

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

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

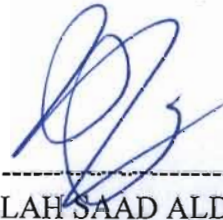
Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

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RASMY GERGUIS AWAD
CHIEF FINANCIAL OFFICER



ENGR. ABDULELAH SAAD ALDREES
CHIEF EXECUTIVE OFFICER



HAMD 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 30 September 2012, and the related interim statement of income for the three month and nine month periods ended 30 September 2012 and interim statements of cash flows for the nine 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. AlRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 27 Dhul-Qadah 1433H
(13 October 2012)

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

INTERIM BALANCE SHEET (UNAUDITED)

As at 30 September 2012

All amounts in Saudi Riyals

	Notes	2012	2011
ASSETS			
CURRENT ASSETS			
Bank balances and cash		118,635,134	107,584,953
Trade accounts receivable		115,223,220	93,439,685
Accrued income		17,329,506	18,892,722
Inventories		21,893,793	17,848,233
Prepaid expenses		125,316,672	130,227,365
Other assets		30,340,537	25,691,407
TOTAL CURRENT ASSETS		428,738,862	393,684,365
NON CURRENT ASSETS			
Deferred cost		21,924,940	29,784,389
Property and equipment		576,676,698	500,695,130
TOTAL NON CURRENT ASSETS		598,601,638	530,479,519
TOTAL ASSETS		1,027,340,500	924,163,884
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short term facilities	3	89,166,667	113,094,668
Current portion of long term loans	3	56,570,315	47,911,156
Trade payable		232,354,548	201,027,570
Accrued expenses and other liabilities		81,887,869	83,324,245
Provision for Zakat		1,921,960	1,532,655
TOTAL CURRENT LIABILITIES		461,901,359	446,890,294
NON CURRENT LIABILITES			
Long term loans	3	82,145,616	41,105,126
Employees' end-of-service indemnities		29,062,083	25,741,392
TOTAL NON CURRENT LIABILITIES		111,207,699	66,846,518
TOTAL LIABILITIES		573,109,058	513,736,812
SHAREHOLDERS' EQUITY			
Share capital	4	300,000,000	250,000,000
Statutory reserve		50,296,788	40,756,351
Retained earnings		103,934,654	119,670,721
TOTAL SHAREHOLDERS' EQUITY		454,231,442	410,427,072
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,027,340,500	924,163,884

The attached notes 1 to 10 form part of these interim financial statements

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

INTERIM STATEMENT OF INCOME (UNAUDITED)

All amounts in Saudi Riyals

	Notes	For the three month period ended		For the nine month period ended	
		30 September 2012	30 September 2011	30 September 2012	30 September 2011
Revenue		462,239,403	423,921,445	1,388,654,259	1,250,179,062
Cost of revenue		(421,130,500)	(383,165,088)	(1,261,143,856)	(1,128,560,707)
GROSS PROFIT		41,108,903	40,756,357	127,510,403	121,618,355
EXPENSES					
Selling and marketing		(1,253,003)	(1,638,741)	(4,019,874)	(4,623,551)
General and administration		(15,079,371)	(14,665,596)	(44,616,807)	(42,856,753)
INCOME FROM OPERATIONS		24,776,529	24,452,020	78,873,722	74,138,051
Financial charges		(2,041,740)	(2,026,730)	(6,099,428)	(6,176,128)
Other income, net		425,200	94,392	636,646	2,119,212
INCOME BEFORE ZAKAT		23,159,989	22,519,682	73,410,940	70,081,135
Zakat		(525,000)	(495,000)	(1,575,000)	(1,485,000)
NET INCOME FOR THE PERIOD		22,634,989	22,024,682	71,835,940	68,596,135
Earnings per share from:					
Income from operations	6	0.83	0.82	2.63	2.48
Net income	6	0.76	0.74	2.40	2.29

The attached notes 1 to 10 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 nine month period ended 30 September 2012

All amounts in Saudi Riyals

	2012	2011
OPERATING ACTIVITIES		
Income before zakat	73,410,940	70,081,135
Adjustment for:		
Depreciation	36,512,628	32,623,041
Amortisation of deferred costs	7,162,408	7,119,093
Written off deferred cost	176,923	3,043,848
Gain on sale of property and equipment	(327,172)	(1,314,022)
Provision for employees' end-of-service indemnities	4,856,966	5,012,992
	<u>121,792,693</u>	<u>116,566,087</u>
Changes in operating assets and liabilities:		
Trade accounts receivable	(28,658,366)	(20,628,935)
Accrued income	1,484,626	(5,686,392)
Inventories	(2,640,283)	1,854,539
Prepaid expenses	356,766	(19,759,472)
Other assets	812,188	(7,316,672)
Trade payables	116,343,126	51,636,384
Accrued expenses and other liabilities	1,356,763	18,504,858
	<u>210,847,513</u>	<u>135,170,397</u>
Cash from operations	210,847,513	135,170,397
Employees' end-of-service indemnities paid	(2,294,165)	(3,621,732)
Zakat paid	(1,620,589)	(1,269,636)
	<u>206,932,759</u>	<u>130,279,029</u>
Net cash from operating activities	206,932,759	130,279,029
INVESTING ACTIVITIES		
Deferred costs	(1,709,192)	(10,228,858)
Purchase of property and equipment	(116,405,570)	(47,663,726)
Proceeds from sale of property and equipment	5,712,398	3,268,773
	<u>(112,402,364)</u>	<u>(54,623,811)</u>
Net cash used in investing activities	(112,402,364)	(54,623,811)
FINANCING ACTIVITIES		
Proceeds from short term facilities	640,277,960	581,824,000
Repayment of short term facilities	(641,777,962)	(473,896,000)
Proceeds from long term loans	110,342,690	-
Repayment of long term loans	(54,556,364)	(42,873,983)
Dividends paid	(50,000,000)	(50,000,000)
Board of directors' remunerations	(1,600,000)	(1,600,000)
	<u>2,686,324</u>	<u>13,454,017</u>
Net cash from financing activities	2,686,324	13,454,017
INCREASE IN BANK BALANCES AND CASH	97,216,719	89,109,235
Bank balances and cash, at 1 January	21,418,415	18,475,718
BANK BALANCES AND CASH, AT 30 SEPTEMBER	118,635,134	107,584,953
NON-CASH TRANSACTIONS:		
Vehicles purchased against notes payable	2,504,000	-

The attached notes 1 to 10 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 30 September 2012

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.

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 initial committed capital investment is SR 45,000,000 to be shared equally by the two parties. The JV Company will be run by an independent management team composed of representatives from both parties. As of 30 September 2012, the Company is in process of completing the legal formalities to establish the jointly controlled entity.

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 2011. 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 2011.

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.



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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Accounts 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.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Company is subject to the regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. The provision is charged to the interim statement of income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

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.

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.

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.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 2012

3 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 1,300 million (2011: SR 1,135 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 SR726.5 million (2011: SR 583.8 million). The following is the details of outstanding balance as of 30 September:

- a) Short term loans outstanding were amounting to SR 89,166,667 (2011: SR 113,094,668).
b) Long term loans consist of the following:

<u>Bank</u>	<u>Type of facilities</u>	<u>Facility amount in SR</u>		<u>Utilized amount in SR</u>		<u>Outstanding Balance in SR</u>		<u>Purpose</u>	<u>Repayment frequency</u>	<u>Repayment</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>			<u>Starting date</u>	<u>Ending date</u>
Al Rajhi	Long term murabaha loan	60,000,000	40,000,000	60,000,000	-	56,170,290	-	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	90,000,000	90,000,000	50,574,167	65,211,292	Finance the operations	Monthly	31 March 2009	25 September 2016
Samba Financial Group	Revolving Long term tawarruq loan	100,000,000	100,000,000	100,000,000	100,000,000	3,986,334	23,804,990	Finance the working capital and acquisition of property and equipment	Monthly	16 March 2007	3 September 2013
Gulf International Bank	Long term tawarruq loan	75,000,000	-	34,307,850	-	22,157,850	-	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	10,000,000	-	6,156,000	-	5,827,290	-	Acquisition of trucks and fuel stations	Monthly	4 July 2012	4 July 2015

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 30 September 2012 and 2011.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 2012

4 SHARE CAPITAL

On 17 Rabi Al Akhar 1433H (corresponding to 10 March 2012), the shareholders approved an increase in the share capital from SR 250 million to SR 300 million through distribution of one bonus share for every five shares held.

The Company's share capital at 30 September 2012 amounted to SR 300 million (2011: SR 250 million) consisting of 30 million (2011: 25 million) fully paid and issued share of SR 10 each.

5 DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATIONS

The general assembly in its meeting on 4 Rabi Al Akhar 1433H (corresponding to 10 March 2012) has approved to distribute cash dividends amounting to SR 50.0 million representing SR 2.0 per share representing 20% of the Company's share capital before the increase and to disburse remunerations for the Company's Board of Directors amounting to SR 1.6 million

6 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 30 million as of 30 September 2012 (2011: 25 million shares). The number of shares has been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

7 COMMITMENTS AND CONTINGENCIES

- a) At 30 September 2012, the Company has outstanding contingent liabilities in the form of letters of guarantee amounting to SR 346 million (2011: SR 349 million).

Letters of guarantee were issued against cash margin amounting to 47,720 as of 30 September 2012 (2011: SR 361,510)

- b) The expenses under operating leases for the period ended 30 September 2012 amounted to SR 130.5 million (2011: SR 124 million) and included in the cost of revenues.

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

	2012 SR	2011 SR
Within one	146,570,730	136,947,800
More than one year	924,636,866	842,490,366



Aldrees Petroleum and Transport Services Company
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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 2012

8 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. There are no material internal segment revenues in the nine month period ended 30 September 2012 and 2011. Revenue reported below represents revenue generated from external customers.

For executive management purposes, the Company is organized in the following business segments:

- Petroleum Service Segment
- Transport Services Segment
- Super 2 Segment

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

	<i>Petroleum Service SR</i>	<i>Transport SR</i>	<i>Super 2 SR</i>	<i>Intercompany Eliminations SR</i>	<i>Total SR</i>
<i>As of 30 September 2012</i>					
Total assets	609,427,431	471,349,527	2,454,163	(55,890,621)	1,027,340,500
Total liabilities	394,280,716	231,647,550	3,071,413	(55,890,621)	573,109,058
Revenue	1,268,980,355	154,048,034	2,320,519	(36,694,649)	1,388,654,259
Gross profit	72,180,944	54,612,231	717,228	-	127,510,403
Depreciation and amortization	19,863,147	23,618,764	193,125	-	43,675,036
Income from operations	44,063,433	34,918,237	(107,948)	-	78,873,722
Net income	40,439,172	31,510,157	(113,389)	-	71,835,940
Deferred cost additions	1,709,192	-	-	-	1,709,192
Capital expenditure additions	29,712,051	89,059,148	138,371	-	118,909,570
<i>As of 30 September 2011</i>					
Total assets	587,216,367	399,762,725	3,700,234	(66,515,442)	924,163,884
Total liabilities	394,213,858	181,803,860	4,234,536	(66,515,442)	513,736,812
Revenue	1,142,778,317	135,683,472	2,929,686	(31,212,413)	1,250,179,062
Gross profit	72,956,848	47,617,863	1,043,644	-	121,618,355
Depreciation and amortization	18,061,089	21,490,403	190,642	-	39,742,134
Income from operations	44,584,683	29,339,556	213,812	-	74,138,051
Net income	41,576,169	26,809,255	210,711	-	68,596,135
Deferred cost additions	10,228,858	-	-	-	10,228,858
Capital expenditure additions	15,214,989	32,209,732	239,005	-	47,663,726

9 INTERIM RESULTS

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

10 COMPARATIVE FIGURES

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