>TOTAL NON CURRENT ASSETS</b>		<b>787,540,212</b>	<b>764,690,709</b>
<b>TOTAL ASSETS</b>		<b>1,520,584,762</b>	<b>1,379,306,483</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short term loans	4	315,228,073	139,000,000
Current portion of long term loans	4	63,040,976	70,417,757
Trade payable		257,221,969	280,702,942
Accrued expenses and other liabilities		141,668,901	134,459,360
Provision for zakat estimated	7	6,354,950	3,231,752
<b>TOTAL CURRENT LIABILITIES</b>		<b>783,514,869</b>	<b>627,811,811</b>
<b>NON CURRENT LIABILITES</b>			
Long term loans	4	47,969,775	94,056,223
Employees' end-of-service indemnities		51,763,573	47,404,512
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>99,733,348</b>	<b>141,460,735</b>
<b>TOTAL LIABILITIES</b>		<b>883,248,217</b>	<b>769,272,546</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	400,000,000	400,000,000
Statutory reserve		90,985,875	80,115,615
Retained earnings		146,350,670	129,918,322
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>637,336,545</b>	<b>610,033,937</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,520,584,762</b>	<b>1,379,306,483</b>

The accompany from (1) to (14) are integrated part of these financial statements



Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)  
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2016  
( in Saudi Riyals)

	Notes	For the three month period ended		For the nine month period ended	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
Revenue		851,644,892	566,531,278	2,592,023,129	1,710,491,730
Cost of revenue		(803,221,531)	(510,203,576)	(2,426,806,199)	(1,523,648,499)
<b>GROSS PROFIT</b>		<b>48,423,361</b>	<b>56,327,702</b>	<b>165,216,930</b>	<b>186,843,231</b>
<b>EXPENSES</b>					
Selling and marketing		(2,701,640)	(1,286,138)	(6,315,721)	(4,335,592)
General and administration		(21,893,337)	(23,346,371)	(70,924,583)	(71,432,722)
<b>INCOME FROM OPERATIONS</b>		<b>23,828,384</b>	<b>31,695,193</b>	<b>87,976,626</b>	<b>111,074,917</b>
Financial charges		(4,284,781)	(2,490,505)	(10,029,881)	(7,671,293)
Gain of joint venture	3	-	3,855,460	-	2,980,460
Other income, net	8	27,852	552,558	1,095,314	8,690,060
<b>INCOME BEFORE ZAKAT</b>		<b>19,571,455</b>	<b>33,612,706</b>	<b>79,042,059</b>	<b>115,074,144</b>
Zakat		(1,050,000)	(1,300,000)	(3,300,000)	(4,000,000)
<b>NET INCOME FOR THE PERIOD</b>		<b>18,521,455</b>	<b>32,312,706</b>	<b>75,742,059</b>	<b>111,074,144</b>
<b>Earnings per share from:</b>					
Income from operations	9	0,60	0,79	2,20	2,78
Net income	9	0,46	0,81	1,89	2,78

The accompany from (1) to (14) are integrated part of these financial statements

**Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)**

**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

For the nine months period ended 30 September 2016  
( in Saudi Riyals)

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Income before zakat estimated	79,042,059	115,074,144
<b>Adjustment for:</b>		
Depreciation	50,610,691	45,463,733
Amortisation of deferred costs	4,647,645	5,223,595
Share in (Gain) of joint venture	-	(2,980,460)
Loss (Gain) on sale of property and equipment	809,326	(7,407,276)
Provision for employees' end-of-service indemnities	5,564,037	10,233,166
	<u>140,673,758</u>	<u>165,606,902</u>
Changes in operating assets and liabilities:		
Trade accounts receivable	(93,375,902)	(58,589,511)
Accrued income	(26,507,912)	(3,939,602)
Inventories	(14,167,516)	(2,532,136)
Prepaid expenses	(27,793,439)	(28,879,543)
Other assets	(38,113,080)	(5,663,694)
Due from a related party	(810,043)	12,500,000
Trade payables	103,621,389	134,847,904
Accrued expenses and other liabilities	5,567,584	13,841,172
	<u>49,094,839</u>	<u>227,191,492</u>
<b>Cash from operations</b>	<b>49,094,839</b>	<b>227,191,492</b>
Zakat paid	(1,162,865)	(3,648,856)
Employees' end-of-service indemnities paid	(2,598,146)	(3,367,354)
	<u>45,333,828</u>	<u>220,175,282</u>
<b>Net cash provided from operating activities</b>	<b>45,333,828</b>	<b>220,175,282</b>
<b>INVESTING ACTIVITIES</b>		
Investment of joint venture	-	22,000,000
Deferred costs	(700,000)	(6,319,056)
Purchase of property and equipment	(85,324,483)	(56,283,694)
Proceeds from sale of property and equipment	709,404	19,695,326
	<u>(85,315,079)</u>	<u>(20,907,424)</u>
<b>Net cash used in investing activities</b>	<b>(85,315,079)</b>	<b>(20,907,424)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short term loans	1,776,100,000	1,241,000,000
Repayment of short term loans	(1,585,872,026)	(1,237,141,887)
Proceeds from long term loans	19,000,000	141,943,064
Repayment of long term loans	(56,197,619)	(157,384,893)
Board of directors' remunerations	(1,400,000)	(1,400,000)
Dividends paid	(80,000,000)	(80,000,000)
	<u>71,630,355</u>	<u>(92,983,716)</u>
<b>Net cash provided by (used in) financing activities</b>	<b>71,630,355</b>	<b>(92,983,716)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>31,649,104</b>	<b>106,284,142</b>
<b>CASH AND CASH EQUIVALENT, at 1 January</b>	<b>18,300,184</b>	<b>34,961,476</b>
<b>CASH AND CASH EQUIVALENT, AT 30 SEPTEMBER</b>	<b>49,949,288</b>	<b>141,245,618</b>

The accompany from (1) to (14) are integrated part of these financial statements

**Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

At 30 September 2016

**1-ORGANISATION AND ACTIVITIES**

Aldrees Petroleum and Transport Services Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration No. 1010002475 issued in Riyadh on 13 Rabi Al-Thani 1382H (corresponding to 12 September 1962).

The Company's objectives, as per its commercial registration, include retail and wholesale trading of fuel, lubricants, catering services and the transportation of goods using highways in the Kingdom of Saudi Arabia according to license number 10111012400, establishment of vehicle workshops and car washes and acquisition of land to construct buildings for sale or lease for the interest of the Company and construction, managing, operating and renting take away centres for hot and cold beverages and food.

**2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying interim financial statements have been prepared in accordance with Standard on Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The significant accounting policies summarized below that were adopted in the preparation of the interim financial statements, are in conformity with those described in the annual audited financial statements for the year ended 31 December 2015. The interim financial statements and the accompanying notes should be read in conjunction with the annual audited financial statements and the related notes for the year ended 31 December 2015.

**Accounting convention**

These interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting.

**Use of estimates**

The preparation of interim financial statements in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia, 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 interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**Revenue recognition**

Revenue from sales is recognized when goods are delivered and services are rendered to customers. Rental income is recognized on a straight line basis over the term of the lease.

**Cash and cash equivalents**

Cash and cash equivalents consists of bank balances, cash on hand, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less appropriate allowance for any doubtful trade accounts receivable. An estimate for allowance for doubtful trade accounts receivable is made when collection of the full amount is doubtful. Bad debts are written off as incurred.

**Accrued income**

Accrued income comprise of revenue earned for services provided and goods delivered but not yet billed as at the interim balance sheet date.

**Inventories**

Inventories are stated at the lower of cost or estimated net realizable value. Cost is determined using the weighted average cost method. An appropriate provision is made for obsolete and slow moving inventories, if required.

**Prepaid expenses**

Prepaid expenses represent amounts paid in advance for renting petrol stations, offices, employees housing and other services. Prepaid expenses are amortized, using the straight line method, over the period of the related contracts.



Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)  
At 30 September 2016

2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Investment*

*Investment in jointly controlled entity*

A joint venture is contractual arrangements whereby the Company and other parties undertake an economic activity that is subject to joint control, i.e the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each party has an interest are referred to as "jointly controlled entities". The Company applies the equity method of accounting for its interests in jointly controlled entities.

Under the equity method, the interest in the jointly controlled entity is carried in the interim balance sheet at cost as adjusted by post-incorporation changes in the Company's share of the net assets of the jointly controlled entity, less any impairment in the value of individual investment.

*Deferred costs*

Deferred costs represent key money paid for renting new petrol stations in the Kingdom of Saudi Arabia. Deferred costs are amortized, using the straight line method, over the period of the contracts.

*Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Lease hold improvements are amortized over the shorter of the estimated useful life or term of the lease. The rates of depreciation of the principal classes of assets are as follows:

	<i>Percentage</i>
Buildings	3
Leasehold improvements	shorter of lease period/useful life
Machinery and equipment	10
Furniture and fixtures	10
Trucks	7.14 with 20% salvage value
Vehicles	15 - 25
Computers	12.5 - 25
Tools	12-20

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

*Impairment*

The Company periodically reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash generating unit which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as expenses immediately in the interim statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior year. A reversal of an impairment loss is recognized as income immediately in the interim statement of income.



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 30 September 2016

**2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Trade payable and accrued expenses***

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

***Provisions***

Provisions are recognised 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.

***Unearned revenue***

Unearned revenue represents advances received against prepaid petrol cards issued by the Company that have not been utilized by customers at the interim balance sheet date and unearned rental income received in advance.

***Zakat***

Zakat is provided on accrual basis in accordance with the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. The zakat provision is charged to the interim statement of income. Any differences resulting from the final assessments are recorded in the year of their finalization.

***Employees' end-of-service indemnities***

Employees' end-of-service indemnities required by Saudi Arabia labor law are provided in the interim financial statements based on the employee's length of service.

***Loans and borrowings***

Loans and borrowings are recognised at the proceeds value received by the Company.

***Statutory reserve***

As required by Saudi Arabian Regulations for Companies, 10% of the income for the year should be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution.

***Foreign currency transactions***

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. At interim balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at exchange rates prevailing on that date. Gains and losses arising on settlement and translation are recognised in the interim statement of income.

***Operating leases***

Lease of property and equipment under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the interim statement of income on a straight-line basis over the period of the lease.

***Borrowing costs***

Borrowing costs that are directly attributable to the construction of an asset are capitalised up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the interim statement of income.

***Expenses***

Selling and marketing expenses principally comprise of costs incurred in the marketing of the Company's products and services. All other expenses are classified as general and administrative expenses.

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 30 September 2016

**2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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.

*Offsetting*

Financial assets and liabilities are offset and the net amount reported in the interim 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 expense is not offset in the interim statement of income unless required or permitted by generally accepted accounting principles in Kingdom of Saudi Arabia.

**3-INVESTMENTS OF JOINT VENTURE**

- A. On 28 August 2012, the Company signed a joint venture (JV) agreement with Emirates National Oil Company ("ENOC") through one of ENOC's wholly owned subsidiary for the purpose of establishing a Saudi limited liability company to engage in acquisition, leasing, construction, operation and maintenance of modern fuel stations on highways and in selected cities in the Kingdom of Saudi Arabia.

On 15 July 2015, the Company sold all its shares in United Fuel Company ("UNIFCO") to Emirates National Oil Company ("ENOC") with a consideration of SR 22,500,000 and realized gain amounting of SR 3,855,460 which recognized in interim statement of income.

- B. On 21 Safar 1434 (corresponding to 3 January 2013), the Company has signed a joint venture (JV) agreement with Bertschi AG, an entity incorporated in Switzerland, to establish a jointly controlled entity namely Aldrees Bertschi to provide logistic services. During the period ended 30 September 2015, the Company and co-venture have made a contribution of SR 500,000 each towards the establishment of the jointly controlled entity.

The apparent balance in the balance sheet for the period ended 30 September 2016 with an amount of SR 4,180,372 (2015: 4,509,271) for Bertschi AG, the Swiss company .

The following is the movement in the investments account.

	UNIFCO	Bertschi AG	Total	Total
	2016	2016	2016	2015
	SR	SR	SR	SR
At the beginning of the period	-	500,000	500,000	19,519,540
Additions	-	-	-	500,000
Disposals	-	-	-	(22,500,000)
Gain of joint venture	-	-	-	2,980,460
At 30 September	-	500,000	500,000	500,000

**Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 30 September 2016

**4-LOANS**

In the normal course of business, the Company has obtained Islamic long term and short term facilities from various local commercial banks amounting to SR 1,790 million (2015: SR 1,642 million). These facilities include advances in the current account, short term and long term Tawarruq loans, notes payable, letters of guarantee against the advance payments and contracts performance. The Company has unutilized facilities amounting to SR 571 million (2015: SR 881 million). The following is the details of outstanding balance as of 30 September:

- a) Due to bank outstanding were amounting to SR 315,228,073 (2015: SR 139,000,000).  
b) Long term loans consist of the following:

Bank	Type of facilities	Facility amount in SR		Utilized amount in SR		Outstanding Balance in SR		Purpose	Repayment frequency	Repayment	
		2016	2015	2016	2015	2016	2015			Starting date	Ending date
Al Rajhi	Long term murabaha loan	-	60,000,000	-	60,000,000	-	-	Acquisition of trucks and fuel stations	Quarterly	27 March 2012	19 September 2015
Riyad	Revolving long term tawarruq loan	90,000,000	90,000,000	73,532,000	73,532,000	1,598,850	11,224,926	Finance the operations	Monthly	31 March 2009	29 March 2017
Samba Financial Group	Revolving Long term tawarruq loan	100,000,000	100,000,000	45,352,500	45,352,500	15,255,156	26,593,281	Finance the working capital and acquisition of property and equipment	Quarterly	29 December 2013	17 June 2018
Gulf International Bank	Long term tawarruq loan	75,000,000	75,000,000	26,657,850	26,657,850	-	1,125,000	Finance the working capital and acquisition of property and equipment	Quarterly/ Monthly	17 September 2012	31 March 2016
Al Bilad Bank	Revolving long term tawarruq loan	100,000,000	125,000,000	100,000,000	125,000,000	94,156,745	121,030,773	Acquisition of trucks and fuel stations	Monthly	4 July 2012	14 July 2019
National Commercial Bank	long term tawarruq loan	30,000,000	30,000,000	18,000,000	18,000,000	-	4,500,000	Acquisition of trucks	Quarterly	28 May 2013	27 May 2016
		<b>395,000,000</b>	<b>480,000,000</b>	<b>263,542,350</b>	<b>348,542,350</b>	<b>111,010,751</b>	<b>164,473,980</b>				

The above facilities bear finance charges at SIBOR plus agreed margins and are secured by promissory notes issued by the Company. Certain of the above facilities are also secured by assignment of contracts proceeds. The loan agreements referred to above includes financial covenants relating to current ratio, liabilities to total equity ratio, net gearing ratio, debt service coverage ratio and total shareholders' equity.



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 30 September 2016

**5-SHARE CAPITAL**

The Company's share capital at 30 September 2016 amounted to SR 400 million (2015: SR 400 million) consisting of 40 million (2015: 40 million) fully paid and issued share of SR 10 each.

**6-DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATIONS**

The general assembly in its meeting on 22 Jumada Awal 1437H (corresponding to 2 March 2016) has approved to distribute cash dividends amounting to SR 80 million representing SR 2 per share representing 20% of the Company's share capital before increase and to disburse remunerations for the Company's Board of Directors amounting to SR 1.4 million.

**7-PROVISION FOR ZAKAT ESTEMATED**

*Status of assessment*

The Company has filed its zakat declaration for all years up to 31 December 2015. The assessments have been finalized with the Department of Zakat and Income Tax (the "DZIT") for all years up to 31 December 2007. The DZIT has raised an assessment amounting to SR 10.7 million for the years ended 31 December 2008, 2009 and 2010. The Company has contested against the assessment with the DZIT. The management believes that the final outcome of the assessment will be in the company favour, which comply with the zakat advisory opinion, and accordingly, the Company has not provided for any potential additional liability, which might arise from the assessment and also from potential assessment of open years in these financial statements. The assessments for the years ended 31 December 2011 to 2015 have not been raised by the DZIT, as yet.

**8-OTHER INCOME**

During the period ended 30 September 2015, the Company sold one of its petrol division stations for SR 14 Million resulting in a gain amounting to SR 6.3 Million. Which is the main component of other income.

**9-EARNINGS PER SHARE**

Earnings per share attributable to income from operations and net income was calculated by dividing income from operations and net income for the period by the weighted average number of outstanding shares of 40 million as of 30 September 2016.

**10-COMMITMENTS AND CONTINGENCIES**

- a) At 30 September 2016, the Company has outstanding contingent liabilities in the form of letters of guarantee amounting to SR 792,8 million (2015: SR 457 million).

In addition, the company has capital commitments as at 30 September 2016 amounting to SR 151.3 million (2015: SR 28.5 million).

- b) The expenses under operating leases for the period ended 30 September 2016 amounted to SR 169.2 million (2015: SR 155.8 million) and included in the cost of revenues.

The Company has commitment under the related operating lease as follows:

	2016 SR	2015 SR
Within one	152,780,420	155,946,420
More than one year	1,274,791,318	1,059,229,938

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 30 September 2016

**11-SEGMENTAL INFORMATION**

Since the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only. The Company has determined its business segments on the basis of type of goods supplied and services rendered by the Company's business segments and reported to the Company's executive management for the purposes of resource allocation and assessment of segment performance.

Transactions between the business segments are based on an arm length basis. For executive management purposes, the Company is organized in the following business segments:

- Petroleum Service Segment
- Transport Services Segment

The selected segment information is provided by business segments as follows:

	<i>Petroleum service</i> SR	<i>Transport Services</i> SR	<i>Intercompany eliminations</i> SR	<i>Total</i> SR
<i>As of 30 September 2016</i>				
Total assets	983,169,076	643,287,360	(105,871,674)	1,520,584,762
Total liabilities	644,445,667	344,674,224	(105,871,674)	883,248,217
Revenue	2,460,537,227	193,664,603	(62,178,701)	2,592,023,129
Gross profit	110,972,389	54,244,541	-	165,216,930
Depreciation and amortization	21,406,125	33,852,211	-	55,258,336
Income from operations	64,611,873	23,364,753	-	87,976,626
Net income	58,438,247	17,303,812	-	75,742,059
Deferred cost additions	700,000	-	-	700,000
Capital expenditure additions	66,999,830	18,324,653	-	85,324,483
<i>As of 30 September 2015</i>				
Total assets	861,338,604	631,230,140	(113,262,261)	1,379,306,483
Total liabilities	551,225,791	331,309,016	(113,262,261)	769,272,546
Revenue	1,539,925,097	221,062,046	(50,495,413)	1,710,491,730
Gross profit	107,789,018	79,054,213	-	186,843,231
Depreciation and amortization	19,123,939	31,563,389	-	50,687,328
Income from operations	63,645,971	47,428,946	-	111,074,917
Net income	69,035,400	42,038,744	-	111,074,144
Deferred cost additions	6,319,056	-	-	6,319,056
Capital expenditure additions	24,829,700	31,453,994	-	56,283,694

**12-INTERIM RESULTS**

The results of operations for the interim periods may not be an accurate indication of the results of the full year operations.

**13-COMPARATIVE FIGURES**

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period.

**14-APPROVAL OF INTERIM FINANCIAL STATEMENTS**

The interim financial statements were approved by the Board of Directors on 16 Muharam 1438H (October 17, 2016)