

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
(A Saudi Joint Stock Company)  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013  
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013**

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## **LIMITED REVIEW REPORT**

October 24, 2013

To the Shareholders of Red Sea Housing Services Company  
(A Saudi Joint Stock Company)

### **Scope of review**

We have reviewed the accompanying interim consolidated balance sheet of Red Sea Housing Services Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2013 and the interim consolidated income statement for the three-month and nine-month periods ended September 30, 2013, and the interim consolidated statements of cash flows and changes in shareholders' equity for the nine-month period then ended and the related notes which form an integral part of these interim consolidated financial statements. These interim 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.

We conducted our limited review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. 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. The scope of such limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, 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.

### **Review conclusion**

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting standards generally accepted in Saudi Arabia.

PricewaterhouseCoopers

By: \_\_\_\_\_  
Omar M. Al-Sagga  
License Number 369

*PricewaterhouseCoopers, Al Hugayyet Tower, P.O. Box 467, Dhahran Airport 31932, Kingdom of Saudi Arabia  
T: +966 (13) 849-6311, F: +966 (13) 849-6281, [www.pwc.com/middle-east](http://www.pwc.com/middle-east)*

License No. 25, Licensed Partners: Omar M. Al Sagga (369), Khalid A. Mahdhar (368), Mohammed A. Al Obaidi (367), Ibrahim R. Habib (383), Yaseen A. Abu Alkheir (375), Ali A. Alotaibi (379), Bader I. Benmohareb (471)

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated balance sheet**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	As at September 30, 2013	As at December 31, 2012	As at September 30, 2012
	(Unaudited)	(Audited)	(Unaudited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	96,094	104,939	71,470
Accounts receivable	242,274	129,299	162,473
Advances to suppliers	17,469	7,665	21,622
Contract work-in-progress	150,118	169,199	165,099
Inventories	189,393	177,672	212,465
Prepayments and other receivable	27,727	27,459	33,411
	<b>723,075</b>	<b>616,233</b>	<b>666,540</b>
<b>Non-current assets</b>			
Investment properties	428,531	396,792	369,686
Property, plant and equipment	212,609	213,339	209,359
Other non-current assets (Note 1)	36,906	7,635	8,116
	<b>678,046</b>	<b>617,766</b>	<b>587,161</b>
<b>Total assets</b>	<b>1,401,121</b>	<b>1,233,999</b>	<b>1,253,701</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term bank borrowings including current portion of medium-term loans	182,065	146,471	164,728
Accounts payable	81,315	56,149	60,465
Advances from customers	21,838	14,603	21,789
Accrued and other liabilities	114,024	80,874	88,895
Provision for zakat	15,766	17,533	13,732
	<b>415,008</b>	<b>315,630</b>	<b>349,609</b>
<b>Non-current liabilities</b>			
Medium-term loans	112,500	74,634	96,566
Employee termination benefits	32,924	29,509	30,067
	<b>145,424</b>	<b>104,143</b>	<b>126,633</b>
<b>Total liabilities</b>	<b>560,432</b>	<b>419,773</b>	<b>476,242</b>
<b>Equity</b>			
Equity attributable to shareholders of the Company:			
Share capital	400,000	400,000	400,000
Statutory reserve	81,907	81,907	69,845
Retained earnings	398,087	348,829	327,825
Currency translation differences	(27,126)	(8,212)	(11,917)
Total shareholders' equity	<b>852,868</b>	<b>822,524</b>	<b>785,753</b>
Non-controlling interests	(12,179)	(8,298)	(8,294)
<b>Total equity</b>	<b>840,689</b>	<b>814,226</b>	<b>777,459</b>
<b>Total liabilities and equity</b>	<b>1,401,121</b>	<b>1,233,999</b>	<b>1,253,701</b>

**Contingencies and commitments (Note 5)**

The notes on pages 6 to 11 form an integral part of these interim consolidated financial statements.

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated income statement**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	271,603	244,474	700,475	661,924
Cost of revenues	(191,316)	(182,344)	(511,478)	(501,966)
Gross profit	80,287	62,130	188,997	159,958
<b>Operating expenses</b>				
Selling and marketing	(18,230)	(8,337)	(34,829)	(22,202)
General and administrative	(15,509)	(25,116)	(38,288)	(40,880)
Income from operations	46,548	28,677	115,880	96,876
<b>Other income (expenses)</b>				
Financial charges	(1,227)	(2,066)	(4,536)	(5,303)
Financial income	485	15	1,871	741
Other, net	1,336	848	2,548	790
Income before foreign income taxes, zakat and non-controlling interests	47,142	27,474	115,763	93,104
Foreign income taxes	(1,456)	-	(1,551)	-
Zakat	(1,675)	(2,203)	(5,785)	(5,589)
Income before non-controlling interests	44,011	25,271	108,427	87,515
Loss attributable to non-controlling interests	408	6	831	40
<b>Net income for the period</b>	<b>44,419</b>	<b>25,277</b>	<b>109,258</b>	<b>87,555</b>
<b>Earnings per share (Saudi Riyals)</b>				
Operating income	1.16	0.72	2.90	2.42
Net income for the period	1.11	0.63	2.73	2.19

The notes on pages 6 to 11 form an integral part of these interim consolidated financial statements.

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated cash flow statement**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<b>For the nine-month periods ended</b>	
	<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flow from operating activities</b>		
Net income for the period	109,258	87,555
<b>Adjustments for non-cash items</b>		
Depreciation of property, plant and equipment and investment properties	57,219	54,472
Amortization of operating lease payments	479	383
Loss (gain) from disposal of property and equipment and investment properties	67	(184)
Loss attributable to non-controlling interests	(831)	(40)
Reversal of provision for doubtful debts	(7,079)	(994)
Provision for slow moving inventories	1,348	1,096
<b>Changes in working capital</b>		
Accounts receivable	(103,406)	78,125
Advances to suppliers	(9,804)	5,648
Contract work-in-progress	19,081	(89,744)
Inventories	(13,069)	(22,979)
Prepayments and other receivable	(268)	(2,182)
Operating lease payments	(701)	(649)
Accounts payable	5,680	(31,567)
Advances from customers	7,235	9,798
Accrued and other liabilities	14,236	15,186
Provision for zakat	(5,268)	2,185
Employee termination benefits	3,415	16,509
Net cash generated from operating activities	77,592	122,618
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and investment properties	(86,954)	(28,690)
Proceeds from disposal of property and equipment and investment properties	277	1,017
Acquisition of a subsidiary	(14,519)	-
Net cash utilized in investing activities	(101,196)	(27,673)
<b>Cash flow from financing activities</b>		
Change in short-term borrowings	35,594	(31,170)
Change in medium-term loans	37,866	(49,773)
Dividends paid	(60,000)	(40,000)
Change in non-controlling interests	1,299	(2)
Net cash generated from (utilized in) financing activities	14,759	(120,945)
<b>Net decrease in cash and cash equivalents</b>	<b>(8,845)</b>	<b>(26,000)</b>
Cash and cash equivalents at beginning of period	104,939	97,470
<b>Cash and cash equivalents at end of period</b>	<b>96,094</b>	<b>71,470</b>

The notes on pages 6 to 11 form an integral part of these interim consolidated financial statements.

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated statement of changes in shareholders' equity (Unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Currency translation differences	Total
<b>January 1, 2013</b>	400,000	81,907	348,829	(8,212)	<b>822,524</b>
Net income for the period	-	-	109,258		<b>109,258</b>
Dividends (Note 4)	-	-	(60,000)	-	<b>(60,000)</b>
Currency translation differences	-	-	-	(18,914)	<b>(18,914)</b>
<b>September 30, 2013</b>	<b>400,000</b>	<b>81,907</b>	<b>398,087</b>	<b>(27,126)</b>	<b>852,868</b>
<b>January 1, 2012</b>	300,000	69,845	380,270	(8,314)	741,801
Transfer to share capital (Note 1)	100,000	-	(100,000)	-	-
Net income for the period	-	-	87,555	-	87,555
Dividends	-	-	(40,000)	-	(40,000)
Currency translation differences	-	-	-	(3,603)	(3,603)
<b>September 30, 2012</b>	<b>400,000</b>	<b>69,845</b>	<b>327,825</b>	<b>(11,917)</b>	<b>785,753</b>

The notes on pages 6 to 11 form an integral part of these interim consolidated financial statements.

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the three-month and nine-month periods ended September 30, 2013 (Unaudited)**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

**1. General information**

Red Sea Housing Services Company (the "Company") and its Subsidiaries (collectively the "Group") consists of the Company, a Saudi joint stock company, and its foreign and Saudi subsidiaries and branches as described below:

	Country of Incorporation	Effective ownership (%) as at September 30,	
		2013	2012
Red Sea Housing Services (Ghana) Limited ("RSG")	Ghana	100%	100%
SARL Red Sea Housing Services Algeria Limited ("RSA")	Algeria	98%	98%
Red Sea Housing Services Company Qatar LLC ("RSQ")	Qatar	49%	49%
Red Sea Housing Services Company Nigeria Limited ("RSN")*	Nigeria	97%	97%
Red Sea Housing Services Company Dubai FZE ("RSD")	UAE	100%	100%
Red Sea Housing Services Company Libya ("RSL")*	Libya	90%	90%
Red Sea Building Materials and Equipments Trading Company ("RSBM")	Saudi Arabia	95%	-
Premier Paints Company ("PPC")	Saudi Arabia	76.95%	-
Red Sea Housing Services (Mozambique), LDA ("RSM")*	Mozambique	99.75%	-
Red Sea Housing Services LLC ("RSO")	Oman	99.75%	-
Red Sea Housing Services Pty Ltd	Australia	100%	-

\* *These subsidiaries have not yet started commercial operations.*

The Company also has licenses to operate branches in Papua New Guinea, Abu Dhabi, Afghanistan and Equatorial Guinea. Afghanistan and Equatorial Guinea did not have any operations through September 30, 2013.

The objectives of the Group, among others, are to purchase land and real estate for the purpose of developing and improving them and to build residential and commercial buildings thereon, and to ultimately sell or lease them. The Group's objectives also include producing non-concrete residential units, general contracting, maintenance, construction of utilities and civil work. In addition, the Group is also involved in manufacturing and sale of painting materials.

The Company is incorporated in Saudi Arabia, pursuant to Ministerial Resolution No. 2532 dated 2 Ramadan 1427 H (September 25, 2006).

During 2013, the Group acquired 76.95% equity interest of PPC, a Saudi Arabian limited liability company, for a purchase consideration of Saudi Riyals 36.0 million. The excess of the purchase consideration over the preliminary fair values assigned to the net assets acquired resulted in goodwill of Saudi Riyals 29.05 million which is included in the "Other non-current assets" in the accompanying interim consolidated balance sheet as at September 30, 2013. However, the fair values of the net assets acquired are yet to be finalized by the Group management and therefore the goodwill amount is provisional as at September 30, 2013.

At September 30, 2013, property, plant and equipment of RSL include approximately Saudi Riyals 47.80 million related to facilities which are under construction in Libya. Due to the political crisis in Libya, management is continuously monitoring and assessing the carrying value of property, plant and equipment. Management has written-off Saudi Riyals 3.7 million of the assets of RSL based on the initial examination of the facilities and has created a provision of Saudi Riyals 6.3 million against any unidentified damages to the facilities.

The shareholders of the Company, in their extra ordinary general assembly meeting (EGM) held on April 18, 2012, approved to increase the Company's share capital from Saudi Riyals 300 million to Saudi Riyals 400 million, and increase the number of shares outstanding from 30 million shares to 40 million shares by issuing 1 bonus share for each 3 shares held by the shareholders on the day of the EGM.

The accompanying interim consolidated financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the Group's management to present fair interim consolidated statements of financial position, results of operations and cash flows. The interim results may not represent an accurate indication of the annual results of the Group. These interim consolidated financial statements and notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2012.

The accompanying interim consolidated financial statements were approved by the Company's Board of Directors on October 24, 2013.



**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
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**For the three-month and nine-month periods ended September 30, 2013 (Unaudited)**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

**Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

**2.1 Basis of preparation**

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting, and in compliance with the Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). Significant accounting policies adopted by the Group in the preparation of such interim consolidated financial statements are in conformity with those described in the Group's audited consolidated financial statements for the year ended December 31, 2012.

**2.2 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with generally accepted accounting principles in Saudi Arabia requires the use of certain critical 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are continually evaluated and are based on management's best knowledge of current events and actions and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results ultimately may differ from those estimates.

**2.3 Investments in subsidiaries**

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from the acquisition of subsidiaries is tested annually for impairment and carried at cost, net of impairment losses.

Inter-company transactions, balances and related unrealized gains and losses are eliminated.

**2.4 Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in producing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

**2.5 Foreign currencies**

The interim consolidated financial statements are presented in Saudi Riyals, which is the reporting currency of the Company. Foreign currency transactions are translated into Saudi Riyals at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are adjusted to reflect their Saudi Riyals equivalents as of the interim consolidated balance sheet date. Exchange adjustments, which were not significant for the period, are charged or credited to the interim consolidated income statement.

Assets and liabilities of foreign subsidiaries and branches are translated at the exchange rates in effect at the date of the interim consolidated financial statements. The components of foreign subsidiaries' equity accounts, except retained earnings, are translated at the exchange rates in effect at the dates the related items originated. The elements of foreign subsidiaries' and branches' income statements are translated using the weighted-average exchange rate for the period. Adjustments resulting from the translation of foreign subsidiaries' and branches' financial statements into Saudi Riyals are reported as a separate component of shareholders' equity.

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 (All amounts in Saudi Riyals thousands unless otherwise stated)

**2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

**2.7 Short-term deposits**

Short-term deposits include placements with banks and other short-term highly liquid investments with original maturities of more than three months but not more than one year from the purchase date.

**2.8 Accounts receivable**

Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Company will not be able to collect all amounts due according to the original terms of accounts receivable. Such provision is charged to the interim consolidated income statement and reported under "general and administrative expenses". When accounts receivable are uncollectible, they are written-off against the provision for doubtful accounts. Any subsequent recoveries of amounts previously written-off are credited against "general and administrative expenses" in the interim consolidated income statement.

**2.9 Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is determined on the weighted-average method. The cost of finished goods includes the cost of raw materials, direct labor and manufacturing overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

**2.10 Investment properties**

Properties held for long-term rental yields, which are not occupied by the Group, are carried at cost less accumulated depreciation. Land is not depreciated. Depreciation is charged to the interim consolidated income statement, using the straight-line method, to allocate the costs of the related assets to their residual values over the estimated useful lives of 2 to 20 years.

Expenditures for maintenance and repairs that do not materially extend the asset's useful life are charged to the interim consolidated income statement as and when incurred. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the interim consolidated income statement.

**2.11 Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any, except project under construction which is carried at cost. Land is not depreciated. Depreciation is charged to the interim consolidated income statements, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	<u>Number of years</u>
• Buildings and residential houses	10 - 40
• Machinery and equipment	4 - 15
• Furniture and fixtures and office equipment	4 - 5
• Motor vehicles	4 - 8

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the interim consolidated income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the interim consolidated income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
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**2.12 Impairment of non-current assets**

Property, plant and equipment, investment properties and other non-current 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 cost 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). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment losses recognized on intangible assets are not reversible.

**2.13 Borrowings**

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the interim consolidated income statement.

**2.14 Accounts payable and accruals**

Liabilities are recognized for amounts to be paid for goods received and services rendered, whether or not billed to the Group.

**2.15 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be a reliably estimated.

**2.16 Zakat and income taxes**

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Provision for zakat is charged to the interim consolidated income statement. Additional zakat payable on the finalization of the Company's assessments are accounted for when determined by the DZIT.

Foreign subsidiaries and branches are subject to income taxes in their respective countries of domicile, except RSG, which has a 10 year tax holiday period from the date of commencement of its operations up to November, 2015 and RSD, which is not subject to any zakat or income taxes in the UAE. Such income taxes are charged to the interim consolidated income statement.

**2.17 Employee termination benefits**

Employee termination benefits are accrued, in accordance with the labor and workman laws of the countries in which the Company and its subsidiaries operate, and charged to the interim consolidated income statement.

**2.18 Revenues**

Revenues from contracts are recognized on the percentage-of-completion method, measured by the percentage of actual cost incurred to-date to estimated total cost for each contract. When the contract is at an early stage and its outcome cannot be reliably estimated, revenue is recognized to the extent of costs incurred, which are considered recoverable. Contract costs include all direct material and labor costs and those indirect costs related to the contracts. Changes in cost estimates and losses on uncompleted contracts are recognized in the period they are determined. Costs and estimated earnings in excess of billings on uncompleted contracts are included in current assets as contract work-in-progress. Billings in excess of costs and estimated earnings on uncompleted contracts are included in current liabilities as advance billings.

Rental income is recognized on the accrual basis in accordance with the terms of the contracts entered into with the tenants.

**2.19 Selling, marketing, general and administrative expenses**

Selling, marketing, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting principles. Allocations between cost of revenues and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

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**(All amounts in Saudi Riyals thousands unless otherwise stated)**

**2.20 Dividends**

Dividends are recorded in the interim consolidated financial statements in the period in which they are approved by the shareholders.

**2.21 Operating leases**

Rental expense under operating leases is charged to interim consolidated income statement over the terms of the related leases. Long-term prepayments of annual rentals for operating leases related to leasehold land and lump sum consideration paid to acquire the right to lease a plot of land from a previous lessee is classified as non-current in the interim consolidated balance sheet and is amortized over the period of related lease agreements.

**2.22 Statutory reserve**

In accordance with the Regulations for Companies in Saudi Arabia, the Company is required to transfer 10% of net income for the year to a statutory reserve until such reserve equals 50% of its share capital. Such transfer is made at end of the fiscal year. The statutory reserve in the accompanying interim consolidated financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders.

**2.23 Earnings per share**

Earnings per share for the three-month and nine-month periods ended September 30, 2013 has been computed by dividing the operating income and net income for the period by the weighted average number of 40 million shares outstanding during such periods after taking the effect of the bonus shares issued in 2012 as described under Note 1.

**2.24 Reclassifications**

Certain amounts in the accompanying 2012 interim consolidated financial statements have been reclassified to conform to 2013 presentation.

**3. Segment information**

The Group's operations are principally in the following business segments:

- Manufacturing and sale of non-concrete residential and commercial buildings;
- Rentals of properties; and
- Manufacturing and sale of painting materials.

Selected financial information as of September 30, 2013 and 2012 and for the nine-month periods then ended, summarized by the above business segments, is as follows:

<b><u>2013 (Unaudited)</u></b>	<b>Non-concrete residential and commercial buildings</b>	<b>Rentals of properties</b>	<b>Painting materials</b>	<b>Total</b>
Total assets	837,264	519,853	44,004	1,401,121
Revenues	476,026	220,502	3,947	700,475
Net income (loss)	57,253	55,228	(3,223)	109,258
<b><u>2012 (Unaudited)</u></b>	<b>Non-concrete residential and commercial buildings</b>	<b>Rentals of properties</b>	<b>Painting materials</b>	<b>Total</b>
Total assets	834,950	418,751	-	1,253,701
Revenues	456,086	205,838	-	661,924
Net income	41,597	45,958	-	87,555

**RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**

**Notes to the interim consolidated financial statements**

**For the three-month and nine-month periods ended September 30, 2013 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

During the nine-month period ended September 30, 2013, approximately 60% of the total revenues from non-concrete residential and commercial buildings segment were derived from 12 customers. (2012: Approximately 62% from 9 customers)

During the nine-month period ended September 30, 2013, approximately 82% of the total revenues from rental segment were derived from 4 customers. (2012: Approximately 77% from 4 customers)

The Group's operations are conducted in Saudi Arabia, UAE, Ghana, Papua New Guinea, Algeria, Australia and certain other geographical areas. Selected financial information as of September 30, 2013 and 2012 and for the nine month periods then ended, summarized by geographic area, was as follows:

<b><u>2013 (Unaudited)</u></b>	<b>Saudi Arabia</b>	<b>UAE</b>	<b>Ghana</b>	<b>Papua New Guinea</b>	<b>Algeria</b>	<b>Australia</b>	<b>Other</b>	<b>Total</b>
Investment properties	382,669	-	-	4,787	29,333	-	11,742	428,531
Property, plant and equipment	31,930	57,167	36,324	39,077	302	-	47,809	212,609
Revenues	379,754	189,954	35,494	22,116	8,876	60,641	3,640	700,475
Net income	65,322	28,668	7,235	3,639	662	2,588	1,144	109,258
<b><u>2012 (Unaudited)</u></b>	<b>Saudi Arabia</b>	<b>UAE</b>	<b>Ghana</b>	<b>Papua New Guinea</b>	<b>Algeria</b>	<b>Australia</b>	<b>Other</b>	<b>Total</b>
Investment properties	332,543	102	-	6,421	30,620	-	-	369,686
Property, plant and equipment	9,666	53,485	37,246	57,165	483	-	51,314	209,359
Revenues	355,019	121,003	154,647	26,628	4,627	-	-	661,924
Net income (loss)	67,657	15,286	26,593	(20,436)	(1,537)	-	(8)	87,555

**4. Dividends**

The shareholders of the Company approved dividends of Saudi Riyals 1.5 per share, amounting to Saudi Riyals 60.0 million, in their meeting held on 14 Jumada II 1434 H (April 24, 2013) which were fully paid during the nine-month period ended September 30, 2013.

**5. Contingencies and commitments**

At September 30, 2013, the Group had outstanding bank guarantees and letters of credit amounting to approximately Saudi Riyals 50.7 million and Saudi Riyals 4.8 million, respectively (September 30, 2012: Saudi Riyals 86.0 million and Saudi Riyals 2.0 million, respectively), issued in the normal course of business. Also, rental commitments under operating lease contracts amounted to Saudi Riyals 33.6 million at September 30, 2013 (September 30, 2012: Saudi Riyals 41.4 million).