SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and nine-month periods ended
September 30, 2012

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REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders
Saudi Industrial Services Company
Jeddah, Kingdom of Saudi Arabia.

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Saudi Industrial Services Company and its subsidiaries ("collectively referred as the Group") as at September 30, 2013, the related interim consolidated statement of income for three-month and nine-month periods then ended, interim consolidated statements of cash flows and changes in equity for nine-month period then ended and the attached notes 1 to 15 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 consolidated 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 conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

For KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
License No. 382

Dhul Hijjah 24, 1434H
Corresponding to October 29, 2013

SAUDI INSUTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at September 30, 2013
(Expressed in Saudi Arabian Riyals)

	Notes	2013	2012
ASSETS			
Current assets:			
Cash and cash equivalents		**209,032,121**	182,863,375
Accounts and other receivables		**118,603,186**	108,765,246
Inventories		**16,460,682**	17,271,575
Total current assets		**344,095,989**	308,900,196
Non-current assets:			
Investments	4	**75,965,611**	63,889,228
Property, plant and equipment	5	**600,969,850**	544,026,028
Intangible assets - quay project	6	**1,508,755,313**	1,575,032,304
Goodwill	7	**8,776,761**	8,776,761
Total non-current assets		**2,194,467,535**	2,191,724,321
Total assets		**2,538,563,524**	2,500,624,517
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and other current liabilities		**117,295,201**	125,402,813
Current portion of long-term loans and bank facilities		**95,463,713**	91,710,090
Total current liabilities		**212,758,914**	217,112,903
Non-current liabilities:			
Long-term loans and bank facilities	8	**1,075,077,536**	1,126,509,966
Other long-term liabilities		**33,105,127**	26,901,690
Employees' end of service benefits		**13,142,954**	10,580,656
Derivative financial instrument		**13,286,929**	23,372,450
Total non-current liabilities		**1,134,612,546**	1,187,364,762
Total liabilities		**1,347,371,460**	1,404,477,665
Equity:			
Share capital	9	**680,000,000**	680,000,000
Share premium		**36,409,063**	36,409,063
Statutory reserve		**12,514,475**	4,264,248
Special reserve		**6,247,694**	2,122,581
Effect of reducing the ownership percentage in a subsidiary		**4,653,218**	4,653,218
Cash flow hedging reserve		**(8,051,879)**	(14,163,704)
Retained earnings		**78,740,518**	37,984,971
Equity attributable to the shareholders' of Parent Company		**810,513,089**	751,270,377
Non-controlling interests		**380,678,975**	344,876,475
Total equity		**1,191,192,064**	1,096,146,852
Total liabilities and equity		**2,538,563,524**	2,500,624,517

The accompanying notes 1 to 15 form an integral part
of these unaudited interim condensed consolidated financial statements.

SAUDI INSUTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
For the three-month and nine-month periods ended September 30, 2013
(Expressed in Saudi Arabian Riyals)

	Notes	Three-month period ended		Nine-month period ended	
		September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
Revenue	10	**128,327,641**	122,979,118	**394,427,722**	352,189,073
Cost of revenue		**(65,688,213)**	(68,835,649)	**(194,104,558)**	(198,048,398)
Gross profit		**62,639,428**	54,143,469	**200,323,164**	154,140,675
Selling and distribution expenses		**(3,491,891)**	(3,310,098)	**(10,872,901)**	(9,385,653)
General and administrative expenses		**(28,075,684)**	(17,882,236)	**(79,806,083)**	(65,398,170)
Operating profit		**31,071,853**	32,951,135	**109,644,180**	79,356,852
Share of results from equity accounted associates, net		**148,946**	(1,766,248)	**(729,404)**	(4,744,568)
Other (expenses) / income, net	11	**(1,333,581)**	429,561	**(479,282)**	11,827,843
Financial charges		**(9,254,036)**	(9,080,982)	**(27,349,162)**	(23,230,258)
Net income before Zakat and non-controlling interests		**20,633,182**	22,533,466	**81,086,332**	63,209,869
Zakat		**(1,343,197)**	(1,937,874)	**(5,477,882)**	(5,418,425)
Net income before non-controlling interests		**19,289,985**	20,595,592	**75,608,450**	57,791,444
Income attributable to non-controlling interests		**(8,046,962)**	(8,675,216)	**(31,332,412)**	(28,420,063)
Net income for the period		**11,243,023**	11,920,376	**44,276,038**	29,371,381
Earnings per share on operating profit	12	**0.47**	0.49	**1.61**	1.17
Earnings per share from net income for the period	12	**0.17**	0.18	**0.65**	0.43

The accompanying notes 1 to 15 form an integral part
of these unaudited interim condensed consolidated financial statements.

SAUDI INSUTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)
For the nine-month period ended September 30, 2013
(Expressed in Saudi Arabian Riyals)

	2013	2012
Operating activities:		
Income before Zakat and non-controlling interests	**81,086,332**	63,209,869
Adjustments for:		
Depreciation and amortization	**79,621,903**	78,536,900
Provision for employees' end of service benefits	**2,888,999**	2,373,716
Loss on disposal of property, plant and equipment	**1,324,268**	--
Share of (profit) / loss from equity accounted associates	**729,404**	4,744,568
Other long-term obligations	--	7,169,188
Other provisions	**7,500,000**	--
Financial charges	**27,349,162**	23,230,258
Write back of provision no longer required	--	(10,000,000)
	200,500,068	169,264,499
Changes in operating assets and liabilities:		
Accounts and other receivables	**(33,782,466)**	(42,933,746)
Inventories	**(1,548,649)**	(6,197,069)
Accounts payable and other current liabilities	**(5,548,237)**	18,006,578
Cash generated from operating activities	**159,620,716**	138,140,262
Employees' end of service benefits paid	**(950,432)**	(425,421)
Deferred charges	--	47,710
Financial charges paid	**(27,349,162)**	(23,230,258)
Zakat paid	**(3,886,545)**	(5,497,136)
Net cash generated from operating activities	**127,434,577**	109,035,157
Investing activities:		
Investment in associates	**6,154,517**	16,160,311
Additions to property, plant and equipment and intangible assets	**(72,357,200)**	(55,664,105)
Proceeds from disposal of property, plant and equipment	**1,253,087**	--
Net cash used in investing activities	**(64,949,596)**	(39,503,794)
Financing activities:		
Net change in loans and bank facilities	**(15,849,585)**	(104,543,197)
Net change in other long-term liabilities	**6,733,030**	--
Net movement in non-controlling interests	**(7,387,670)**	(2,029,340)
Net cash used in financing activities	**(16,504,225)**	(106,572,537)
Net change in cash and cash equivalents	**45,980,756**	(37,041,174)
Cash and cash equivalents at the beginning of the period	**163,051,365**	219,904,549
Cash and cash equivalents at the end of the period	**209,032,121**	182,863,375
Non cash supplementary information:		
Change in fair value of derivative financial instrument	**84,364**	23,372,450

The accompanying notes 1 to 15 form an integral part
of these unaudited interim condensed consolidated financial statements.

SAUDI INSUTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine-month period ended September 30, 2013
(Expressed in Saudi Arabian Riyals)

	Equity attributable to the shareholders' of the Parent Company									
	Share capital	Share premium	Statutory reserve	Special reserve	Effect of reducing the ownership percentage in a subsidiary	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2013	680,000,000	36,409,063	8,086,871	4,033,892	4,653,218	(8,103,003)	41,105,886	766,185,927	356,700,993	1,122,886,920
Net income	--	--	--	--	--	--	44,276,038	44,276,038	31,332,412	75,608,450
Transfer to reserves	--	--	4,427,604	2,213,802	--	--	(6,641,406)	--	--	--
Net movement in non-controlling interests	--	--	--	--	--	--	--	--	(7,387,670)	(7,387,670)
Change in fair value of derivative financial instrument	--	--	--	--	--	51,124	--	51,124	33,240	84,364
Balance at September 30, 2013	**680,000,000**	**36,409,063**	**12,514,475**	**6,247,694**	**4,653,218**	**(8,051,879)**	**78,740,518**	**810,513,089**	**380,678,975**	**1,191,192,064**
Balance at January 1, 2012	680,000,000	36,409,063	4,264,248	2,122,581	4,653,218	--	8,613,590	736,062,700	329,335,739	1,065,398,439
Net income	--	--	--	--	--	--	29,371,381	29,371,381	28,420,063	57,791,444
Net movement in non-controlling interests	--	--	--	--	--	--	--	--	(3,670,581)	(3,670,581)
Change in fair value of derivative financial instrument	--	--	--	--	--	(14,163,704)	--	(14,163,704)	(9,208,746)	(23,372,450)
Balance at September 30, 2012	680,000,000	36,409,063	4,264,248	2,122,581	4,653,218	(14,163,704)	37,984,971	751,270,377	344,876,475	1,096,146,852

The accompanying notes 1 to 15 form an integral part
of these unaudited interim condensed consolidated financial statements.

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Industrial Services Company ("the Company" or "the Parent Company" or "SISCO") is a joint stock Company incorporated in accordance with Saudi Arabian Regulations for Companies under the Ministry of Commerce Resolution No. 223 of Rabi Awwal 7, 1409 H (corresponding to October 18, 1988) and registered under Commercial Registration No. 4030062502 dated Rabi Thani 10, 1409H (corresponding to November 20, 1988) to engage in maintenance, operations and management of factories, industrial facilities, construction of residential buildings and all related facilities such as entertainment centers, malls, restaurants, catering projects, construction of hospitals and buildings to provide health services to factory and industrial company workmen, marketing factory products locally and worldwide, provide services and participate in formation of companies. The principal activity of the Company is investment and management of subsidiaries. The registered head office of the Company is located at the following address:

Saudi Business Center
P. O. Box 14221,
Jeddah 21424,
Kingdom of Saudi Arabia.

These consolidated financial statements include assets, liabilities and the results of the operations of the Company and its following subsidiaries ("the Group"):

Company	Country of incorporation	Effective shareholding 2013	Effective shareholding 2012	Principal activities
Saudi Trade and Export Development Company Limited ("Tusdeer")	Saudi Arabia	**76%**	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port.
Kindasa Water Services Company Limited	Saudi Arabia	**60%**	60%	Water desalination and treatment plant and sale of water.
Support Services Operation Limited Company ("ISNAD")	Saudi Arabia	**99.28%**	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease.
Red Sea Gateway Terminal Company Limited ("RSGT")	Saudi Arabia	**60.6%**	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.
Red Sea Port Development Company – Closed Joint Stock Company ("RSPD")	Saudi Arabia	**60.6%**	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.

2. BASIS OF PREPARATION

Statement of compliance
These interim condensed consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia and the Accounting Standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants (SOCPA).

Functional and presentation currency
These accompanying interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is the functional currency of the Group.

The interim results may not be an indicator of the annual results of the Group. These consolidated interim condensed financial statements should be read in conjunction with the latest annual audited consolidated financial statements of the Group.

Certain comparative figures have been reclassified to conform to the presentation in the current period.

Accounting convention
The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for available for sale investments and derivative financial instruments which are measured at fair value, using accrual basis of accounting and going concern assumption.

Use of estimates and judgements
The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. The key areas requiring significant management judgements and estimates are as follows:

Impairment of accounts receivable
An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due.

2. BASIS OF PREPARATION (continued)

Use of estimates and judgements (continued)

Provision for slow moving inventory items

The Group makes a provision for slow moving inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable in part or full. Whenever the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognized in the consolidated statement of income. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment of available for sale investments

The Group exercises judgement to consider the impairment of available for sale investments as well as their underlying assets. This includes the assessment of objective evidence which causes other than temporary decline in the value of investments. Any significant and prolonged decline in the fair value of equity investment below its cost is considered as objective evidence for the impairment. The determination of what is 'significant' and 'prolonged' requires judgement. The Group also considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Impairment of intangible assets

Intangible 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 costs 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). Impairment losses once recognized are not reversible.

2. BASIS OF PREPARATION (continued)

Use of estimates and judgements (continued)

Impairment of non-financial assets
The Group assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies used by the Group for the preparation of these interim condensed consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements:

Basis of consolidation
These interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries.

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries, which are prepared for the same reporting period as the Parent Company using consistent accounting policies, are included in the interim condensed consolidated financial statements from the date that control commences until the date control ceases.

All intra-group balances and financial transactions resulting from transactions between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these interim condensed consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Non-controlling interests
The Group applies a policy of treating transactions with non-controlling interest transactions with parties external to the Group. Disposals to non-controlling interests, if any, result in gains and losses for the Group that are recorded in the consolidated statement of income if control is lost. Purchase of non-controlling interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less.

Accounts receivable
Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Inventories
Inventories are stated at the lower of cost and net realizable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Provision is made where necessary for obsolete and slow moving inventories.

Investment in associates
The Group's investment in associates is accounted for under the equity method of accounting. There are entities over which the Group exercises significant influence and which is neither a subsidiary nor a joint venture. Investment in associates are carried in the consolidated balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value based on its latest financial statements at each reporting date. The consolidated statement of income reflects the Group's share of the results of its associate. Where there has been a change recognized directly in the equity of associate, the Group recognizes its share of any changes and discloses this when applicable in the consolidated statement of changes in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)
Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. The financial statements of the associates are prepared for the same period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Dividends are recorded when received and credited to the investment.

Available for sale investments
Investments purchased neither with the intention of being held to maturity nor for trading purposes are designated as available for sale investments and initially recorded at cost and subsequently measured at fair value. Unrealised gains and losses reported as a separate component of equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity, is included in the consolidated statement of income for the period.

Fair value is determined by reference to the market value in the open market. If fair value is not available, cost is considered to be the most appropriate objective and reliable measurement of the fair value of investments.

Dividend income is recognized when the right to receive the dividend is established.

Property, plant and equipment
Free hold land is not depreciated. The development cost of leasehold land and the buildings constructed thereon is amortized over the shorter of estimated useful life or the remaining period of lease net of accumulated depreciation and any impairment in value. Property, plant and equipment and property and equipment of the quay project are stated at cost net of accumulated depreciation and any impairment in value. Depreciation is calculated on the basis of estimated useful lives of property, plant and equipment using straight line method. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare those assets for its intended use.

Expenditure for repair and maintenance are charged to the consolidated statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
The estimated economic useful lives of assets are as follows:

Buildings	Shorter of lease period or 10 - 40 years
Leasehold improvements	Shorter of lease period or 35 years for bonded and re-export projects, 10 years for Quay projects and 5 years for others.
Plant and equipment	7 - 25 years
Desalination plants, water filling stations and accessories	8 - 21 years
Machinery and equipment	8 25 years
Motor vehicles and tankers	4 - 10 years
Fixtures and furnishing	2 - 10 years
Computers and equipment	2 - 7 years

Capital work-in-progress
Capital work-in-progress is measured at cost less impairment losses, if any, and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

Intangible asset - quay project

Port concession rights
The Group's port terminal operations are conducted pursuant to a long-term concession arrangement. The Group recognises port concession rights arising from a service concession arrangement, in which the public sector ("the grantor") controls or regulates the services provided, the prices charged and also controls any significant residual interest in the infrastructure such as property and equipment if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

The Group has adopted the guidance in International Financial Reporting Standards which is included in IFRIC 12 – Service concession arrangements ("IFRIC 12") issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board to account for the costs incurred for the construction of container terminal (port concession rights) as there is no related guidance available under accounting standards issued by SOCPA. Pursuant to IFRIC 12, costs incurred under service concession arrangements are recognized as an intangible asset.

The port concession rights include all costs incurred towards construction of the container terminal. The port concession rights are stated at cost, less amortization of cost over the useful lives of the assets from the date of commencement of operations and impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible asset - quay project (continued)

Right to use land
Right to use land is measured on initial recognition at cost. Following initial recognition, right to use land is carried at cost less any accumulated amortisation and any accumulated impairment losses. Right to use land is amortized over the useful economic life on straight line basis.

Goodwill
Goodwill represents the increase in the cost of investment over the Company's share in the net fair value of investee's net assets, liabilities and contingencies as at acquisition date. Goodwill is subsequently recognized at cost, net of any accumulated impairment losses. The carrying value of goodwill is reviewed annually to determine whether any objective indicator of impairment exists, unless an event or change in circumstances occurs during the year indicating an impairment of the carrying value which requires a valuation of goodwill during the year. Goodwill includes Company's share and the minority share.

For impairment test, the goodwill for subsidiaries is determined individually, as each subsidiary is considered an independent cash generating unit.

Deferred charges
Deferred charges primarily comprise pre-incorporation and pre-operating expenses incurred during pre-incorporation period and prior to commencement of commercial operations of the Company and its subsidiaries, net of non-operating revenue earned during incorporation period. Deferred charges for which future economic benefits are certain and evident are stated at cost less amortization using straight line method over seven years and impairment losses, if any.

Accounts payable and other payables
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Employees' end of service benefits
Provision is made for amounts payable to employees for their accumulated periods of service at the consolidated balance sheet date under the Saudi Arabian labour law.

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources embodying will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-Zakat rate that reflects, where appropriate, current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments
The Group is using Profit Rate Swap contracts as hedging instruments to hedge its exposure to the variability in cash flows arising from profit payments on Ijara Facilities obtained from banks. Hedging instruments are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured at fair value. Hedging instrument is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

For the purpose of hedge accounting, hedging instrument is classified as cash flow hedge. The effective portion of the gain or loss on the hedging instrument is recognised directly in shareholders' equity in hedging reserve, while any ineffective portion is recognised immediately in the consolidated statement of income in financial charges.

Amount recognised in equity is transferred to the consolidated statement of income when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognized.

Revenue recognition
Sale is recognized when the goods are delivered and when risk and rewards are transferred. Lease revenue from leased spaces and warehouses is recognised over respective lease periods. Lease revenue relating to subsequent years is deferred and recongnised in appropriate years.

Service revenue represents the invoiced value of services rendered by the Group during the period, net of trade discounts and Saudi Arabian Seaports Authority's ("SEAPA") share of revenue and are recognized when the amount of revenue can be measured reliably, on rendering of services to customers.

Construction revenue pertaining to construction of Port terminal is recognized using the percentage of completion method. Percentage of completion is determined by comparison of costs incurred to date with estimated total costs. When it is probable that the total costs will exceed the total contract revenue, the expected loss is recognized immediately.

Expenses
Selling and distribution expenses are those arising from the Group's efforts underlying their marketing, selling and distribution functions. All other expenses, except cost of sales and operations, are classified as general and administration expenses.

Finance costs
Finance costs except for those, that are directly attributable to the construction of an asset are capitalised using capitalised rate up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed, are charged to the consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases
Operating lease payments are recognized as an expense in the consolidated statement of income on a straight line basis over the lease term.

Zakat
The Company and its subsidiaries are subject to the requirements of Saudi Arabian Zakat and Income Tax Department. Zakat provision is charged to the consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Foreign currencies
Transactions in foreign currencies are recorded in Saudi Arabian Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the interim balance sheet date. All differences are taken to the interim consolidated statement of income. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate at the date of initial recognition.

Segmental reporting
A segment is a distinguishable component of the Group 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. As the Group carries out its business activities mainly in the Kingdom of Saudi Arabia, reporting is provided by business segment only (see note 14).

4. INVESTMENTS

	2013	2012
Available for sale investment - unquoted	**9,570,150**	9,570,150
Advance for purchase of investment (see note ‘a’ below)	**--**	9,375,000
Investment in associates (see note ‘b’ below)	**66,395,461**	44,944,078
	75,965,611	63,889,228

a) The amount represented advance paid by one of the subsidiaries to acquire 25% ownership interest in Xenmet SA, Vaduz. The legal formalities in respect of acquisition of ownership interest were completed during the year ended 2012 and therefore, the amount has been classified as investment in an associate (see note (b – ii) below).

4. INVESTMENTS (continued)

b) The investment in associates comprises the following:

Associates	Principal activity	Country of incorporation	Shareholding percentage	2013	2012
- International Water Distribution Company Limited	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	**34,557,282**	19,539,370
- Saudi Water and Environmental Services Company (see note 'i' below)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	29.4%	**12,083,080**	14,420,148
- Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	**11,094,609**	10,984,560
- Xenmet SA, Vaduz (see note 'ii' below)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	**8,660,490**	--
				66,395,461	44,944,078

i) Saudi Water and Environment Services Company is 49% (2012: 49%) owned by Kindasa Water Service Company (Subsidiary) which is 60% (2012: 60%) owned by the Company.

ii) Xenmet SA, Vaduz is 25% (2012: Nil) owned by Saudi Trade and Export Development Company Limited, which is 76% owned by the Company (2012: 76%)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises of the following:

	2013	2012
Property, plant and equipment	**297,738,498**	296,142,235
Property, plant and equipment of bonded and re-export project	**143,353,820**	141,087,285
Projects in progress – bonded and re-export project	**41,657,406**	19,406,113
Property and equipment – quay project	**118,220,126**	87,390,395
	600,969,850	544,026,028

6. INTANGIBLE ASSETS – QUAY PROJECTS

Saudi Trade and Export Development Company (Tusdeer) ("parent of RSGT") had an agreement with Saudi Arabian Seaport Authority ("SEAPA") for the construction of a container terminal at the re-export zone of Jeddah Islamic Port. This Build-Operate-Transfer ("BOT") Service Concession Agreement with SEAPA has been novated by Tusdeer to RSGT, effective from Shawal 22, 1428H (corresponding to November 3, 2007), and the duration of this agreement is 32 years. As per the BOT agreement, at the end of the concession period, the property and equipment underlying the quay project's intangible assets shall be transferred to SEAPA.

7. GOODWILL

Goodwill of SR 8.8 million (2012: SR 8.8 million) was recognised on acquisition of Kindasa Water Services Company, a subsidiary.

8. LONG-TERM LOANS AND BANK FACILITIES

8.1 During 2003, Kindasa signed an agreement with Saudi Industrial Development Fund ("SIDF") for obtaining a loan of SR 64.5 million to finance the extension of the desalination plant. The loan is secured by the mortgage over Kindasa's property and equipment and personal guarantees from its partners. The purpose of the loans is to finance the extension of the desalination plant. The loans agreements include certain covenants such as limiting rents, capital expenditure, dividends and maintenance of certain financial ratios. The loans are repayable over semi-annual installments.

8.2 During 2007, RSGT entered into an Ijara arrangement with two banks to obtain a loan of SR 1,271 million. The Ijara facility is secured by the assets of RSGT. The remaining amount of loan is being repaid in six monthly installments, ending in December 2023. The loan bears commission rate of SIBOR plus an agreed margin.

8. LONG-TERM LOANS AND BANK FACILITIES (continued)

8.3 During the quarter ended September 30, 2013, Tusdeer entered into an agreement for a long-term loan facility with a commercial bank up to a maximum aggregate amount of SR 35 million. As at September 30, 2013 amount of SR 25.7 million has been utilised. The loan carries commission at commercial rates and is repayable in eight equal half yearly instalments. The loan is secured by assigning rights of the rental income, above SR 8.75 million and through promissory notes.

9. SHARE CAPITAL

The Company's share capital is divided into 68 million shares (2012: 68 million shares) of SR 10 each.

10. REVENUE

	Three-month period ended		Nine-month period ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
Sale of potable water revenue	**12,109,514**	15,261,799	**49,144,757**	51,138,571
Sale of fuel and transport and support services revenue	**6,967,097**	9,572,589	**20,821,793**	30,390,453
Shipping and unloading services revenue	**90,446,388**	80,890,135	**270,070,670**	224,129,115
Rent income	**18,804,642**	17,254,595	**54,390,502**	46,530,934
Total	**128,327,641**	122,979,118	**394,427,722**	352,189,073

11. OTHER (EXPENSES) / INCOME, NET

	Three-month period ended		Nine-month period ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
Write back of provision no longer required	--	--	--	10,000,000
Other (expenses) / income, net	**(1,333,581)**	429,561	**(479,282)**	1,827,843
Total	**(1,333,581)**	429,561	**(479,282)**	11,827,843

The above provision represents the reversal of an accrual in respect of a claim from contractor, which is no longer required to be paid based on the final settlement with the contractor.

12. EARNINGS PER SHARE

Earnings per share from operating profit for the period is calculated by dividing operating profit by the weighted average number of outstanding shares during the period. Earnings per share has been calculated on operating profit attributable to the Group (including non-controlling interests).

Earnings per share from net income for the period is calculated by dividing the net income attributable to the equity holders of the Parent Company for the period by the weighted average number of outstanding shares during the period.

The calculation of diluted earnings per share is not applicable to the Company.

13. COMMITMENTS AND CONTINGENCIES

13.1 The Department of Zakat and Income Tax ("DZIT") has raised assessments for the years ended December 31, 2002 through 2008 with additional liability of SR 25.8 million. The Company filed an objection against the DZIT's assessment. The Preliminary Objection Committee ("POC") rendered its decision on the Company's objection reducing the assessed liability to SR 3.9 million. The appeal is now with the Higher Appeal Committee ("HAC"). Moreover, DZIT raised initial assessments for the year ended December 31, 2010, 2011 and 2012 with an additional liability of SR 1.3 million. The Company has filed an objection against the DZIT's initial assessment.

13.2 At September 30, 2013, the Group's bankers have issued letters of guarantee of SR 35.5 million (2012: SR 35.4 million) against which cash margin of SR 14 million (2012: SR 11.5 million) was paid (September 30, 2012: SR 35.4 million against which cash margin of SR 11.5 million was paid).

13.3 As at September 30, 2013, the Company has commitments for capital work in progress of SR 54.5 million (September 30, 2012: SR 62.96 million).

14. BUSINESS SEGMENTS

The Group has the following main business segments:

- Fuel station and maintenance
- Port development and Quay project
- Sea water desalination
- Storage and re-export
- Corporate office: Consists of operation activities and investment activities.

These form the basis of internal management reporting of main business segments.

14. BUSINESS SEGMENTS (continued)

Following are the assets, liabilities, sales and result of such segments for the nine-month period ended September 30:

2013	Fuel stations and maintenance (SR'000)	Port development and quay projects (SR'000)	Sea water desalination (SR'000)	Storage and re-export (SR'000)	Corporate office (SR'000)	Total (SR'000)
Assets	**23,174**	**1,780,068**	**284,961**	**261,610**	**188,751**	**2,538,564**
Liabilities	**2,849**	**1,208,903**	**56,525**	**51,576**	**27,518**	**1,347,371**
Revenue	**20,822**	**270,071**	**49,145**	**54,390**	**--**	**394,428**
Net income / (loss) before non-controlling interest	**(710)**	**59,758**	**7,592**	**20,787**	**(11,819)**	**75,608**

2012	Fuel stations and maintenance (SR'000)	Port development and quay projects (SR'000)	Sea water desalination (SR'000)	Storage and re-export (SR'000)	Main office (SR'000)	Total (SR'000)
Assets	26,225	1,769,803	282,388	217,430	204,779	2,500,625
Liabilities	3,093	1,262,539	54,496	29,460	54,890	1,404,478
Revenue	30,390	224,129	51,139	46,531	--	352,189
Net income / (loss) before non-controlling interest	1,457	44,927	14,581	21,276	(24,450)	57,791

The Group mainly operates in the Kingdom of Saudi Arabia.

15. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised to issue by the Board of Directors on Dhul Hijjah 24 1434H , corresponding to October 29, 2013.