

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

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013



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

INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

INDEX	PAGE
Auditors' limited review report	1
Interim balance sheet	2
Interim statement of income	3
Interim statement of cash flows	4
Notes to the interim financial statements	5 – 11



RASMY GERGUIS AWAD
CHIEF FINANCIAL OFFICER



ENGR. ABDULELAH SAAD ALDREES
CHIEF EXECUTIVE OFFICER



HAMAD MOHAMMAD ALDREES
CHAIRMAN OF BOARD OF DIRECTORS

**LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE:

We have reviewed the accompanying interim balance sheet of Aldrees Petroleum and Transport Services Company - A Saudi Joint Stock Company ("the Company") as at 31 March 2013, and the related interim statements of income and cash flows for the three month period then ended. These interim financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited 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 limited review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

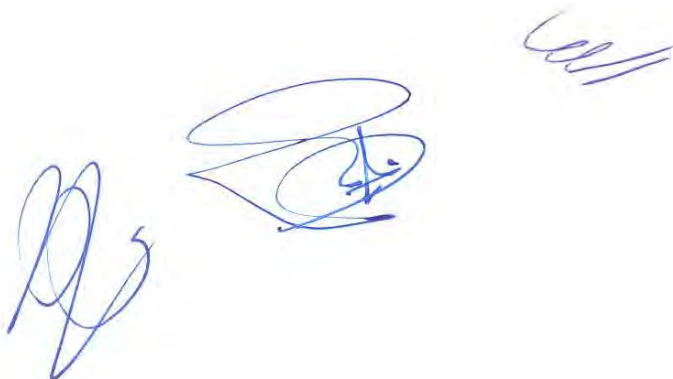
For Ernst & Young



Rashid S. AIRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 7 Jumad Thani 1434H
(17 April 2013)



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

INTERIM BALANCE SHEET (UNAUDITED)

As at 31 March 2013

All amounts in Saudi Riyals

	Notes	2013	2012
ASSETS			
CURRENT ASSETS			
Bank balances and cash		25,983,912	25,093,096
Trade accounts receivable, net		116,030,431	84,964,781
Accrued income		18,844,232	18,905,296
Inventories, net		23,509,950	22,321,990
Prepaid expenses		133,508,696	140,696,412
Other assets		40,861,976	23,353,945
TOTAL CURRENT ASSETS		358,739,197	315,335,520
NON CURRENT ASSETS			
Investment	3	5,250,000	-
Deferred cost		18,667,139	25,644,746
Property and equipment		592,055,077	535,423,397
TOTAL NON CURRENT ASSETS		615,972,216	561,068,143
TOTAL ASSETS		974,711,413	876,403,663
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short term loans	4	104,166,667	131,864,593
Current portion of long term loans	4	48,968,051	36,696,074
Trade payable		135,693,666	123,991,471
Dividend payable	6	60,000,000	50,000,000
Accrued expenses and other liabilities		80,675,308	83,305,043
Provision for zakat		2,801,151	2,476,780
TOTAL CURRENT LIABILITIES		432,304,843	428,333,961
NON CURRENT LIABILITES			
Long term loans	4	70,557,615	15,382,916
Employees' end-of-service indemnities		31,948,642	27,524,233
TOTAL NON CURRENT LIABILITIES		102,506,257	42,907,149
TOTAL LIABILITIES		534,811,100	471,241,110
SHAREHOLDERS' EQUITY			
Share capital	5	300,000,000	300,000,000
Statutory reserve		55,023,675	45,389,899
Retained earnings		84,876,638	59,772,654
TOTAL SHAREHOLDERS' EQUITY		439,900,313	405,162,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		974,711,413	876,403,663

The attached notes 1 to 11 form part of these interim financial statements

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

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three month period ended 31 March 2013

All amounts in Saudi Riyals

	<i>Notes</i>	2013	2012
Revenue		490,064,242	452,677,062
Cost of revenue		(445,204,456)	(411,545,912)
GROSS PROFIT		44,859,786	41,131,150
EXPENSES			
Selling and marketing		(1,283,328)	(1,405,077)
General and administration		(17,797,187)	(14,832,464)
INCOME FROM OPERATIONS		25,779,271	24,893,609
Financial charges		(2,364,292)	(1,884,723)
Other income		696,949	283,165
INCOME BEFORE ZAKAT		24,111,928	23,292,051
Zakat		(555,000)	(525,000)
NET INCOME FOR THE PERIOD		23,556,928	22,767,051
Earnings per share from:			
Income from operations	7	0.86	0.83
Net income	7	0.79	0.76



The attached notes 1 to 11 form part of these interim financial statements

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

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the three month period ended 31 March 2013

All amounts in Saudi Riyals

	2013	2012
OPERATING ACTIVITIES		
Income before zakat	24,111,928	23,292,051
Adjustment for:		
Depreciation	12,949,832	11,838,322
Amortisation of deferred costs	2,400,872	2,388,873
Written off deferred cost	233,541	142,500
Written off of property and equipment	-	114,305
Gain on sale of property and equipment	(396,942)	(114,363)
Provision for employees' end-of-service indemnities	3,167,264	2,652,496
	42,466,495	40,314,184
Changes in operating assets and liabilities:		
Trade accounts receivable	(13,423,400)	1,600,073
Accrued income	2,010,610	(91,164)
Inventories	(166,447)	(3,068,480)
Prepaid expenses	(11,750,991)	(15,022,974)
Other assets	(9,475,153)	7,798,780
Trade payables	3,689,172	10,484,049
Accrued expenses and other liabilities	(5,417,415)	(2,250,063)
	7,932,871	39,764,405
Cash from operations	7,932,871	39,764,405
Employees' end-of-service indemnities paid	(1,045,009)	(1,627,545)
Zakat paid	(123,151)	(15,769)
	6,764,711	38,121,091
Net cash from operating activities	6,764,711	38,121,091
INVESTING ACTIVITIES		
Investment	(5,000,000)	-
Deferred costs	(1,020,000)	(621,040)
Purchase of property and equipment	(16,979,634)	(42,738,474)
Proceeds from sale of property and equipment	2,496,981	165,795
	(20,502,653)	(43,193,719)
Net cash used in investing activities	(20,502,653)	(43,193,719)
FINANCING ACTIVITIES		
Proceeds from short term loans	257,000,000	270,277,960
Repayment of short term loans	(229,500,000)	(229,080,036)
Proceeds from long term loans	12,000,000	-
Repayment of long term loans	(15,278,989)	(30,850,615)
Board of directors' remunerations	(1,600,000)	(1,600,000)
	22,621,011	8,747,309
Net cash from financing activities	22,621,011	8,747,309
INCREASE IN BANK BALANCES AND CASH	8,883,069	3,674,681
Bank balances and cash, at 1 January	17,100,843	21,418,415
BANK BALANCES AND CASH, AT 31 MARCH	25,983,912	25,093,096
NON-CASH TRANSACTIONS:		
Vehicles purchased against notes payable	-	5,024,000
	-	5,024,000

The attached notes 1 to 11 form part of these interim financial statements

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2013

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 2012. 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 2012.

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 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.

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)

At 31 March 2013

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:

	<u>Percentage</u>
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 income statement. 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)

At 31 March 2013

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 50% 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.

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.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2013

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 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 statement of income unless required or permitted by generally accepted accounting principles in Kingdom of Saudi Arabia.

3 INVESTMENT

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. The total initial committed funding is SR 45,000,000 to be shared equally by the two parties.

The jointly controlled entity namely United Fuel Company ("UNIFCO") has been established. As of 31 March 2013, the Company and co-venturer has made a funding of SR 5,250,000 each. The balance of the payment against committed funding of SR 22,250,000 is expected to be made during the year. The JV has not yet started its commercial operations.



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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2013

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 1,450 million (2012: SR 1,315 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 831.7 million (2012: SR 787.1 million). The following is the details of outstanding balance as of 31 March:

- a) Short term loans outstanding were amounting to SR 104,166,667 (2012: SR 131,864,593).
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	
		2013	2012	2013	2012	2013	2012			Starting date	Ending date
Al Rajhi	Long term murabaha loan	60,000,000	40,000,000	60,000,000	7,600,000	46,069,484	6,966,667	Acquisition of trucks and fuel stations	Quarterly	27 March 2012	19 September 2015
Riyad	Revolving long term tawarruq loan	90,000,000	100,000,000	90,000,000	100,000,000	50,161,083	32,988,083	Finance the operations	Monthly	31 March 2009	25 September 2016
Samba Financial Group	Revolving Long term tawarruq loan	100,000,000	100,000,000	-	90,233,500	-	12,124,240	Finance the working capital and acquisition of property and equipment	Monthly	16 March 2007	30 March 2013
Gulf International Bank	Long term tawarruq loan	75,000,000	-	22,157,850	-	18,464,875	-	Finance the working capital and acquisition of property and equipment	Quarterly/ Monthly	17 September 2012	12 September 2015
Al Bilad Bank	Revolving long term tawarruq loan	100,000,000	-	6,156,000	-	4,830,224	-	Acquisition of trucks and fuel stations	Monthly	4 July 2012	4 July 2015
		<u>425,000,000</u>	<u>240,000,000</u>	<u>178,313,850</u>	<u>197,833,500</u>	<u>119,525,666</u>	<u>52,078,990</u>				

The above facilities bear finance charges at SIBOR plus an agreed margin 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, with which the Company was in compliance with most of them as of 31 March 2013 and 2012.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2013

5 SHARE CAPITAL

The Company's share capital at 31 March 2013 amounted to SR 300 million (2012: SR 300 million) consisting of 30 million (2012: 30 million) fully paid and issued share of SR 10 each.

6 DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATIONS

The general assembly in its meeting on 20 Rabi Al Akhar 1434H (corresponding to 2 March 2013) has approved to distribute cash dividends amounting to SR 60.0 million representing SR 2.0 per share and to disburse remunerations for the Company's Board of Directors amounting to SR 1.6 million

7 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 number of outstanding shares of 30 million as of 31 March 2013 (2012: 30 million shares).

8 COMMITMENTS AND CONTINGENCIES

- a) At 31 March 2013, the Company has outstanding contingent liabilities in the form of letters of guarantee amounting to SR 394.6 million (2012: SR 344 million).

Letters of guarantee were issued against cash margin amounting to SR 27,470 as of 31 March 2013 (2012: SR 25,070)

- b) The expenses under operating leases for the period ended 31 March 2013 amounted to SR 46.9 million (2012: SR 45.2 million) and included in the cost of revenues.

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

	2013 SR	2012 SR
Within one	150,172,730	143,392,800
More than one year	926,778,678	899,735,366



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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2013

9 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 segment after combining Super 2 operations in Petroleum Service Segment:

- Petroleum Service Segment
- Transport Services Segment

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

	<i>Petroleum service SR</i>	<i>Transport services SR</i>	<i>Intercompany eliminations SR</i>	<i>Total SR</i>
<i>As of 31 March 2013</i>				
Total assets	577,379,704	492,728,393	(95,396,684)	974,711,413
Total liabilities	369,857,670	260,350,114	(95,396,684)	534,811,100
Revenue	446,503,790	57,178,760	(13,618,308)	490,064,242
Gross profit	26,220,135	18,639,651	-	44,859,786
Depreciation and amortization	6,757,648	8,593,056	-	15,350,704
Income from operations	14,546,839	11,232,432	-	25,779,271
Net income	13,602,088	9,954,840	-	23,556,928
Deferred cost additions	1,020,000	-	-	1,020,000
Capital expenditure additions	2,131,619	14,848,015	-	16,979,634
<i>As of 31 March 2012</i>				
Total assets	541,158,375	420,599,387	(85,354,099)	876,403,663
Total liabilities	353,450,873	203,144,336	(85,354,099)	471,241,110
Revenue	415,887,921	48,599,405	(11,810,264)	452,677,062
Gross profit	24,465,445	16,665,705	-	41,131,150
Depreciation and amortization	6,589,444	7,637,751	-	14,227,195
Income from operations	14,589,213	10,304,396	-	24,893,609
Net income	13,503,820	9,263,231	-	22,767,051
Deferred cost additions	621,040	-	-	621,040
Capital expenditure additions	15,894,917	31,867,557	-	47,762,474

10 INTERIM RESULTS

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

11 COMPARATIVE FIGURES

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