

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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE-MONTH PERIOD ENDED MARCH 31, 2014
AND LIMITED REVIEW REPORT**

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

	Pages
Limited review report	1
Interim consolidated balance sheet	2
Interim consolidated income statement	3
Interim consolidated cash flow statement	4
Interim consolidated statement of changes in shareholders' equity	5
Notes to the interim consolidated financial statements	6 - 12



LIMITED REVIEW REPORT

April 20, 2014

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 March 31, 2014 and the interim consolidated statements of income, cash flows and changes in shareholders' equity for the three-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.

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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)

	Note	As at March 31, 2014 (Unaudited)	As at December 31, 2013 (Audited)	As at March 31, 2013 (Unaudited)
Assets				
Current assets				
Cash and cash equivalents		132,052	185,766	111,554
Accounts receivable		209,939	179,345	147,475
Advances to suppliers		19,497	12,629	13,746
Contract work-in-progress		117,088	98,692	161,584
Inventories		214,466	191,872	180,050
Prepayments and other receivable		30,762	33,339	32,504
		<u>723,804</u>	<u>701,643</u>	<u>646,913</u>
Non-current assets				
Properties for rentals		496,138	485,731	401,303
Property, plant and equipment		210,512	205,286	213,073
Other non-current assets	1	38,791	38,968	34,507
		<u>745,441</u>	<u>729,985</u>	<u>648,883</u>
Total assets		<u>1,469,245</u>	<u>1,431,628</u>	<u>1,295,796</u>
Liabilities				
Current liabilities				
Short-term borrowings		75,222	48,932	108,925
Current portion of medium-term borrowings		88,020	87,030	86,061
Accounts payable		78,410	76,817	61,875
Advances from customers		26,724	36,836	31,187
Accrued and other liabilities		107,978	122,820	56,804
Provision for zakat and income taxes		27,265	23,621	21,925
		<u>403,619</u>	<u>396,056</u>	<u>366,777</u>
Non-current liabilities				
Medium-term borrowings		104,083	119,083	53,535
Employee termination benefits		35,531	32,984	31,847
Other non-current liabilities		22	1,138	-
		<u>139,636</u>	<u>153,205</u>	<u>85,382</u>
Total liabilities		<u>543,255</u>	<u>549,261</u>	<u>452,159</u>
Equity				
Equity attributable to shareholders of the Company:				
Share capital	1	400,000	400,000	400,000
Statutory reserve		97,184	97,184	81,907
Retained earnings	1	469,843	426,323	380,546
Currency translation adjustments		(28,960)	(28,912)	(6,840)
Total shareholders' equity		<u>938,067</u>	<u>894,595</u>	<u>855,613</u>
Non-controlling interests		<u>(12,077)</u>	<u>(12,228)</u>	<u>(11,976)</u>
Total equity		<u>925,990</u>	<u>882,367</u>	<u>843,637</u>
Total liabilities and equity		<u>1,469,245</u>	<u>1,431,628</u>	<u>1,295,796</u>
Contingencies and commitments	4			

The notes on pages 6 to 12 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)

	Note	Three-month periods ended March 31,	
		2014 (Unaudited)	2013 (Unaudited)
Revenues		268,967	205,421
Cost of revenues		(196,558)	(151,747)
Gross profit		72,409	53,674
Operating expenses			
Selling and marketing		(11,405)	(8,189)
General and administrative		(14,915)	(11,492)
Income from operations		46,089	33,993
Other income (expenses)			
Financial charges		(1,424)	(1,731)
Financial income		891	821
Other, net		1,176	632
Income before foreign income taxes, zakat and non-controlling interests		46,732	33,715
Foreign income taxes		(723)	(41)
Zakat		(2,900)	(2,050)
Income before non-controlling interests		43,109	31,624
Loss attributable to non-controlling interests		411	93
Net income for the period		43,520	31,717
Earnings per share (Saudi Riyals)	2.22		
Operating income		1.15	0.85
Net income for the period		1.09	0.79

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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)

	Three-month periods ended	
	2014	March 31,
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Net income for the period	43,520	31,717
<u>Adjustments for non-cash items</u>		
Depreciation of property, plant and equipment and properties for rentals	19,891	18,700
Amortization of operating lease payments	107	146
Gain from disposal of property and equipment and properties for rentals	(29)	(36)
Loss attributable to non-controlling interests	(411)	(93)
Provision for doubtful debts	137	-
Provision for slow moving inventories	(706)	103
<u>Changes in working capital</u>		
Accounts receivable	(30,731)	(16,206)
Advances to suppliers	(6,868)	(6,081)
Contract work-in-progress	(18,396)	7,615
Inventories	(21,888)	(2,481)
Prepayments and other receivable	2,577	(4,525)
Operating lease payments	70	(539)
Accounts payable	1,593	(13,760)
Advances from customers	(10,112)	16,584
Accrued and other liabilities	(16,006)	(22,698)
Provision for zakat and income taxes	3,644	891
Employee termination benefits	2,547	2,338
Net cash (utilized in) generated from operating activities	(31,061)	11,675
Cash flow from investing activities		
Purchase of property, plant and equipment and properties for rentals	(35,543)	(21,334)
Proceeds from disposal of property and equipment and properties for rentals	48	43
Acquisition of a subsidiary	-	(11,185)
Net cash utilized in investing activities	(35,495)	(32,476)
Cash flow from financing activities		
Increase in short-term borrowings	26,290	48,515
Proceeds from medium-term borrowings	5,000	-
Repayments of medium-term borrowings	(19,010)	(21,099)
Changes in non-controlling interests	562	-
Net cash generated from financing activities	12,842	27,416
Net change in cash and cash equivalents	(53,714)	6,615
Cash and cash equivalents at beginning of period	185,766	104,939
Cash and cash equivalents at end of period	132,052	111,554

The notes on pages 6 to 12 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
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Currency translation adjustments	Total
January 1, 2014	400,000	97,184	426,323	(28,912)	894,595
Net income for the period	-	-	43,520	-	43,520
Currency translation adjustments	-	-	-	(48)	(48)
March 31, 2014 (Unaudited)	400,000	97,184	469,843	(28,960)	938,067
January 1, 2013	400,000	81,907	348,829	(8,212)	822,524
Net income for the period	-	-	31,717	-	31,717
Currency translation adjustments	-	-	-	1,372	1,372
March 31, 2013 (Unaudited)	400,000	81,907	380,546	(6,840)	855,613

The notes on pages 6 to 12 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 period ended March 31, 2014 (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") consist of the Company, a Saudi joint stock company, and its Saudi and foreign subsidiaries and branches. The objectives of the Group, among others, are to purchase land and real estate for the purpose of developing them and to build residential and commercial buildings thereon, and to ultimately sell or lease them. The Group's objectives also include manufacturing 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 a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No 2055006105, pursuant to Ministerial Resolution No. 2532 dated 2 Ramadan 1427 H (September 25, 2006). The registered address of the Company is P.O Box 1531, Jubail 31951, Saudi Arabia.

The accompanying interim consolidated financial statements include the accounts of the Company and its following subsidiaries, operating under individual commercial registrations:

	<u>Country of incorporation</u>	<u>Effective ownership (%) at March 31,</u>	
		<u>2014</u>	<u>2013</u>
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	100%	100%
Red Sea for Specialized Investments Company ("RSSI")*	Saudi Arabia	100%	-
Premier Paints Company ("PPC")	Saudi Arabia	81%	81%
Red Sea Housing Services (Mozambique), LDA ("RSM")*	Mozambique	100%	-
Red Sea Housing Services LLC ("RSO")	Oman	100%	-
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. Abu Dhabi, Afghanistan and Equatorial Guinea did not have any operations through March 31, 2014.

During 2013, the Group acquired 81% equity interest of PPC, a Saudi Arabian limited liability company. The excess of the purchase consideration, amounting to Saudi Riyals 13.69 million, over the preliminary fair values assigned to the Group's share of net liabilities of Saudi Riyals 17.28 million, acquired resulted in a goodwill of Saudi Riyals 30.97 million which is included in the "Other non-current assets" in the accompanying interim consolidated balance sheet as at March 31, 2014. However, the fair values of the net liabilities acquired are yet to be finalized by the Group management and therefore the goodwill amount is provisional as at March 31, 2014. The purchase consideration has been paid and net liabilities assumed by the Group for acquisition of the operations of PPC, including the customers' base and knowhow.

At March 31, 2014, property, plant and equipment of RSL represents facilities which are under construction in Libya, with a carrying value of Saudi Riyals 41.86 million (2013: Saudi Riyals 45.10 million), net of impairment loss of Saudi Riyals 6.3 million (Saudi Riyals 6.3 million). Due to the political crisis in Libya, management is continuously monitoring and assessing the carrying value of property, plant and equipment.

The accompanying interim consolidated financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Group's management to present a fair statement of the financial position, results of operations and cash flows. The interim results of the operations for the three-month period ended March 31, 2014 may not represent a proper indication for the annual results of operations. 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, 2013.

The accompanying interim consolidated financial statements were approved by the Company's Board of Directors on April 20, 2014.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2. 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 interim consolidated 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, 2013.

2.2 Critical accounting estimates and judgments

The preparation of interim consolidated 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 reporting date of the interim consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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 control is transferred to the Group and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. 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 acquisition of subsidiaries is reported under "Other non-current assets" in the balance sheet. Goodwill is tested annually for impairment and carried at cost, net of impairment losses.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated.

2.4 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of operations of which are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information of which is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.5 Foreign currency translations

(a) Reporting currency

These interim consolidated financial statements are presented in Saudi Riyals which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the interim consolidated income statement.

(c) Group companies

The results and financial position of foreign subsidiaries and branches having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

- (i) assets and liabilities for each balance sheet presentation are translated at the closing exchange rate at the date of the interim consolidated balance sheet;
- (ii) income and expenses for each income statements are translated at average exchange rates for the period; and
- (iii) components of the equity accounts, except retained earnings are translated at the exchange rates in effect at the dates of the related items originated.

Cumulative adjustments resulting from the translations of the financial statements of the foreign subsidiaries and associates into Saudi Riyals are reported as a separate component of equity.

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 Accounts receivable

Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision against doubtful debts 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 debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the interim consolidated income statement.

2.8 Inventories

Inventories are carried 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.

2.9 Properties for rentals

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 4 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.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month period ended March 31, 2014 (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.10 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 statement, 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.

2.11 Impairment of non-current assets

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 goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date. 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 the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the interim consolidated income statement. Impairment losses recognized on intangible assets are not reversible.

2.12 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.

2.13 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.

2.14 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.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.15 Zakat and income taxes

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Income tax provision related to the foreign shareholders in such subsidiaries is charged to the non-controlling interests. Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the interim consolidated income statement. Additional zakat payable, if any, at 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.

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties, including dividend payments to foreign shareholders of the Saudi Arabian subsidiaries, if any, in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.16 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the interim consolidated income statement. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the interim consolidated balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile.

2.17 Revenues

Revenues from sale of goods are recognized upon delivery of products.

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. Billings in excess of costs incurred and estimated earnings, if any, are included in current liabilities.

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

2.18 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.

2.19 Dividends

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

2.20 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.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2014 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.21 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.

2.22 Earnings per share

Earnings per share for the three-month periods ended March 31, 2014 and 2013 has been computed by dividing the operating income and net income for such periods by the weighted average number of 40 million shares outstanding during such periods.

2.23 Reclassifications

Certain amounts in the accompanying 2013 interim consolidated financial statements have been reclassified to conform to 2014 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 March 31, 2014 and 2013 and for the three-month periods then ended, summarized by the above business segments, is as follows:

<u>2014 (Unaudited)</u>	Non-concrete residential and commercial buildings	Rentals of properties	Painting materials	Total
Total assets	816,600	600,792	51,853	1,469,245
Revenues	177,956	87,553	3,458	268,967
Net income (loss)	25,323	20,304	(2,107)	43,520

<u>2013 (Unaudited)</u>	Non-concrete residential and commercial buildings	Rentals of properties	Painting materials	Total
Total assets	792,774	471,022	32,000	1,295,796
Revenues	133,486	71,864	71	205,421
Net income	14,459	17,868	(610)	31,717

During the three-month period ended March 31, 2014, approximately 62% of the total revenues from non-concrete residential and commercial buildings segment were derived from 7 customers. (2013: approximately 55% from 8 customers).

During the three-month period ended March 31, 2014, approximately 76% of the total revenues from rental segment were derived from 3 customers. (2013: approximately 76% from 4 customers).

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

Notes to the interim consolidated financial statements

For the three-month period ended March 31, 2014 (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 March 31, 2014 and 2013 and for the three-month periods then ended, summarized by geographic area, is as follows:

<u>2014 (Unaudited)</u>	Saudi Arabia	UAE	Ghana	Papua New Guinea	Algeria	Australia	Other	Total
Properties for rentals	444,081	9,399	-	3,433	28,571	-	10,654	496,138
Property, plant and equipment	43,145	50,146	35,410	32,654	392	597	48,168	210,512
Revenues	135,790	91,986	10,070	9,825	2,876	16,713	1,707	268,967
Net income	20,459	18,562	669	2,356	276	893	305	43,520
<u>2013 (Unaudited)</u>	Saudi Arabia	UAE	Ghana	Papua New Guinea	Algeria	Australia	Other	Total
Properties for rentals	354,209	11,660	-	5,498	29,936	-	-	401,303
Property, plant and equipment	22,357	51,711	37,270	49,968	369	-	51,398	213,073
Revenues	123,729	56,161	14,524	7,668	3,339	-	-	205,421
Net income (loss)	24,497	5,757	909	390	166	-	(2)	31,717

4. Contingencies and commitments

At March 31, 2014, the Group had outstanding bank guarantees and letters of credit amounting to approximately Saudi Riyals 10.4 million and Saudi Riyals 37.5 million, respectively (2013: Saudi Riyals 66.0 million and Saudi Riyals 3.5 million, respectively), issued in the normal course of business. Also, rental commitments under operating lease contracts amounted to Saudi Riyals 30.0 million at March 31, 2014 (2013: Saudi Riyals 42.0 million).