

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

**Interim Condensed Consolidated Financial Statements for
the Nine-Month Period ended September 30, 2012**
with
Independent Accountants' Review Report

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2012

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**REVIEW REPORT ON THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**The Shareholders
Red Sea Housing Services Company
(A Saudi Joint Stock Company)
Al-Jubail, Kingdom of Saudi Arabia**

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 at September 30, 2012, the related interim consolidated statement of income, the interim consolidated statement of cash flows, interim consolidated statement of changes in equity for the nine months period ended on September 30, 2012 and the attached condensed consolidated notes 1 to 7 which form an integral part of these interim condensed consolidated financial statements. These interim condensed 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. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

We conducted our review in accordance with the auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Al Sadhan

Tareq Abdulrahman Al Sadhan
License No: 352



Al Khobar, October 17, 2012
Corresponding to: Dhu Al-Hijjah 01, 1433H

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated balance sheet
As at September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

	As at September 30, 2012	As at December 31, 2011	As at September 30, 2011
	(Unaudited)	(Audited)	(Unaudited)
Assets			
Current assets			
Cash and cash equivalents	71,470	97,470	105,413
Accounts receivable	161,945	239,076	166,837
Contract work-in-progress	165,099	75,355	78,433
Inventories	212,465	190,582	201,177
Advances to suppliers	21,622	27,270	37,462
Due from related parties	528	528	528
Prepayments and other receivables	33,411	31,229	37,212
Total current assets	666,540	661,510	627,062
Non-current assets			
Property, plant and equipment	209,359	202,093	186,759
Investment properties	369,686	409,825	362,419
Operating lease payments	8,116	7,850	8,187
Retentions receivable	-	-	40,676
Total non-current assets	587,161	619,768	598,041
Total assets	1,253,701	1,281,278	1,225,103
Liabilities			
Current liabilities			
Short-term bank borrowings including current portion of medium-term loans	164,728	195,898	169,555
Accounts payable	60,465	92,032	70,773
Advances from customers	21,789	11,991	16,500
Accrued and other liabilities	88,895	76,364	65,490
Provision for zakat	13,732	11,547	9,258
Total current liabilities	349,609	387,832	331,576
Non-current liabilities			
Medium-term loans	96,566	146,339	152,954
Employee termination benefits	30,067	13,558	13,193
Total non-current liabilities	126,633	159,897	166,147
Total liabilities	476,242	547,729	497,723
Equity			
Equity attributable to shareholders of the Company:			
Share capital	400,000	300,000	300,000
Statutory reserve	69,845	69,845	62,055
Retained earnings	327,825	380,270	376,530
Currency translation differences	(11,917)	(8,314)	(2,995)
	785,753	741,801	735,590
Minority interest	(8,294)	(8,252)	(8,210)
Total equity	777,459	733,549	727,380
Total liabilities and equity	1,253,701	1,281,278	1,225,103
Contingencies and commitments (Note 4)			

The notes 1 through 7 on pages 5 to 10 form an integral part of these interim condensed consolidated financial statements.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated statement of income
For the nine month period ended September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended September 30		Nine-month period ended September 30	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	244,474	189,041	661,924	583,087
Cost of revenues	(182,344)	(164,972)	(501,966)	(469,968)
Gross profit	62,130	24,069	159,958	113,119
Operating expenses				
Selling and marketing	(8,337)	(5,760)	(22,202)	(16,662)
General and administrative	(25,116)	(5,867)	(40,880)	(23,192)
Operating income	28,677	12,442	96,876	73,265
Other income (expenses)				
Financial charges	(2,066)	(1,531)	(5,303)	(5,672)
Financial income	15	523	741	768
Other income (expense), net	848	841	790	(1,124)
Income before foreign income taxes, zakat and minority interest	27,474	12,275	93,104	67,237
Foreign income taxes	-	2,409	-	7,494
Zakat	(2,203)	(1,989)	(5,589)	(8,596)
Income attributable to equity holders	25,271	12,695	87,515	66,135
Minority interest	6	56	40	231
Net income	25,277	12,751	87,555	66,366
Earnings per share (Saudi Riyals):				
• Operating income	0.72	0.31	2.42	1.83
• Income attributable to equity holders	0.63	0.32	2.19	1.66

The notes 1 through 7 on pages 5 to 10 form an integral part of these interim condensed consolidated financial statements.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated statement of cash flows
For the nine month period ended September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Nine-month period ended September 30,	
	2012	2011
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Net income for the period	87,555	66,366
<u>Adjustments for non-cash items</u>		
Depreciation of property, plant and equipment and investment properties	54,472	31,669
Amortization of operating lease payments	383	443
Profit from disposal of property and equipment and investment properties	(184)	(92)
Loss attributable to minority interest	(40)	(231)
Recovery against doubtful debts provision	(994)	195
Provision/(Reversal) for slow moving inventories	1,096	(141)
Change in currency translation differences	(3,603)	(2,605)
<u>Changes in working capital</u>		
Accounts and retentions receivable	78,125	38,723
Contract work-in-progress	(89,744)	58,542
Inventories	(22,979)	(19,600)
Advances to suppliers	5,648	(17,559)
Due from related parties	-	(84)
Prepayments and other current receivables	(2,182)	(8,198)
Operating lease payments	(649)	(462)
Trade accounts payable	(31,567)	(2,250)
Advances from customers	9,798	6,738
Accrued and other current liabilities	18,789	(33,617)
Provision for zakat – net	2,185	(1,626)
Employee termination benefits – net	16,509	1,921
Net cash generated from operating activities	122,618	118,132
Cash flow from investing activities		
Purchase of property, plant and equipment and investment Properties	(28,690)	(261,484)
Proceeds from disposal of property and equipment and investment properties	1,017	1,032
Net cash (used in) investing activities	(27,673)	(260,452)
Cash flow from financing activities		
Change in short-term borrowings	(31,170)	95,601
Change in medium-term loans	(49,773)	120,604
Dividend paid	(40,000)	(30,000)
Change in minority interest	(2)	-
Net cash (used in)/generated from financing activities	(120,945)	186,205
Net change in cash and cash equivalents	(26,000)	43,885
Cash and cash equivalents at beginning of period	97,470	61,528
Cash and cash equivalents at end of period	71,470	105,413
Supplemental schedule of non-cash information:		
Transfer of investment property to inventories at net book value	6,395	4,525

The notes 1 through 7 on pages 5 to 10 form an integral part of these interim condensed consolidated financial statements.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated statement of changes in equity
For the nine month period ended September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Currency translation differences	Total attributable to equity shareholders	Loss attributable to minority interest	Total Equity
(Unaudited)							
January 1, 2012	300,000	69,845	380,270	(8,314)	741,801	(8,252)	733,549
Transfer to share capital	100,000	-	(100,000)	-	-	-	-
Net income for the period	-	-	87,555	-	87,555	(40)	87,515
Dividend paid during the period	-	-	(40,000)	-	(40,000)	-	(40,000)
Currency translation difference	-	-	-	(3,603)	(3,603)	-	(3,603)
Net movement in minority interest	-	-	-	-	-	(2)	(2)
September 30, 2012	400,000	69,845	327,825	(11,917)	785,753	(8,294)	777,459
(Unaudited)							
January 1, 2011	300,000	62,055	340,164	(390)	701,829	(7,987)	693,842
Transfer to share capital	-	-	-	-	-	-	-
Net income for the period	-	-	66,366	-	66,366	(231)	66,135
Dividend paid during the period	-	-	(30,000)	-	(30,000)	-	(30,000)
Currency translation difference	-	-	-	(2,605)	(2,605)	-	(2,605)
Net movement in minority interest	-	-	-	-	-	8	8
September 30, 2011	300,000	62,055	376,530	(2,995)	735,590	(8,210)	727,380

The notes 1 through 7 on pages 5 to 10 form an integral part of these interim condensed consolidated financial statements.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the nine month period ended September 30, 2012
(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 subsidiaries and branches as described below in this note.

The objectives of the Group, among others, are to purchase land and real estate for the purpose of developing and improving them and to manufacture residential and commercial buildings thereon, and to ultimately sell or lease them, in addition to food supply and catering services. The Group's objectives also include producing non-concrete residential units, general contracting, maintenance, construction of utilities and civil work.

The Company was incorporated as a Saudi joint stock company pursuant to Ministerial Resolution No. 2532 dated Ramadan 2, 1427 H (September 25, 2006). The Company's share capital comprises of 30 million shares with a par value of Saudi Riyals 10 per share. Later on April 18, 2012, in Extra ordinary general assembly meeting, the shareholders approved the increase in number of shares outstanding from 30 million to 40 million by issuing 1 bonus share for each 3 shares held by the shareholder on that date.

The accompanying interim condensed 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 condensed consolidated financial statements and notes thereto should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2011.

Foreign subsidiaries and branches

The Company has investments in the following consolidated foreign subsidiaries:

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership interest (%)</u> <u>at June 30,</u>	
		<u>2012</u>	<u>2011</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%

In accordance with the By-Laws of RSQ, the Company has the power to govern the financial and operating policies of RSQ. Accordingly, RSQ accounts have been consolidated in the accompanying interim condensed consolidated financial statements.

RSN and RSL have not started commercial operations.

During the financial year 2009, the Company converted its branch in the United Arab Emirates (UAE) into an Establishment under the name of Red Sea Housing Services Company FZE (the "Establishment") owned 100% by the Company. The legal formalities to register this conversion have been completed. The Establishment is engaged in manufacturing of prefabricated residential and commercial units. Also, during the financial year 2009, the Establishment incorporated Red Sea Housing Services Company Libya (RSL) in which the Establishment has a 90% ownership interest with the remaining 10% held by a Libyan national. The legal formalities to register this company have been completed; however, it did not commence its commercial operations until September 30, 2012.

At September 30, 2012, property plant and equipment of RSL include approximately Saudi Riyals 51 million related to facilities which are under construction in Libya. Due to the political crisis and war situation in Libya, the management is continuously monitoring and assessing the situation. Management has written off SR 3.7 million of the assets of RSL based on initial examination of the facility. A provision of SR 6.3million is in place against any unidentified damage to the facilities.

Further, during the year 2009 the Company incorporated two new branches in Papua New Guinea (PNG) and Abu Dhabi. The latter did not have significant operations through September 30, 2012.

The Company also has licenses to operate branches in Afghanistan and Equatorial Guinea which did not have any operations through September 30, 2012.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the nine month period ended September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

1. General information (continued)

Foreign subsidiaries and branches (continued)

Accumulated losses of RSQ as of September 30, 2012 exceeded its share capital. The Group management believes that such accumulated losses will be absorbed once RSQ obtains new contracts. The Company will continue to provide the necessary financial support to RSQ in order to meet its obligations as they become due. Carrying value of property, plant and equipment of RSQ as of September 30, 2012 was Saudi riyal Nil (2011 : Saudi riyal Nil).

The accompanying interim condensed consolidated financial statements were approved by the Company's Board of Directors on October 17, 2012.

2. Summary of significant accounting policies

The accompanying interim condensed consolidated financial statements have been prepared in accordance 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 its interim condensed consolidated financial statements are in conformity with those described in the Group's audited consolidated financial statements for the year ended December 31, 2011, which are summarized as follows:

2.1 Use of estimates and judgments

The preparation of interim condensed consolidated financial statements in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated 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.

2.2 Group accounting basis

These interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries and branches in which the Group has effective ownership interest of 50% or more and/or controls more than one half of the voting rights or otherwise has the power to govern their financial and operating policies. Significant inter-group transactions and balances between Group companies are eliminated in consolidation.

2.3 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 returns that are different from those of segments operating in other economic environments.

2.4 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.

2.5 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.

2.6 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 invoice. Such provision is charged to the interim consolidated statement of income and reported under "general and administrative expenses". When accounts receivable are uncollectible, it is 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 statement of income.

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(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the nine month period ended September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.7 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.

2.8 Investment properties

Properties held for long-term rental yields, which are not occupied by the Group, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated. Depreciation is charged to the interim consolidated statement of income, 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 statement of income 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 statement of income.

2.9 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 statement of income, using the straight-line method, to allocate the costs of the related assets net of 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 statement of income.

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

2.10 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.

2.11 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred.

2.12 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.

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the nine month period ended September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.13 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 reliably estimated.

2.14 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 statement of income.

2.15 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of 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 condensed consolidated financial statements is the statutory reserve of the Group. This reserve currently is not available for distribution to the shareholders.

2.16 Dividends

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

2.17 Revenue recognition

Revenue from contracts is 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 incomplete contracts are recognized in the period in which they are determined. Costs and estimated earnings in excess of billings on incomplete contracts are included in current assets as contract work-in-progress. Billings in excess of costs and estimated earnings on incomplete contracts are included in current liabilities as advances from customers.

Rental income is recognized on an accruals 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 standards. Allocations between cost of revenue and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

2.19 Operating leases

Rental expenses under operating leases are charged to interim consolidated statement of income over the terms of the related leases.

2.20 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 statement of income. Additional zakat payable on the finalization of the Company's assessments are accounted for when determined by the DZIT.

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

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
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2. Summary of significant accounting policies (continued)

2.21 Foreign currency translation

The interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Company. Foreign currency transactions are translated into Saudi Riyals at the exchange rates prevailing at the dates of the transactions. Monetary 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 statement of income.

Monetary assets and liabilities of foreign subsidiaries and branches are translated at the exchange rates in effect at the date of interim condensed consolidated financial statements reporting dates of the Company. 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 reported amounts in foreign subsidiaries' and branches' financial statements into Saudi Riyals are reported as a separate component of shareholders' equity.

2.22 Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

3. Segment information

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

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

Selected financial information as of September 30, 2012 and 2011 and for the nine-month periods then ended, summarized by the above business segments, is as follows:

2012 (Unaudited)	Manufacturing and sale	Rentals	Total
Total assets	834,950	418,751	1,253,701
Revenues	456,086	205,838	661,924
Net income	41,597	45,958	87,555

2011 (Unaudited)	Manufacturing and sale	Rentals	Total
Total assets	862,684	362,419	1,225,103
Revenues	458,616	124,471	583,087
Net income	44,186	22,180	66,366

The Group's operations are conducted in Saudi Arabia, UAE, Ghana, Papua New Guinea (PNG), Algeria and certain other geographical areas. Selected financial information as of September 30, 2012 and 2011 and for the nine-month periods then ended, summarized by geographic area, is as follows:

2012 (Unaudited)	Saudi Arabia	UAE	Ghana	Papa New Guinea	Algeria	Libya	Qatar	Total
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

RED SEA HOUSING SERVICES COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
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For the nine month period ended September 30, 2012
(All amounts in Saudi Riyals thousands unless otherwise stated)

3. Segment information (continued)

2011 (Unaudited)	Saudi Arabia	UAE	Ghana	Papa New Guinea	Algeria	Libya	Qatar	Total
Investment properties	322,952	-	-	6,275	33,192	-	-	362,419
Property, plant and equipment	10,586	47,343	36,292	52,138	794	39,238	368	186,759
Revenues	148,033	206,831	100,332	124,261	3,630	-	-	583,087
Net income (loss)	31,303	31,179	21,924	(13,655)	(4,300)	(25)	(60)	66,366

4. Contingencies and commitments

At September 30, 2012, the Group had outstanding bank guarantees and letters of credit amounting to approximately Saudi Riyals 86 million and Saudi Riyals 2 million, respectively (September 30, 2011: Saudi Riyals 101.11 million and Saudi Riyals 4.16 million respectively), issued in the normal course of business. Also, rental commitments under operating lease contracts amounted to Saudi Riyals 41.4 million at September 30, 2012 (September 30, 2011: Saudi Riyals 77.4 million).

During 2011, the Company received assessments from the DZIT for the years 2005 and 2006 resulting in additional zakat liability of Saudi Riyals 3.8 million. The Company appealed against the assessments with the Preliminary Appeal Committee. The Appeal has been ruled in favor of the Company during the current period. The zakat assessments of the Company now stand finalized up-to the year 2006.

5. Provision for litigation and claims

On June 30, 2010, a preliminary court in Algeria issued a ruling against RSA, the Company's subsidiary in Algeria, to pay custom duties and penalties amounting to approximately Saudi Riyals 40.7 million for not complying with certain requirements of customs duty exemptions, which were earlier granted to RSA for its investment and operations in Algeria. The Group's management believes that such custom duties and penalties were imposed due to misinterpretation of the nature of certain exemption requirements. The subsidiary had approached the customs authorities in Algeria requesting a negotiated settlement, and upon demand of the customs authorities, had provided a bank guarantee of Saudi Riyals 10.5 million in favour of the customs authorities. The subsidiary has also filed an appeal against the ruling of the preliminary court, and the Group's management is pursuing with its efforts, both judicially and with negotiation with customs department to reduce the amount imposed by the preliminary court ruling. As at December 31, 2010, the Company had recorded a full provision of Saudi Riyals 40.7 million in respect of the custom duties and penalties. In the second quarter ended June 30, 2011, the bank guarantee was cancelled, and an equal amount has been paid to the customs authorities as a partial settlement. During the third quarter ended September, 30 2011, the Company further paid amounts totaling Saudi Riyals 23.0 million against the original claim of Saudi Riyals 40.7 million. The Company has reached an out of court settlement with the Algerian Customs Authorities. In the third quarter ended September 30, 2012 seized assets by Customs Authorities with net book value of SR 2.54 million has been written off and to that extent the provision has also reduced.

6. Dividends

The shareholders, in their extra ordinary general assembly meeting held on April 18, 2012, approved to declare dividends of Saudi Riyals 40 million (Saudi Riyal 1 per share), (2011: Saudi Riyals 30 million, i.e. Saudi Riyals 1 per share).

7. Earnings per share

The shareholders, in their extra ordinary general assembly meeting held on April 18, 2012, approved the increase in share capital from SR 300 million to SR 400 million, and increase the number of shares outstanding from 30 million to 40 million by issuing 1 bonus share for each 3 shares held by the shareholder on the day of the EGM. It will be financed by debiting SR 100 million from retained earnings as of December 31, 2011.

Earnings per share are calculated by dividing the net income available for shareholders, by dividing total number of shares outstanding, including the impact of bonus shares, during the year as follows:

(In Saudi riyal thousand)	September 30, 2012	September 30, 2011
Income attributable to equity holders	87,515	66,135
(In thousands of shares)		
Share capital as of January 1	30,000	30,000
Effect of increase in shares due to bonus share issuance	10,000	10,000
Total number of shares outstanding as at September 30	40,000	40,000
Earnings per share	2.19	1.66