He is the Chairman & CEO of the Jeddah-based Al-Dabbagh Group, a family conglomerate founded in 1962 by His Excellency Abdullah Al-Dabbagh, former Saudi Minister of Agriculture.

Al-Dabbagh Group employs in excess of 13,000 people globally through its 57 companies, with manufacturing presence in 35 countries and sales, services and projects in over 60 countries. It has four strategic business portfolios in Food, Housing, Petroleum & Auto-services, and Packaging as well as an Incubation portfolio.

His Excellency has enjoyed a 30-year career that began in 1984 when he joined Al-Dabbagh Group on a part-time basis at the age of seventeen. He has over the course of his career served in public office for two terms as the Governor (with a rank of a Minister) of the Saudi Arabian General Investment Authority (SAGIA), elected for two terms on the Jeddah Chamber of Commerce and appointed for two terms on the Makkah Regional Council.

His Excellency currently sits on the Board of Trustees of the Eisenhower Fellowship based in Philadelphia. He is also a member of the Cleveland Clinic International Leadership Board in Cleveland and is a Governor of the London Business School Governing Body.
Board of Directors

Dr. Ibrahim Hasan Al Madhoun
BOARD MEMBER

Earned his Bachelor and Master Degrees in Civil Engineering from King Fahd University for Petroleum and Minerals (KFUPM). He also earned his PhD in Civil Engineering from University of Arizona.

He served as a General Manager and Head of Legal Department in SAVOLA. Currently, he is a Board Member in Almarai Company, Fitahi Holding Group, Herfy Company, and Obeikan Investment Group.

Mr. Amin Mohammed Shaker
BOARD MEMBER

Earned his bachelor’s degree in economics from King Saud University in Riyadh and his M.B.A. from the University of Southwestern Oklahoma.

Throughout his career, he held several senior positions in different reputable organizations. Mr. Shaker is currently a board member of Savola and Kinan International for Real Estate Development and has considerable experience in business management.

Mr. Don Brown Sumner
BOARD MEMBER

Earned his certificate from Lindsey-Cooper Technical School in the United States.

He joined Red Sea Housing back in 1978 as a Project Manager. In 1996, he was appointed as the General Manager of Red Sea Housing.

From the initial IPO of Red Sea Housing in 2006 until his retirement in April 2014, he served as CEO and Managing Director of the Company.
Eng. Hussein Abdullah Al Dabbagh
BOARD MEMBER

Obtained his Bachelor Degree in Civil Engineering from University of Texas at Arlington.
He has more than 35 years of experience in the field of Architectural Consultancy, Project Management and Human Resources.
Among other positions, he is serving as General Manager for NACO, which executes different projects in airports around the Kingdom.

Mr. Jamal Abdullah Al Dabbagh
BOARD MEMBER

Earned his Bachelor and Master Degrees in Business Administration. Served as a Member of the Agricultural Committee in Riyadh Chamber of Commerce.
He is currently the General Manager of Dabbagh Group, and the Chairman of the Board of Gulf General Cooperative Insurance Company.
In addition, he sits on the Board of National Scientific Company, Advance Petroleum Services Company, Agricultural Development Company, and International Project Development Company.

Mr. Joseph John Vecchiolla
CEO & MANAGING DIRECTOR

Earned Bachelor Degree, with a concentration in Corporate Law and Finance. Mr. Vecchiolla gained extensive experience that surpasses 32 years in the areas of Sales & Marketing, Field Operations, Finance, Supply Chain Management and Logistics, and M&A. In addition, he contributed in developing a number of North American companies specializing in the field of manufacturing prefabricated housing units and others.
Through his working career, he managed to harness the required human resources in numerous companies to develop their production lines, productivity and performance.

Mr. Mohamed Husnee Jazeel
BOARD MEMBER

Earned his Certificate from the Chartered Institute of Management Accountants in the UK. He acquired a solid experience in the field of accounting that surpasses 25 years.
He served in several managerial roles in PriceWaterhouse-Cooper (PWC) in different offices around the world. In 1992, he joined Dabbagh Group and was appointed as the Chief Financial Officer in 1999.
He also serves as a Board Member for Gulf General Cooperative Insurance Company, Petromin Company and SAED International For ISTIGDAM Company.
Dr. Muhammad Ali Ikhwan
BOARD MEMBER

Obtained his Bachelor Degrees in General Engineering and System Engineering from King Fahd University for Petroleum and Minerals (KFUPM). Then he earned his Master Degree in Operations Research, and his PhD in Engineering Economic Systems (EES), both from Stanford University, USA. He served as the Chairman of Industrial Engineering Department in King Abdulaziz University.

He was appointed in numerous high-ranking posts in SAVOLA including General Manager of the Packaging Division, CFO, Head of Business Development, and Head of Mergers and Acquisitions. He currently serves as a Board Member for several companies including Gulf General Cooperative Insurance Company, Fitaihi Group and GASCO.

Mr. Saleh Mohammed Binladen
BOARD MEMBER

Earned a degree in Business Administration from Bournemouth International College.

Mr. Binladen has extensive experience that exceeds 34 years in the field of project management and driving companies’ performance, which he has gained through the different managerial and executive roles he occupied throughout his working career.

In addition to being the General Manager of Project Management & Development Company, he serves as a Board Member in a number of distinguished companies, such as Saudi Binladen Group, Makkah Construction and Development Company, Knowledge Economic City, and Ports Development Company.

Mr. Sami Ahmed BinMahfouz
BOARD MEMBER

Acquired his Bachelor and Master Degrees in Finance from Ohio State University, and excelled the Executive Program in Darden School University in the United States.

He possesses solid experience that exceeds 30 years in Banking Operations, credit instruments and policies.

He served in different leading positions in National Commercial Bank including the post of Head of Risk Management and Chief Risk Officer.

Mr. Waheed Ahmed Shaikh
BOARD MEMBER

Earned a degree in Mechanical Engineering and Masters in Business Administration.

In his early career, Mr. Shaikh occupied a number of positions in Shell Company and became Retail Manager before leaving Shell in January 2000.

He joined Dabbagh Group in February 2000 as CEO of one of its JV company Advanced Petroleum Services Limited (APSL). On successful completion of his assignment in APSL, Mr. Shaikh was promoted to the position of Chief Operating Officer in Dabbagh Group in 2006.
In 2014, Red Sea Housing Services Company continued its effort towards the implementation of the 2020 Growth Strategy, aimed at expanding the company’s activities in a number of global markets and investing in the field of building materials, as well as the Affordable Housing sector.

The company also invested significantly throughout 2014 in the development of human resources and the enhancement of its competencies and capabilities through the reinforcement of the IT structures and a vigorous ERP and CRM systems. In addition, a new executive management team was appointed to build on the foundations set. A number of experienced leaders joined the team, filling critical positions tasked with strengthening our global footprint and increasing competitiveness for an environment characterized by technological development and severe competition.

The company also achieved remarkable growth in revenue that exceeded SAR 1.10 billion, representing a growth of 14% as compared to 2013. This solid growth comes as a result of diversification of income sources and extending the company’s services to a wider segment of clients beyond the Oil & Gas and Mining sectors, in addition to expanding into new and promising global markets.

The focal objective of the Board of Directors of Red Sea Housing Services Company is to maximize stakeholders’ returns through maintaining a proper balance between achieving long-term goals while generating realistic short-term earnings. Accordingly, the Board has recommended the distribution of SAR 60 million (10% of share’s nominal value) as cash dividends to shareholders for FY 2014.

We are well aware of the growing global demand for delivering affordable housing solutions at competitive prices that suit the different segments of society worldwide. To that end, Red Sea Housing has harnessed a considerable portion of its resources to fulfill the third pillar of the 2020 Growth Strategy, which aims to offer reliable housing solutions for the affordable housing sector.

On a final note, I would like to extend my sincere gratitude to the Board Members, the Executive Management team, and to Red Sea Housing employees for their relentless efforts and dedication which collectively resulted in the positive results for FY 2014. I would also like to thank our valued clients and shareholders for their continuous support, which contributed to Red Sea Housing seizing a leading position in the Building and Construction sector; and in offering housing solutions locally, regionally and internationally.
MESSAGE FROM THE CEO & MANAGING DIRECTOR
“As Red Sea Housing Services looks forward to 2015, we will continue to invest in our organizational capabilities, strategy and balance sheet to leverage our growth and expansion.

Red Sea Housing Services will continue to strengthen our quality of earnings by delivering more recurring revenue which provides our stakeholders with more visibility into future earnings”.

In reflection, the year of 2014 presented some new challenges for our business. Political instability in a variety of markets, the tragic Ebola crises in West Africa as well as currency and commodities fluctuations tested our resolve and commitment to our shareholders, customers and employees.

Despite these obstacles, Red Sea Housing Services demonstrated outstanding performance once again, as we have in our thirty eight years of operations.

Early in the year, we focused our efforts on disciplined capital management, expansion of our lease fleet and broadening our service offerings to our valued customers. We diversified our market segments beyond oil, gas and mining to include manufacturing, industrial and the affordable housing sectors.

We geographically expanded our footprint to include new markets in Australasia and maintained our commitment to developing markets.

This strategy renewed our commitment to providing new products and services to many of the strongest growth markets globally.

The results of 2014 enhanced our quality of earnings by improving our recurring revenue, diversifying our market segments and by broadening the geographies where we operate. We delivered impressive year-on-year growth in total revenue, EBITDA and net income.

Indeed, in 2014 we reached SAR 1.1 billion revenue, the 2nd highest revenue in the Red Sea Housing Services history, with a year-on-year increase of 14% driven by a consistent growth in building sales (+9%) and by the highest lease revenue ever (SAR 360 million, +20%), representing 33% of total revenue. The outstanding performance across the fleet boosted the EBITDA at SAR 290 million (+16%) and the net profit at SAR 157 million (+3%), the 2nd highest net profit in the company’s history.

As Red Sea Housing Services looks forward to 2015, we will continue to invest in our organizational capabilities, strategy and balance sheet to leverage our growth and expansion. We are extending our presence into new countries within Africa, South East Asia and possibly the Americas. Our plans include growth acquisitively and organically by enhancing our product and service offerings, improving efficiency and optimizing production, stepping out into new markets and continuing our commitment to provide world-class service to our valued customers.

Red Sea Housing Services will continue to strengthen our quality of earnings by delivering more recurring revenue which provides our stakeholders with more visibility into future earnings. Further, we will continue to diversify our market sectors beyond oil, gas and mining, by expanding our turnkey service offerings, growth of our manufacturing business and expansion of our affordable housing platform.

The affordable housing sector is estimated to have a global market opportunity of USD $650 billion, with a significant need throughout the Middle East, Africa and Australasia (McKinsey Global Institute, October 2014). The opportunity within this sector presents a significant opportunity for Red Sea to be a leader in corporate citizenship while delivering a material and profitable growth opportunity.

Joseph John Vecchiolla
CEO & MANAGING DIRECTOR
Red Sea Housing Services Company, a Saudi Public Joint Stock Company, was founded in accordance with the Ministerial Decree No.2532 dated 09/02/1427 corresponding to 25/09/2006. Before becoming a joint stock company, Red Sea Housing Services Company was a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration No.2055006105 dated 26/10/1424 corresponding to 20/12/2003. In 2013, the company’s headquarter was relocated to King Abdullah Economic City, Rabigh, Saudi Arabia.

The company's core business and source of revenue is derived from providing housing solutions in remote areas for local and international clients in Mining, Oil & Gas, Manufacturing and Industrial sectors, which include rental of properties and sale of housing units; and enable them to relocate their workforce to designated sites such as oil fields and gas plants. The company uses products manufactured in its facilities to reach the quality aspired by its customers. The company also specializes in the production of Water Treatment Plants and Waste Treatment Plants, in addition to providing Power Plants to ensure that all elements are suitable to deliver the project according to the specifications, free of defects and on the agreed time. The ability of Red Sea Housing Services Company to coordinate between the different manufacturing facilities, shipping services and construction sites has made the company a leader in the field of providing comprehensive housing solutions in remote areas around the world.

The first built manufacturing facility for the company is located in the city of Jubail, Saudi Arabia. In addition, the company has two more manufacturing facilities located in Jebel Ali, Dubai, and in Accra, Ghana. The company also has a manufacturing facility in Libya, which has not commenced operations yet, and is currently in the process of constructing its newest manufacturing facility in King Abdullah Economic City in western Saudi Arabia, which is built according to the highest quality and safety standards.

The operating facilities have a total production capacity of 770,000 square meters per year. The geographical spread of the company has helped in taking advantage of the available housing opportunities and the ability to deliver housing solutions in numerous targeted areas.

The company currently employs 2,913 skilled employees. The management has a very
high level of expertise in the field of manufacturing and housing solutions, in addition to possessing competent workforce, which is specialized in the Middle East and international markets.

The adoption of the company’s extensive knowledge in the fields of designing, planning, production and execution of projects are some of the elements that enable Red Sea Housing Services Company to provide high quality and trustworthy products and services.

Red Sea Housing also generates revenue from Property Management, which falls into two main categories:

1. Fixed Compound Accommodations such as the Desert Palms Compounds and Hotels located in Yanbu and Jubail, Saudi Arabia and Hassi Messaoud, Algeria. These are designed to be semi-permanent facilities. They are built, owned and operated by Red Sea Housing for the purpose of accommodating senior and junior staff in districts where quality accommodations are in short supply. In addition, to supplying residential and office needs, our compounds include restaurants, recreation facilities, security services, entertainment and dependable communications facilities.

2. Remote site accommodation solutions that are leased to customers for a specific period of time. It can be fully managed by Red Sea Housing Services if requested by our clients. These are generally purpose-built facilities with all services provided by professional workforce. The company operates and maintains the facility over the course of the lease and upon expiration of the contract we remove all the buildings and infrastructure, salvaging whatever can be relocated. The buildings and equipment are refurbished and sold or held in inventory until a new lease is secured to start the cycle over again.

During 2013, the company extended its activities and engaged in the production and distribution of paint and coating products, which include architectural paint, and industrial and marine coating, through entering into a shareholders agreement with Sherwin-Williams when it acquired 81% share of Premier Paint Company.
2. MAJOR EVENTS OF 2014

As an evidence of the company’s ability to provide high quality housing solutions for various clients’ segments at the local, regional and international front, and the aspiration to strengthen its footprint in global emerging markets, Red Sea Housing Services Company successfully concluded a SAR 67.43 million contract with the local government of Papua New Guinea to construct housing units for Bomana Police Housing Estate in Port Moresby.

The project includes the construction of 150 fully equipped units over 70,000 square meters area, which were delivered within 10-month period from the signing date.

On 24/04/2014, the company held its Extraordinary General Assembly (EGM) in which the shareholders approved the increase of share capital from SAR 400 million to SAR 600 million through the issuance of 1 bonus share for each 2 shares owned by shareholders on the date of the EGM. As a result, the total number of issued shares increased from 40 million to 60 million shares. The EGM also approved the distribution of SAR 75 million, or SAR 1.25 per share, as cash dividends to shareholders for FY 2014, which represents 12.50% of the share’s nominal value.

Due to its engagement in numerous key local projects, which requires harnessing the entire production capacity of the company to meet the requirements of these projects, the management of Red Sea Housing Services Company decided in the second quarter of 2014 not to pursue the construction of the labor camp in Jazan Economic City. The project involves constructing housing units over 189,000 square meters to accommodate up to 10,000 guests.

In the second quarter of 2014, the company announced deferring two of its projects in King Abdullah Economic City, which involves the construction of a labor camp and building a manufac-
turing facility, to the second quarter and the third quarter of 2015, consecutively.

This is mainly attributed to certain changes in the design of the camp and specifications of the factory to comply with the requirements of the Economic Cities Authority.

The initial earthwork including grading, cutting and backfilling of the properties for both projects have been finalized, in addition to completing the required Environmental Impact Assessment study.

As for the company’s plan to open a manufacturing facility in Libya to meet the demand for housing units from the North Africa region and support its expansion plans, Red Sea Housing Services Company announced in the fourth quarter on 2014 that the opening of the factory is postponed due to the prevailing security conditions, which hampers the Company from finalizing the maintenance and preparation process for the factory; and resulted in deferring numerous key development projects in the region. The company will attempt to seize the appropriate opportunity to commence the operations in the factory once the situation stabilizes in the region and the overall business conditions is back to normal.

During the Extraordinary General Assembly (EGM) that was held on 24/04/2014, shareholders approved the amendment of Article (17) of the company’s by-laws to increase the number of new Board Members from (9) to (12).

Subsequently, the EGM that was held in 19/10/2014 approved the appointment of three Board Members to fill the newly created seats.

The company also appointed Mr. Joseph Vecchiolla, the new CEO, as a successor to Mr. Don Sumner who resigned from his post after serving the company for more than 34 years. In addition, the company attracted a number of executives to fill newly created positions and contribute to developing the different units of the business, which include Finance, Marketing and Sales, IT and Operations.

Such restructuring is essential for the future development of the company to better compete on the local, regional and global front.
3. Expansion Plans for 2015

Red Sea Housing is committed to exceeding the demands of our customers with strong execution and support in developing and remote markets throughout the world.

As we look forward to 2015, management is committed to delivering and implementing the 2020 Growth Strategy. Management is focused on making significant investments in the Senior Management team with a determination to attract and retain world class talent, implement strong Key Performance Indicators, IT systems and Processes to support our ambitious growth plan.

Further, Red Sea Housing is making investments in establishing low cost country sourcing for materials and supplies. Further, management is centralizing some of the remote administrative, financial and human resource functions within a common shared services center.

The initiative will eliminate redundancy; improve our customer experience and service to our valued vendors and suppliers.

Additionally, Red Sea Housing is aware of risk of political instability, currency and com-
modities price fluctuations that could affect our future business performance. In response, management is continuing diversification of the business platform, by both sector and geography. Specifically, additional focus on broadening the services and products we sell and lease throughout the Industrial Housing Division, accelerate the growth and profitability of the Building Materials platform specifically our joint venture with Sherwin Williams in our paint manufacturing business and growing the scale of our affordable housing businesses. Each of management's core strategies offer broader markets, products and services to grow, strengthen and diversify Red Sea Housing.

Early in 2014 the management within Red Sea Housing installed a disciplined and measured approach to capital expenditures. Management's focus is to invest in stable, high return and growth deployment of CAPEX.

Additionally, management is aggressively seeking organic and acquisitive opportunities to expand our global offering and geographical footprint to deliver more value to our customers and shareholders.
4. ASSETS, LIABILITIES AND OPERATING RESULTS

- Net Income achieved in 2014 was SAR 156.69 million, compared to SAR 152.77 million achieved in 2013, an increase of 2.57%, which is the highest in the past six years.

- Total Revenues have increased by 13.75%, reaching SAR 1,104.95 million in 2014, which is the second highest in the company’s history, while reporting SAR 971.41 million in 2013.

- Gross Profit was SAR 295.15 million in 2014, compared to SAR 276.23 million for the previous year, an increase of 6.85%.

- Operating Profit for the company reached a total of SAR 173.36 million in 2014 compared to SAR 166.63 million achieved in 2013, an increase of 4.04%.

- Earning per share in 2014 was SAR 2.61, compared to SAR 2.55 in 2013, an increase of 2.35%. Shareholders’ Equity increased by 8.53% compared to 2013 to reach a total of SAR 970.94 million in 2014.

- Current Assets in 2014 reached a total of SAR 674.69 million, compared to SAR 701.64 million in 2013.

- Total Assets increased from SAR 1,431.63 million in 2013 to SAR 1,517.67 million by the end of 2014, an increase of 6.01%.
5. FINANCIAL RESULTS FOR THE PAST FIVE YEARS

The following table summarizes the financial results for the past five years.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>744,705</td>
<td>775,580</td>
<td>864,845</td>
<td>971,411</td>
<td>1,104,948</td>
</tr>
<tr>
<td>Cost of Revenues</td>
<td>(555,759)</td>
<td>(627,393)</td>
<td>(641,190)</td>
<td>(695,176)</td>
<td>(809,802)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>188,946</td>
<td>148,187</td>
<td>223,655</td>
<td>276,235</td>
<td>295,146</td>
</tr>
<tr>
<td>Gross Profit %</td>
<td>25.37%</td>
<td>19.11%</td>
<td>25.86%</td>
<td>28.44%</td>
<td>26.71%</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>(19,914)</td>
<td>(21,884)</td>
<td>(37,440)</td>
<td>(52,477)</td>
<td>(46,744)</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>(47,887)</td>
<td>(40,993)</td>
<td>(51,532)</td>
<td>(57,127)</td>
<td>(75,040)</td>
</tr>
<tr>
<td>Income from Operations</td>
<td>121,145</td>
<td>85,309</td>
<td>134,683</td>
<td>166,631</td>
<td>173,362</td>
</tr>
<tr>
<td>Financial Income</td>
<td>1,524</td>
<td>1,297</td>
<td>1,714</td>
<td>2,473</td>
<td>1,697</td>
</tr>
<tr>
<td>Financial Charges</td>
<td>(8,551)</td>
<td>(8,138)</td>
<td>(7,490)</td>
<td>(7,481)</td>
<td>(7,159)</td>
</tr>
<tr>
<td>Provisions for Litigations</td>
<td>(40,726)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Income (Expense)</td>
<td>3,325</td>
<td>1,616</td>
<td>1,170</td>
<td>5,971</td>
<td>(458)</td>
</tr>
<tr>
<td>Income Before Foreign Income Taxes, Zakat and Minority Interest</td>
<td>76,717</td>
<td>80,084</td>
<td>130,077</td>
<td>167,594</td>
<td>167,442</td>
</tr>
<tr>
<td>Foreign Income Taxes</td>
<td>(8,907)</td>
<td>8,420</td>
<td>(111)</td>
<td>(8,866)</td>
<td>(1,478)</td>
</tr>
<tr>
<td>Zakat</td>
<td>(9,304)</td>
<td>(10,884)</td>
<td>(9,390)</td>
<td>(7,131)</td>
<td>(10,750)</td>
</tr>
<tr>
<td>Income Before Minority Interest</td>
<td>58,505</td>
<td>77,620</td>
<td>120,576</td>
<td>151,597</td>
<td>155,214</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>2,528</td>
<td>275</td>
<td>45</td>
<td>1,174</td>
<td>1,477</td>
</tr>
<tr>
<td>Net Income</td>
<td>61,033</td>
<td>77,895</td>
<td>120,621</td>
<td>152,771</td>
<td>156,691</td>
</tr>
<tr>
<td>Net Income/Sales (%)</td>
<td>8.20%</td>
<td>10.04%</td>
<td>13.95%</td>
<td>15.73%</td>
<td>14.18%</td>
</tr>
</tbody>
</table>
The Chart summarizes the financial results for the past five years.
The following chart illustrates the revenue for FY2014 according to the geographical location.

The Pie Chart did not include revenues for the subsidiaries in Qatar, Libya, Nigeria and Mozambique as they did not generate any income through the financial year ending 31 December 2014.

The following chart illustrates revenues for FY2014 according to the source of revenues.

FY2014 REVENUE ACCORDING TO THE GEOGRAPHICAL LOCATION

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>52%</td>
</tr>
<tr>
<td>UAE</td>
<td>1%</td>
</tr>
<tr>
<td>GHANA</td>
<td>2%</td>
</tr>
<tr>
<td>PNG</td>
<td>1%</td>
</tr>
<tr>
<td>ALGERIA</td>
<td>6%</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>10%</td>
</tr>
<tr>
<td>OMAN</td>
<td>29%</td>
</tr>
</tbody>
</table>

FY2014 REVENUES ACCORDING TO THE SOURCE OF REVENUE

- Building Sales Revenues: 65.54%
- Rental Revenues: 32.62%
- Painting Materials revenues: 1.84%
The below tables and charts provide more details of the sources of revenues that the company generated during FY2014 and FY2013 according to the geographical locations.

### 2014

<table>
<thead>
<tr>
<th></th>
<th>SAUDI ARABIA</th>
<th>UAE</th>
<th>GHANA</th>
<th>PNG</th>
<th>ALGERIA</th>
<th>AUS-TRALIA</th>
<th>OMAN</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Sales Revenues</td>
<td>220,521</td>
<td>317,028</td>
<td>111,338</td>
<td>58,112</td>
<td>358</td>
<td>16,776</td>
<td>-</td>
<td>724,133</td>
</tr>
<tr>
<td>Building Sales Revenues %</td>
<td>38.17%</td>
<td>100.00%</td>
<td>99.92%</td>
<td>95.49%</td>
<td>3.39%</td>
<td>100.00%</td>
<td>-</td>
<td>65.54%</td>
</tr>
<tr>
<td>Rental Revenues</td>
<td>336,882</td>
<td>-</td>
<td>85</td>
<td>2,747</td>
<td>10,211</td>
<td>-</td>
<td>10,536</td>
<td>360,461</td>
</tr>
<tr>
<td>Rental Revenue %</td>
<td>58.31%</td>
<td>-</td>
<td>0.08%</td>
<td>4.51%</td>
<td>96.61%</td>
<td>-</td>
<td>100.00%</td>
<td>32.62%</td>
</tr>
<tr>
<td>Painting Materials</td>
<td>20,354</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,354</td>
</tr>
<tr>
<td>Painting Materials %</td>
<td>3.52%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.84%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>577,757</strong></td>
<td><strong>317,028</strong></td>
<td><strong>111,423</strong></td>
<td><strong>60,859</strong></td>
<td><strong>10,569</strong></td>
<td><strong>16,776</strong></td>
<td><strong>10,536</strong></td>
<td><strong>1,104,948</strong></td>
</tr>
</tbody>
</table>

### 2013

<table>
<thead>
<tr>
<th></th>
<th>SAUDI ARABIA</th>
<th>UAE</th>
<th>GHANA</th>
<th>PNG</th>
<th>ALGERIA</th>
<th>AUS-TRALIA</th>
<th>OMAN</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Sales Revenues</td>
<td>194,013</td>
<td>228,516</td>
<td>54,678</td>
<td>19,043</td>
<td>1,931</td>
<td>165,159</td>
<td>-</td>
<td>663,340</td>
</tr>
<tr>
<td>Building Sales Revenues %</td>
<td>40.45%</td>
<td>100.00%</td>
<td>99.84%</td>
<td>71.11%</td>
<td>17.17%</td>
<td>100.00%</td>
<td>-</td>
<td>68.29%</td>
</tr>
<tr>
<td>Rental Revenues</td>
<td>279,070</td>
<td>-</td>
<td>85</td>
<td>7,736</td>
<td>9,314</td>
<td>-</td>
<td>5,348</td>
<td>301,553</td>
</tr>
<tr>
<td>Rental Revenue %</td>
<td>58.19%</td>
<td>-</td>
<td>0.16%</td>
<td>28.89%</td>
<td>82.83%</td>
<td>-</td>
<td>100.00%</td>
<td>31.04%</td>
</tr>
<tr>
<td>Painting Materials</td>
<td>6,518</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,518</td>
</tr>
<tr>
<td>Painting Materials %</td>
<td>1.36%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.67%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>479,601</strong></td>
<td><strong>228,516</strong></td>
<td><strong>54,763</strong></td>
<td><strong>26,779</strong></td>
<td><strong>11,245</strong></td>
<td><strong>165,159</strong></td>
<td><strong>5,348</strong></td>
<td><strong>971,411</strong></td>
</tr>
</tbody>
</table>
Source of revenues that the company generated during FY 2014 according to geographical location

Source of revenues that the company generated during FY 2013 according to geographical location
7. MAJOR CHANGES IN OPERATING RESULTS

Below are the major changes in the Income Statement for the twelve-month periods ending December 31, 2013 and 2014.

<table>
<thead>
<tr>
<th>INCOME STATEMENT</th>
<th>2013</th>
<th>2014</th>
<th>DIFFERENCE (+/-)</th>
<th>DIFFERENCE (+/-) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>971,411</td>
<td>1,104,948</td>
<td>133,537</td>
<td>13.75%</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(695,176)</td>
<td>(809,802)</td>
<td>(114,626)</td>
<td>16.49%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>276,235</td>
<td>295,146</td>
<td>18,911</td>
<td>6.85%</td>
</tr>
<tr>
<td>Selling &amp; Marketing Expenses</td>
<td>(52,477)</td>
<td>(46,744)</td>
<td>5,733</td>
<td>-10.92%</td>
</tr>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>(57,127)</td>
<td>(75,040)</td>
<td>(17,913)</td>
<td>31.36%</td>
</tr>
<tr>
<td>Income from Operations</td>
<td>166,631</td>
<td>173,362</td>
<td>6,731</td>
<td>4.04%</td>
</tr>
<tr>
<td>Financial Income</td>
<td>2,473</td>
<td>1,697</td>
<td>(776)</td>
<td>-31.38%</td>
</tr>
<tr>
<td>Financial Charges</td>
<td>(7,481)</td>
<td>(7,159)</td>
<td>322</td>
<td>-4.30%</td>
</tr>
<tr>
<td>Other Income</td>
<td>5,971</td>
<td>(458)</td>
<td>(6,429)</td>
<td>-</td>
</tr>
<tr>
<td>Income before zakat, taxes &amp; minority Interest</td>
<td>167,594</td>
<td>167,442</td>
<td>(152)</td>
<td>-0.09%</td>
</tr>
<tr>
<td>Foreign income taxes</td>
<td>(8,866)</td>
<td>(1,478)</td>
<td>7,388</td>
<td>-83.33%</td>
</tr>
<tr>
<td>Zakat</td>
<td>(7,131)</td>
<td>(10,750)</td>
<td>(3,619)</td>
<td>50.75%</td>
</tr>
<tr>
<td>Income before minority interest</td>
<td>151,453</td>
<td>155,214</td>
<td>3,761</td>
<td>2.49%</td>
</tr>
<tr>
<td>Minority interest</td>
<td>1,174</td>
<td>1,477</td>
<td>303</td>
<td>25.81%</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>152,771</td>
<td>156,691</td>
<td>3,920</td>
<td>2.57%</td>
</tr>
<tr>
<td>EPS from Operating Income **</td>
<td>2.78</td>
<td>2.89</td>
<td>0.11</td>
<td>3.96%</td>
</tr>
<tr>
<td>EPS **</td>
<td>2.55</td>
<td>2.61</td>
<td>0.06</td>
<td>2.35%</td>
</tr>
</tbody>
</table>

** Earning per share for the periods ending December 31, 2013 and 2014 have been computed by dividing the Operating Income and Net Income for each period by the weighted average number of 60 million shares, after taking into consideration the bonus shares resulting from the increase in share capital from SAR 400 million to SAR 600 million during 2014, and according to the number of issued shares after the increase of share capital. Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to 2014 presentation.

The increase in Net Income in FY2014 compared to last year is due to the increase in total revenues by 13.75%, as a result of the increase in buildings sales by 9.16% and rental revenues by 19.53%. In addition to the increase in gross profit by SAR 18.91 million, which represents an increase of 6.85% compared to FY2013, and the decrease in Selling and Marketing expenses by 10.92%.
The Financial Statements for the year ending 31 December 2014, have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia, issued by the Saudi Organization for Certified Public Accountants (SOCPA).
Red Sea Housing Services is a Public Joint Stock Company registered in the Kingdom of Saudi Arabia under the Ministerial Decree No. 2532 dated 02/09/1427. The company’s headquarter is located in King Abdullah Economic City, Saudi Arabia, and the registered address for main factory is P.O. Box 1531, Jubail, 31951, Kingdom of Saudi Arabia.

Red Sea Housing Services Company (the “company”) holds a group of companies located in different locations throughout the world (the “Group”), and they are as follows:

**RED SEA HOUSING SERVICES (GHANA) LIMITED**
- **Incorporation Country:** Accra, Ghana
- **Incorporation Date:** 2005
- **Main Activities:** Manufacturing of Sitemaster 25, Steel Roughneck and Seaway Series buildings. This facility predominantly serves our customers located in North and West Africa.
- **100% owned by Red Sea Housing Services Company.**

**SARL RED SEA HOUSING SERVICES ALGERIA LIMITED (ALGERIA)**
- **Incorporation Country:** Algiers, Algeria
- **Incorporation Date:** 2006
- **Main Activities:** Importing of the company’s products for local sales and rentals and to support the parent company by way of executing the local installation of prefabricated buildings and general contracting works. It also manages and operates Desert Palm Hotel located in Hassi Ma’usd.
- **98% owned by Red Sea Housing Services Company, while Mr. Jamal Al Dabbagh (Board Member) owns the remaining 2%.**

**RED SEA HOUSING SERVICES COMPANY (QATAR) LLC**
- **Incorporation Country:** Doha, Qatar
- **Incorporation Date:** 2006
- **Main Activities:** General contracting, installation of prefabricated buildings and general maintenance and operations.
- **49% owned by Red Sea Housing Services Company. Red Sea Housing Services Company has the power to govern the financial and operating policies of Qatari subsidiary.**

**RED SEA HOUSING SERVICES COMPANY NIGERIA LIMITED**
- **Incorporation Country:** Nigeria
- **Incorporation Date:** 2008
- **Main Activities:** General contracting, construction, and general maintenance, construction of utilities and civil work and subcontracting.
- **97% owned by Red Sea Housing Services Company.**
  - As of 31 December 2014, the subsidiary has not generated any revenues.

**RED SEA HOUSING SERVICES COMPANY DUBAI FZE**
- **Incorporation Country:** UAE, Dubai, Jebel Ali Free Zone
- **Incorporation Date:** 2009
- **Main Activities:** Manufacturing of prefabricated housing units, in addition to general contracting, construction, and general maintenance, construction of utilities and civil work and subcontracting.
- **100% owned by Red Sea Housing Services Company.**

**RED SEA HOUSING SERVICES COMPANY (PAPUA NEW GUINEA) LTD.**
- **Incorporation Country:** Port Moresby, Papua New Guinea
- **Incorporation Date:** 2009
- **Main Activities:** General contracting, construction, installation, construction of utilities and civil work and subcontracting.
- **100% owned by Red Sea Housing Services Company.**

**RED SEA BUILDING MATERIALS AND EQUIPMENTS TRADING COMPANY**
- **Incorporation Country:** Jeddah, Saudi Arabia
- **Incorporation Date:** 2012
- **Main Activities:** Wholesale and retail trading of sanitary and electrical equipment, in addition to all types of paints and coating. It also specializes in buildings’ machineries and equipment.
- **100% owned by Red Sea Housing Services Company.**

**PREMIER PAINTS COMPANY**
- **Incorporation Country:** Jeddah, Saudi Arabia
- **Incorporation Date:** 2012
- **Main Activities:** The production and distribution of architectural paints, and industrial and marine coating.
- **81% owned by Red Sea Housing Services Company.**
RED SEA SPECIALIZED INVESTMENTS COMPANY
- Incorporation Country: Jeddah, Saudi Arabia
- Incorporation Date: 2013
- Main Activities: Investing in industrial, commercial, agricultural, services and real estate projects.
- 100% owned by Red Sea Housing Services Company

RED SEA HOUSING SERVICES (MOZAMBIQUE) LDA
- Incorporation Country: Maputo, Mozambique
- Incorporation Date: 2013
- Main Activities: The construction of industrial camps, import, sell, lease, install & maintain prefabricated buildings and related equipment.
- 100% owned by Red Sea Housing Services Company

RED SEA HOUSING SERVICES LLC (OMAN)
- Incorporation Country: Masqat, Oman
- Incorporation Date: 2013
- Main Activities: The Subsidiary specializes in the construction of industrial camps, import, sell, lease, install & maintain prefabricated buildings and related equipment.
- 100% owned by Red Sea Housing Services Company

RED SEA HOUSING SERVICES PTY LTD (AUSTRALIA)
- Incorporation Country: BRISBANE, AUSTRALIA
- Incorporation Date: 2013
- Main Activities: The construction of industrial camps, import, sale, lease, install and maintain prefabricated buildings and related equipment.
- 100% owned by Red Sea Housing Services Company.

RED SEA AFFORDABLE HOUSING COMPANY
- Incorporation Country: Jeddah, Saudi Arabia
- Incorporation Date: 2014
- Main Activities: The Subsidiary specializes in the investment and development of real estate, including the purchase, lease, development and sale of properties, and investments through the sale of such properties or lease to the company, and the construction of buildings, and the execution of Affordable Housing projects, and other relevant real estate development projects.
- 100% owned by Red Sea Housing Services Company.

RED SEA RESIDENTIAL CITY COMPANY
- Incorporation Country: Jeddah, Saudi Arabia
- Incorporation Date: 2014
- Main Activities: construct, manage and operate the integrated residential complexes and other real estate development projects, and general contracting for buildings, residential and commercial constructions.
- 100% owned by Red Sea Housing Services Company.

RED SEA REAL ESTATE DEVELOPMENT COMPANY
- Incorporation Country: Jeddah, Saudi Arabia
- Incorporation Date: 2014
- Main Activities: General contracting, investment and real estate development, including the purchase and lease of buildings and properties, and the construction of buildings and housing projects and other real estate development projects.
- 100% owned by Red Sea Housing Services Company.
The below table summarizes the ownership of Red Sea Housing Services Company in other subsidiaries, and the change of ownership percentages for the periods ending December 31, 2013 and 2014. None of the company’s subsidiaries or branches has issued debt instruments during the period ending 31 December 2014.

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Incorporation</th>
<th>Ownership Interest (%) at December 31,</th>
<th>Paid-up Capital</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Sea Housing Services (Ghana) Limited (“RSG”)</td>
<td>Ghana</td>
<td>100%</td>
<td>100%</td>
<td>USD 50,000</td>
</tr>
<tr>
<td>SARL Red Sea Housing Services Algeria Limited (“RSA”)</td>
<td>Algeria</td>
<td>98%</td>
<td>98%</td>
<td>DZD 20,000,000</td>
</tr>
<tr>
<td>Red Sea Housing Services Company Qatar LLC (“RSQ”)</td>
<td>Qatar</td>
<td>49%</td>
<td>49%</td>
<td>QAR 1,000,000</td>
</tr>
<tr>
<td>Red Sea Housing Services Company Nigeria Limited (“RSN”)</td>
<td>Federal Republic of Nigeria</td>
<td>97%</td>
<td>97%</td>
<td>NGN 2,000,000</td>
</tr>
<tr>
<td>Red Sea Housing Services Company Dubai FZE (“RSD”)</td>
<td>UAE</td>
<td>100%</td>
<td>100%</td>
<td>AED 1,000,000</td>
</tr>
<tr>
<td>Red Sea Housing Services Company Libya (“RSL”)</td>
<td>Libya</td>
<td>90%</td>
<td>90%</td>
<td>LYD 300,000</td>
</tr>
<tr>
<td>Red Sea Building Materials and Equipment Trading Company (“RSBMET”)</td>
<td>Saudi Arabia</td>
<td>100%</td>
<td>100%</td>
<td>SR 50,000</td>
</tr>
<tr>
<td>Premier Paints Company (“PPC”)</td>
<td>Saudi Arabia</td>
<td>81%</td>
<td>81%</td>
<td>SR 10,000,000</td>
</tr>
<tr>
<td>Red Sea Specialized Investments Company (“RSSI”)</td>
<td>Saudi Arabia</td>
<td>100%</td>
<td>100%</td>
<td>SAR 50,000</td>
</tr>
<tr>
<td>Red Sea Housing Services (Mozambique), LDA (“RSM”)</td>
<td>Mozambique</td>
<td>100%</td>
<td>100%</td>
<td>MT 15,000,000</td>
</tr>
<tr>
<td>Red Sea Housing Services LLC Oman, (“RSO”)</td>
<td>Oman</td>
<td>100%</td>
<td>100%</td>
<td>OMR 250,000</td>
</tr>
<tr>
<td>Red Sea Housing Services Pty Ltd Australia (“RSHSP”)</td>
<td>Australia</td>
<td>100%</td>
<td>100%</td>
<td>AUD 1.00</td>
</tr>
<tr>
<td>Red Sea Affordable Housing Company (“RSAHC”)</td>
<td>Saudi Arabia</td>
<td>--</td>
<td>100%</td>
<td>SAR 50,000</td>
</tr>
<tr>
<td>Red Sea Residential City Company (“RSRCC”)</td>
<td>Saudi Arabia</td>
<td>--</td>
<td>100%</td>
<td>SAR 50,000</td>
</tr>
<tr>
<td>Red Sea Real Estate Development Company (“RSRED”)</td>
<td>Saudi Arabia</td>
<td>--</td>
<td>100%</td>
<td>SAR 50,000</td>
</tr>
</tbody>
</table>

Red Sea Housing Services Company PNG is a branch fully owned by Red Sea Housing Services Company and is considered a subsidiary. The company also has licenses to operate branches in Abu Dhabi, Afghanistan and Equatorial Guinea, however, none of these subsidiaries had any operations during the period ending 31 December 2014. In addition, the following companies: RSN, RSSI, RSAHC, RSRED and RSRCD as summarized in the table above had no operations during the period ending 31 December 2014.
10. MAJOR SHAREHOLDERS

The following table includes the list of major shareholders who have previously disclosed their interests of shares in the company and own 5% or more of total number of issued shares as of 31 December 2014 (other than Board Members and Senior Executives of the company or any of their relatives):

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Percentage</th>
<th>Number of Shares at Year Start</th>
<th>Number of Shares at Year End</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dabbagh Company Holding Company Limited</td>
<td>51.00%</td>
<td>20,400,000</td>
<td>30,600,000</td>
<td>50.00%</td>
</tr>
<tr>
<td>2</td>
<td>Supreme Foods Company Limited</td>
<td>5.00%</td>
<td>2,000,000</td>
<td>3,000,000</td>
<td>50.00%</td>
</tr>
<tr>
<td>3</td>
<td>National Scientific Company Limited</td>
<td>5.00%</td>
<td>2,000,000</td>
<td>3,000,000</td>
<td>50.00%</td>
</tr>
<tr>
<td>4</td>
<td>Marketing and Commercial Agencies Limited</td>
<td>5.00%</td>
<td>2,000,000</td>
<td>3,000,000</td>
<td>50.00%</td>
</tr>
</tbody>
</table>

11. DIVIDEND POLICY

In compliance with Article (46) of the company’s by-laws, the company allocated (10%) of Net Income to form the required statutory reserve. Red Sea Housing has not issued any preferred stocks, therefore all dividends are distributed to common stockholders.

The Extraordinary General Assembly that was held on 24/04/2014 approved the distribution of SAR 75 million, or SAR 1.25 per share, as cash dividends to shareholders for FY2013, which represents 12.50% of the shares nominal value. The declared dividends were distributed by direct deposit into the shareholders’ bank accounts on 07/05/2014.

According to Article (46) of the company’s by-laws, dividends shall be distributed after deducting all general expenses and other costs as follows:

Ten percent (10%) of the annual Net Income shall be set aside to form a statutory reserve. Such reserves may be discontinued by the Ordinary General Assembly when the reserves reach one-half (50%) of the company’s paid-up capital.

Dividends shall be paid to preferred shareholders as per the specified percentage pertaining to such shares.

The Ordinary General Assembly may, upon the recommendations of the Board of Directors, allocate equal percentages of the annual Net Income to form additional statutory reserves. Out of the balance of the profits, if any, there shall be paid to the shareholders an initial payment of not less than five (5%) percent of the paid-up capital.

The balance shall be distributed among shareholders as an additional share of the profits.
12. DIRECTORS AND SENIOR EXECUTIVES SHAREHOLDINGS

With respects to the company and all its subsidiaries, none of the Board Members or Senior Executives or any of their spouses and minor children was entitled for share options or offering rights during FY2014.

The interests of Board Members, their wives and minor children in the company’s shares, debt instruments or any of its subsidiaries, in addition to the changes of ownership during FY2014 are shown in the following table:

<table>
<thead>
<tr>
<th>Name of the Board Member</th>
<th>Start of Year</th>
<th>End of Year</th>
<th>Net Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Debt Instruments</td>
<td>No. of shares</td>
<td>Debt Instruments</td>
<td>No. of shares</td>
</tr>
<tr>
<td>H.E. Mr. Amr Al Dabbagh (Chairman)</td>
<td>1,000</td>
<td>-</td>
<td>1,500</td>
<td>-</td>
</tr>
<tr>
<td>Dr. Ibrahim Al Madhaoun</td>
<td>1,000,000</td>
<td>-</td>
<td>884,000</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Amin Shaker</td>
<td>2,641,149</td>
<td>-</td>
<td>3,960,973</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Don Sumner</td>
<td>1,333</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Eng. Hussein Al Dabbagh</td>
<td>1,333</td>
<td>-</td>
<td>1,999</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Jamal Al Dabbagh</td>
<td>1,333</td>
<td>-</td>
<td>1,999</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Joseph Vecchiolla (Managing Director &amp; CEO)</td>
<td>-</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Mohamed Jazeel</td>
<td>1,333</td>
<td>-</td>
<td>1,999</td>
<td>-</td>
</tr>
<tr>
<td>Dr. Muhammad Ikhwan</td>
<td>6,000</td>
<td>-</td>
<td>15,000</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Saleh Binladen</td>
<td>-</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Sami Binmahfouz</td>
<td>1,026</td>
<td>-</td>
<td>2,334</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Waheed Shaikh</td>
<td>1,333</td>
<td>-</td>
<td>1,999</td>
<td>-</td>
</tr>
</tbody>
</table>

The interest of Mr. Jamal Al Dabbagh in SARL Red Sea Housing Service Company (Algeria) as of 31 December 2014 is shown in the table below:

<table>
<thead>
<tr>
<th>Name of the Board Member</th>
<th>Shares 01 January 2014</th>
<th>Debt Instruments 01 January 2014</th>
<th>Shares 31 December 2014</th>
<th>Debt Instruments 31 December 2014</th>
<th>Net Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jamal Al Dabbagh</td>
<td>200</td>
<td>0</td>
<td>200</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
The interests of Senior Executives, their wives and minor children in the company’s shares, debt instruments or any of its subsidiaries, and any changes made during FY2014, are shown in the following table.

<table>
<thead>
<tr>
<th>Name of the Senior Executive</th>
<th>Position</th>
<th>Start of Year</th>
<th>End of Year</th>
<th>Net Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Joseph Vecchiolla</td>
<td>Managing CEO &amp; Managing Director</td>
<td>-</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Sanjay Wadhwani</td>
<td>CFO</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Mohammed Mallawi</td>
<td>Compliance / Investor Relations Manager</td>
<td>26</td>
<td>42</td>
<td>16</td>
<td>61%</td>
</tr>
<tr>
<td>Mr. Don Sumner (Jr.)</td>
<td>President – Middle East Region</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Craig Conklin</td>
<td>General Manager – Jubail</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Bassam Al Warith</td>
<td>Chief Strategy Officer</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Waseem Ijaz</td>
<td>CEO – Premier Paint Company</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Mohammed Noor Rumaiz</td>
<td>CFO – Premier Paint Company</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Mark Sumner</td>
<td>President – Africa Region</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Brett McDonald</td>
<td>President – Australasia Region</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Andre Perin</td>
<td>VP Financial Planning &amp; Analysis</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Xander Kruger</td>
<td>VP Marketing &amp; Sales</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>
13. BANK BORROWINGS

During the first quarter of 2011, the company signed a medium-term loan agreement with National Commercial Bank in Saudi Arabia for the amount of SAR 225 million to construct industrial labor camps and facilities for Saudi Arabian Mining Company (Ma’aden) in Ras Al-Khair, Saudi Arabia. The loan was fully utilized through the project’s execution period. The loan is repayable over 33 monthly installments starting from 31/01/2012 till 30/09/2014. The total loan has been repaid and there is no outstanding balance as of 31 December 2014.

<table>
<thead>
<tr>
<th>Loan Type (Bank)</th>
<th>Loan Starting Date</th>
<th>Repayment Type</th>
<th>Repayment Period</th>
<th>Loan Amount</th>
<th>Opening Balance (01.01.2014)</th>
<th>Utilized Amount</th>
<th>Amount Paid</th>
<th>Outstanding Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium Term Loan (National Commercial Bank)</td>
<td>31.12.2011</td>
<td>Monthly</td>
<td>33 Months</td>
<td>225,000</td>
<td>42,614</td>
<td>---</td>
<td>(42,614)</td>
<td>-</td>
</tr>
<tr>
<td>Medium Term Loan (National Commercial Bank)</td>
<td>31.12.2013</td>
<td>Monthly</td>
<td>30 Months</td>
<td>125,000</td>
<td>125,000</td>
<td>---</td>
<td>(37,500)</td>
<td>87,500</td>
</tr>
<tr>
<td>Medium Term Loan (SABB Bank)</td>
<td>02.07.2013</td>
<td>Quarterly</td>
<td>4 years</td>
<td>50,000</td>
<td>38,500</td>
<td>7,000</td>
<td>(8,000)</td>
<td>37,500</td>
</tr>
<tr>
<td>Medium Term Loan (National Commercial Bank)</td>
<td>31.12.2014</td>
<td>Monthly</td>
<td>4 years</td>
<td>50,000</td>
<td>---</td>
<td>50,000</td>
<td>---</td>
<td>50,000</td>
</tr>
<tr>
<td>Short term Loan (Riyad Bank)</td>
<td>-</td>
<td>On due date</td>
<td>365 Days</td>
<td>50,000</td>
<td>15,000</td>
<td>30,000</td>
<td>(15,000)</td>
<td>30,000</td>
</tr>
<tr>
<td>Short term Loan (National Commercial Bank)</td>
<td>-</td>
<td>On due date</td>
<td>180 Days</td>
<td>40,000</td>
<td>---</td>
<td>50,000</td>
<td>(30,000)</td>
<td>20,000</td>
</tr>
<tr>
<td>Short term Loan (SABB Bank)</td>
<td>-</td>
<td>On due date</td>
<td>180 Days</td>
<td>10,000</td>
<td>---</td>
<td>16,033</td>
<td>(6,033)</td>
<td>10,000</td>
</tr>
<tr>
<td>Islamic Financing – Murabaha (Al Rajhi Bank)</td>
<td>-</td>
<td>On due date</td>
<td>180 Days</td>
<td>70,000</td>
<td>19,997</td>
<td>59,988</td>
<td>(59,989)</td>
<td>19,996</td>
</tr>
<tr>
<td>Short term Loan (Emirates National Bank of Dubai, UAE)</td>
<td>-</td>
<td>On due date</td>
<td>180 Days</td>
<td>25,000</td>
<td>1,591</td>
<td>13,354</td>
<td>(8,484)</td>
<td>6,461</td>
</tr>
<tr>
<td>Short term Loan (HSBC Bank, UAE)</td>
<td>-</td>
<td>On due date</td>
<td>180 Days</td>
<td>49,000</td>
<td>12,343</td>
<td>94,416</td>
<td>(79,622)</td>
<td>27,137</td>
</tr>
<tr>
<td>Total</td>
<td>694,000</td>
<td></td>
<td></td>
<td>255,045</td>
<td>320,791</td>
<td>(287,242)</td>
<td>288,594</td>
<td></td>
</tr>
</tbody>
</table>

Note: The Short term loans are primarily for working capital funding. The utilized amount and amount paid shown in the table above against short term loans represent the total drawdown and total repayment made during the year FY2014.
During the first quarter of 2013, the company signed a medium-term loan agreement with National Commercial Bank in Saudi Arabia for the amount of SAR 125 million to construct industrial labor camps and facilities for GS Engineering in the western province of Saudi Arabia. The loan was fully utilized through the project's execution period. The loan is repayable over 30 equal monthly installments starting from 31/03/2014 till 31/08/2016. As of 31 December 2014, total amount of repayments amounted to SAR 37.5 million, and the outstanding loan amount is SAR 87.5 million, which shall be paid through FY2015 and FY2016. During the second quarter of 2013, the company signed a medium-term loan agreement with SABB Bank in Saudi Arabia for the amount of SAR 50 million to finance the acquisition of 81% share in Premier Paint Company by the subsidiary Red Sea Building Materials and Equipments Trading Company. In addition, a portion of the loan was allocated for capital expenditure to upgrade the paint factory and its assets. As of 31st December 2013, loan utilization reached SAR 44 million, and the company decided not to utilize the remaining balance of SAR 6 million. An early settlement of SAR 5.5 million was paid against this loan during FY2013. Accordingly, the outstanding loan amount as of 31 December 2013 was SAR 38.50 million.

During the year 2014, the company has utilized an additional amount of SAR 7 million from the existing facility and repaid a total of SAR 8 million. As of 31st December 2014, the outstanding balance of the loan amounted to SAR 37.5 million, which shall be repaid over quarterly installments until 03/07/2018.

During the Second quarter of 2014, the company signed a medium-term loan agreement with National Commercial Bank in Saudi Arabia for the amount of SAR 50 million to construct professional men camp for Saudi Arabian Mining Company (Ma’aden) at Turaf in Saudi Arabia. The loan was fully utilized through the project’s execution period. The loan is repayable over 48 equal monthly installments starting from 31/01/2015 till 31/12/2018.

The below table provides details of the availed loans according to banks:

<table>
<thead>
<tr>
<th>Bank Borrowings for the periods ending 31 December, comprise of the following:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Portion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term bank borrowings</td>
<td>113,594</td>
<td>48,932</td>
</tr>
<tr>
<td>Current portion of medium-term borrowings</td>
<td>76,667</td>
<td>87,030</td>
</tr>
<tr>
<td>Non-current portion of medium-term borrowings</td>
<td>98,333</td>
<td>119,083</td>
</tr>
<tr>
<td>Total outstanding Bank Borrowings</td>
<td>288,594</td>
<td>255,045</td>
</tr>
</tbody>
</table>

The maturity profile of the non-current portion of the medium-term borrowings are as follows:

<table>
<thead>
<tr>
<th>Maturity Profile (Non-current portion)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>---</td>
<td>87,030</td>
</tr>
<tr>
<td>2015</td>
<td>76,667</td>
<td>61,000</td>
</tr>
<tr>
<td>2016</td>
<td>55,833</td>
<td>44,334</td>
</tr>
<tr>
<td>2017</td>
<td>22,500</td>
<td>11,000</td>
</tr>
<tr>
<td>2018</td>
<td>20,000</td>
<td>2,750</td>
</tr>
<tr>
<td>Total</td>
<td>175,000</td>
<td>206,114</td>
</tr>
</tbody>
</table>
14. DECLARATIONS RELATED TO DEBT INSTRUMENTS

Convertible Debt Instruments
The company, including all of its subsidiaries, did not grant, nor issue, nor convert, any convertible debt instruments, options, warrants or similar rights issues during and prior to FY2014.

Conversion or Subscription Rights
The company, including all of its subsidiaries, did not issue or grant any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights during and prior FY2014.

Callable Debt Instruments
The company, including all of its subsidiaries, did not issue or cancelled any callable debt instruments during FY2014.
The Extraordinary General Assembly (EGM) that was held on 24/04/2014 approved the amendment of Article (17) of the company’s by-laws to increase the number of Members of the Board from (9) to (12). During the EGM that was held on 19/10/2014, the shareholders approved the appointment of the three Board Members to fill the newly created seats.

The below summarizes the composition of the Board and classification of its members:

<table>
<thead>
<tr>
<th>Board Name</th>
<th>Classification</th>
<th>Membership in Other Companies</th>
<th>Membership in RSH Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 H.E. Mr. Amr Al Dabbagh</td>
<td>Non-Executive</td>
<td>Petromin Company SAED International For ISTIGDAM</td>
<td>Executive Committee (Chairman)</td>
</tr>
<tr>
<td>(Chairman of the Board)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Dr. Ibrahim Al Madhoun</td>
<td>Independent</td>
<td>Almarai Company Fitahi Holding Group Herfy Company</td>
<td>Executive Committee Nomination and Compensation Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Al Obeikan Investment Group</td>
<td></td>
</tr>
<tr>
<td>3 Mr. Amin Shaker</td>
<td>Non-Executive</td>
<td>Savola Group Kian International Rea Estate Development</td>
<td>-</td>
</tr>
<tr>
<td>4 Mr. Don Sumner</td>
<td>Non-Executive</td>
<td></td>
<td>Executive Committee Nomination and Compensation Committee</td>
</tr>
<tr>
<td>5 Eng. Hussein Al Dabbagh</td>
<td>Non-Executive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Mr. Jamal Al Dabbagh</td>
<td>Non-Executive</td>
<td>Gulf General Cooperative Insurance Company</td>
<td>Audit Committee Nomination and Compensation Committee</td>
</tr>
<tr>
<td>7 Mr. Joseph Vecchiolla</td>
<td>Executive</td>
<td>Fitahi Holding Group</td>
<td></td>
</tr>
<tr>
<td>(MD &amp; CEO)</td>
<td></td>
<td>Gulf General Cooperative Insurance Company</td>
<td>Executive Committee Nomination and Compensation Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>National Gaz &amp; Industrialization Company</td>
<td></td>
</tr>
<tr>
<td>8 Dr. Muhammad Ikhwan</td>
<td>Independent</td>
<td>Fitahi Holding Group</td>
<td>Audit Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gulf General Cooperative Insurance Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>National Gaz &amp; Industrialization Company</td>
<td></td>
</tr>
<tr>
<td>9 Mr. Mohamed Jazeel</td>
<td>Non-Executive</td>
<td>Gulf General Cooperative Insurance Company</td>
<td>Executive Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Petromin SAED International For ISTIGDAM</td>
<td>Audit Committee</td>
</tr>
<tr>
<td>10 Mr. Saleh Binladen</td>
<td>Independent</td>
<td>Knowledge Economic City Company Makkah Construction &amp; Development Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ports Development Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Arabian Roots Group Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Construction Products Holding Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kian International Real Estate Development</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Al-Khabeer Capital Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Umm Alqura for Construction and Development Company</td>
<td></td>
</tr>
<tr>
<td>11 Mr. Sami Binnmahfouz</td>
<td>Independent</td>
<td></td>
<td>Audit Committee (Chairman)</td>
</tr>
<tr>
<td>12 Mr. Waheed Shaikh</td>
<td>Non-Executive</td>
<td>Petromin Company</td>
<td></td>
</tr>
</tbody>
</table>
16. BOARD MEETINGS AND RECORD OF ATTENDANCE

The Board of Directors of Red Sea Housing Company had (4) meetings during FY2014. Below is a table summarizing the record of attendance for these meetings:

<table>
<thead>
<tr>
<th>Member</th>
<th>1st Meeting</th>
<th>2nd Meeting</th>
<th>3rd Meeting</th>
<th>4th Meeting</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20/01/2014</td>
<td>24/04/2014</td>
<td>26/08/2014</td>
<td>20/10/2014</td>
<td></td>
</tr>
<tr>
<td>H.E. Mr. Amr Al Dabbagh</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Dr. Ibrahim Al Madhoun</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Amin Shaker</td>
<td>Not a Member</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>3</td>
</tr>
<tr>
<td>Mr. Don Sumner</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Eng. Hussein Al Dabbagh</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Jamal Al Dabbagh</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Joseph Vecchiolla</td>
<td>Not a Member</td>
<td>Not a Member</td>
<td>Not a Member</td>
<td>Present</td>
<td>1</td>
</tr>
<tr>
<td>Dr. Muhammad Ikhwan</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Mohamed Jazeel</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Saleh Binladen</td>
<td>Not a Member</td>
<td>Not a Member</td>
<td>Not a Member</td>
<td>Present</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Sami Binmahfouz</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Waheed Shaikh</td>
<td>Present</td>
<td>Not a Member</td>
<td>Not a Member</td>
<td>Present</td>
<td>2</td>
</tr>
</tbody>
</table>

There was a number of changes in the structure of the Board of Directors during FY2014, which was as follows:

- **21/01/2014**: Mr. Waheed Shaikh submitted his resignation from Board Membership and accordingly Mr. Amin Shaker was temporarily appointed to fill the vacant seat. The appointment of Mr. Shaker was approved by shareholders during the EGM that was held on 24/04/2014, in which cumulative voting method was exercised.

- **19/10/2014**: the EGM approved the appointment of Mr. Saleh Binladen, Mr. Joseph Vecchiolla and Mr. Waheed Shaikh to fill the newly created seats and complete the current membership cycle (2012-2015), in which cumulative voting method was exercised.

The current 3-year cycle for Board Membership shall expire by 24/04/2015. Accordingly, Members of the Board of Directors will be reelected in the General Assembly Meeting that will be held in 2015, where cumulative voting method will be exercised as per Article (37) of the company’s by-laws.
17. RELATED PARTY TRANSACTIONS

During FY2014, the Company continued the involvement in some of the contracts where some Board Members have interests in. These contracts have been concluded during the previous years and are extension of ongoing relationships that began before 2014. These contracts are summarized in the table below:

<table>
<thead>
<tr>
<th>Board Member</th>
<th>Details of the Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. H.E. Mr. Amr Abdullah Al Dabbagh (Chairman of the Board)</strong></td>
<td>Premier Paint Company (PPC), a subsidiary of Red Sea Housing Services Company concluded contracts with Petromin Company during FY 2014 in the amount of SAR 434,555.00 against the sales and application of paint products by PPC, where H.E. Mr. Amr Abdullah Al Dabbagh is chairman of the Board of Petromin Company and Red Sea Housing Services Company.</td>
</tr>
<tr>
<td><strong>2. Mr. Jamal Abdullah Al Dabbagh</strong></td>
<td>Mr. Jamal Abdullah Al Dabbagh owns 2% of SARL Red Sea Housing Ltd (Algeria). There were no contracts between the companies in FY 2014. This item will be included in the Agenda for the coming General Assembly for voting by shareholders, and to approve the contracts for FY 2015, to purchase housing units.</td>
</tr>
<tr>
<td><strong>3. Mr. Jamal Abdullah Al Dabbagh</strong></td>
<td>The Company concluded contracts with Gulf General Cooperative Insurance Company (GGCIC) during FY 2014 in the amount of SAR 2,877,016.07 to provide insurance products and services to RSH, where Mr. Jamal Abdullah Al Dabbagh is the Chairman of GGCIC.</td>
</tr>
<tr>
<td><strong>4. Mr. Mohamed Husnee Jazeel</strong></td>
<td>The Company concluded contracts with Gulf General Cooperative Insurance Company (GGCIC) during FY 2014 in the amount of SAR 2,877,016.07 to provide insurance products and services to RSH, where Mr. Mohamed Husnee Jazeel is a Board Member in both companies.</td>
</tr>
<tr>
<td><strong>5. Mr. Waheed Ahmed Shaikh</strong></td>
<td>Premier Paint Company (PPC), a subsidiary of Red Sea Housing Services Company concluded contracts with Petromin Company during FY 2014 in the amount of SAR 434,555.00 for the sales and application of paint products by PPC, where Mr. Waheed Ahmed Shaikh is a Board Member in both companies.</td>
</tr>
<tr>
<td><strong>6. Dr. Muhammad Ali Ikhwan</strong></td>
<td>The Company concluded contracts with Gulf General Cooperative Insurance Company (GGCIC) in the amount of SAR 2,877,016.07 to provide insurance products and services to RSH, where Dr. Muhammad Ali Ikhwan is a Board Member in both companies.</td>
</tr>
<tr>
<td><strong>7. Mr. Saleh Mohammed Binladen</strong></td>
<td>In 2013, Red Sea Housing Services Company concluded a 3-years agreement with Mr. Saleh Mohammed Awad Binladen, who was appointed as a Member of the Board in 2014, to lease a property that he owns in Rabigh to construct the camp for GS Engineering, for an annual amount SAR 883,390.95.</td>
</tr>
</tbody>
</table>

Related parties principally comprise of Dabbagh Group Holding Company Limited and its affiliated entities (collectively the "Dabbagh Group") which are the major shareholders of the company and the Group’s minority shareholders and their affiliated entities.
The below tables summarizes the transactions for related parties during FY2014:

<table>
<thead>
<tr>
<th>Name of the Related Party</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dabbagh Group Holding, Saudi Arabia</td>
<td>Major Shareholder of the Company with 51% shareholding.</td>
</tr>
<tr>
<td>Eurotech Projects Development, Qatar</td>
<td>Minority Shareholder in subsidiary Company, Red Sea Housing Services Company LLC, Qatar.</td>
</tr>
<tr>
<td>Petromin Company, Saudi Arabia</td>
<td>An affiliate of the Company, as it is a subsidiary of major shareholder Dabbagh Group Holding Company Limited.</td>
</tr>
<tr>
<td>National Scientific Company, Saudi Arabia</td>
<td>Substantial shareholder of the Company with 5% shareholding.</td>
</tr>
<tr>
<td>Mr. Saleh Mohammed Binladen</td>
<td>An Independent Board Member who was appointed by the shareholders during the EGM held on 19/10/2014.</td>
</tr>
</tbody>
</table>
### Related party Transaction details:

#### Dabbagh Group Holding Company, Kingdom of Saudi Arabia

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance – Payable/(Receivable)</td>
<td>57,790.59</td>
<td>8,845.15</td>
</tr>
<tr>
<td>Add: Purchase of Air Tickets, Hotel bookings and office equipment on behalf of Company</td>
<td>266,171.41</td>
<td>59,921.00</td>
</tr>
<tr>
<td>Less: Sale of pre-fabricated buildings</td>
<td>(388,904.00)</td>
<td>(10,975.56)</td>
</tr>
<tr>
<td>Closing Balance - Payable/(Receivable)</td>
<td>(64,942.00)</td>
<td>57,790.59</td>
</tr>
</tbody>
</table>

#### Eurotech Project Development, Qatar

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance – Payable/(Receivable)</td>
<td>---</td>
<td>(528,286.56)</td>
</tr>
<tr>
<td>Add: Purchases</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Less: Minority shareholder outstanding written off</td>
<td>---</td>
<td>528,286.56</td>
</tr>
<tr>
<td>Closing Balance - Payable/(Receivable)</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

#### Petromin Company, Saudi Arabia

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance – Payable/(Receivable)</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Add: Receipts</td>
<td>509,305.00</td>
<td>---</td>
</tr>
<tr>
<td>Less: Sales and application of Paint products</td>
<td>(434,555.00)</td>
<td>---</td>
</tr>
<tr>
<td>Closing Balance - Payable/(Receivable)</td>
<td>74,750.00</td>
<td>---</td>
</tr>
</tbody>
</table>

#### National Scientific Company (NSC), Saudi Arabia

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance – Payable/(Receivable)</td>
<td>(777,195.05)</td>
<td>---</td>
</tr>
<tr>
<td>Add: Renting of office space and vehicles</td>
<td>969,208.10</td>
<td>747,191.87</td>
</tr>
<tr>
<td>Less: End of service benefits payable to employees transferred from NSC</td>
<td>---</td>
<td>(1,524,386.92)</td>
</tr>
<tr>
<td>Closing Balance - Payable/(Receivable)</td>
<td>192,013.05</td>
<td>(777,195.05)</td>
</tr>
</tbody>
</table>

#### Mr. Saleh Mohammed Binladen

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance – Payable/(Receivable)</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Add: Lease of Land</td>
<td>883,390.95</td>
<td>883,390.95</td>
</tr>
<tr>
<td>Less: Payments for Lease of Land</td>
<td>(883,390.95)</td>
<td>(883,390.95)</td>
</tr>
<tr>
<td>Closing Balance - Payable/(Receivable)</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
18. REMUNERATION OF BOARD MEMBERS AND SENIOR EXECUTIVES

The following table shows the remuneration and compensations paid to Board Members and Senior Executives during FY2014:

<table>
<thead>
<tr>
<th>Executive Members</th>
<th><strong>Non-Executives / Independent Members</strong></th>
<th>Five Top Paid Executives Including CEO &amp; CFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>2,360</td>
<td>--</td>
</tr>
<tr>
<td>Allowances &amp; Compensations</td>
<td>2,736</td>
<td>--</td>
</tr>
<tr>
<td>Annual &amp; Periodic Remunerations</td>
<td>240</td>
<td>1,680</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,336</td>
<td>1,680</td>
</tr>
</tbody>
</table>

19. Waiving of Remunerations and Compensations

There are no arrangements or agreements under which a Board Member or Senior Executive has waived his right to any salary or compensation during FY2014.

20. Waiving of Dividends

There are no arrangements or agreements under which a shareholder has waived his right in receiving dividends during FY2014.

21. Statutory Obligations

The company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Zakat is charged to the consolidated statement of income.

Additional zakat payable, if any on the finalization of the company’s assessments are accounted for when determined by the DZIT.

The company has finalized its zakat status and obtained the zakat clearance certificates up to 2006. The company has not received final assessments from the DZIT for the years 2007 through 2014. Income tax related to foreign subsidiaries and branches amounted to approximately SAR 1.48 million for the period ending 31 December 2014 compared to SAR 8.90 million for the period ending 31 December 2013.

Foreign branches and subsidiaries are subject to income taxes in their respective countries of domicile except for Red Sea Housing Services (Ghana), which has a 10 year tax holiday period from the date of commencing operations.

The company’s subsidiary in UAE is not subject to any zakat or income taxes in UAE.
The below tables detail the statutory obligations paid by the company for the periods ending December 31, 2013 and 2014:

### Provision for Zakat

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>15,594,705</td>
<td>17,532,670</td>
</tr>
<tr>
<td>Provision</td>
<td>10,750,000</td>
<td>7,130,695</td>
</tr>
<tr>
<td>Payments</td>
<td>(9,098,859)</td>
<td>(9,068,660)</td>
</tr>
<tr>
<td>December 31</td>
<td>17,245,846</td>
<td>15,594,705</td>
</tr>
</tbody>
</table>

### Provision for Foreign Income Taxes

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>8,026,534</td>
<td>--</td>
</tr>
<tr>
<td>Provision</td>
<td>1,478,024</td>
<td>8,866,800</td>
</tr>
<tr>
<td>Payments</td>
<td>(8,993,710)</td>
<td>(55,748)</td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>--</td>
<td>(784,518)</td>
</tr>
<tr>
<td>December 31</td>
<td>510,848</td>
<td>8,026,534</td>
</tr>
</tbody>
</table>

### Provision for GOSI

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>132,358</td>
<td>--</td>
</tr>
<tr>
<td>Provision</td>
<td>2,186,726</td>
<td>926,135</td>
</tr>
<tr>
<td>Payments</td>
<td>(2,103,584)</td>
<td>(793,777)</td>
</tr>
<tr>
<td>December 31</td>
<td>215,500</td>
<td>132,358</td>
</tr>
</tbody>
</table>

### Customs

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Provision</td>
<td>3,304,576</td>
<td>2,896,179</td>
</tr>
<tr>
<td>Payments</td>
<td>(3,304,576)</td>
<td>(2,896,179)</td>
</tr>
<tr>
<td>December 31</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

The company does not have any other outstanding statutory government payments as of 31 December 2014.

### 22. Reserves for Employee Benefits

The below tables illustrates the End-of-Service Benefits allocated to the company's staff for the periods ending December 31, 2013 and 2014.

### End of Service Benefits

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of the Year</td>
<td>32,983,623</td>
<td>29,509,461</td>
</tr>
<tr>
<td>Provisions</td>
<td>7,963,622</td>
<td>5,493,621</td>
</tr>
<tr>
<td>Payments</td>
<td>(8,010,214)</td>
<td>(1,898,042)</td>
</tr>
<tr>
<td>Currency Translation Differences</td>
<td>(778)</td>
<td>(121,417)</td>
</tr>
<tr>
<td>End of the Year</td>
<td>32,936,253</td>
<td>32,983,623</td>
</tr>
</tbody>
</table>

### 23. Declaration of Board of Directors

The Board of Directors declares the following:

- Proper books of account have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the company’s ability to continue as a going concern.

### 24. Audit Report and Financial Statements

Audit Report confirms that consolidated financial statements are free of material misstatements, and accounts have not been qualified.
25. COMMITTEES OF THE BOARD

The company has (3) Committees that emerge from the Board of Directors. These committees were formed by the Board and have a crucial role in assisting the Board to carry out its entrusted duties to achieve the optimal performance and to benefit from the expertise of their members. The committees are also responsible for developing policies and plans, enforcing the rules of authorities, and make their recommendations to the Board as requested.

Executive Committees
The EGM that was held on 19/10/2014 approved the amendment of Article (5) of the Executive Committee Charters to increase the number of the Members to (5) instead of (4). The Executive Committee is chaired by H.E. Mr. Amr Al Dabbagh and the membership of Dr. Ibrahim Al Madhoun, Mr. Don Sumner, Mr. Joseph Vecchiolla and Mr. Mohamed Jazeel. The committee takes the responsibility of proposing major executive and strategic decisions to the Board of Directors in accordance with the specified authorities, and then recommends them to the Board for its approval. The Executive Committee met (3) times in FY2014.

Audit Committee
The Audit Committee consists of (4) members from the Board. It is chaired by Mr. Sami BinMahfouz who was appointed as the Chairman of the Committee on 26/08/2014, and membership of Dr. Muhammad Ikhwan (previous Chairman), Mr. Jamal Al Dabbagh and Mr. Mohamed Jazeel.

The committee is responsible for overseeing the risk assessment, administrative procedures, financial transactions and reports and the examinations of Internal Control procedures. During FY2014, the Committee met (4) times.

Nomination and Compensation Committee
The EGM that was held on 19/10/2014 approved the amendment of Article (4) of the Nomination and Compensation Committee Charters to increase the number of the Members to (4) instead of (3). The Committee is chaired by Dr. Ibrahim Al Madhoun and membership of Mr. Don Sumner, Mr. Jamal Al Dabbagh and Mr. Joseph Vecchiolla.

The committee is responsible for reviewing all actions and policies, programs and requirements related to the Members of the Board and membership of the Board. It is also responsible for developing clear policies for the remuneration and compensation of Board Members and Senior Executives and recommend them to the Board for approval.

The Nomination and Compensation Committee met (4) times during FY2014.
26. Risks Related to the Business
The company’s business and financial condition or results of operations could be materially affected by any of the following risks. Whilst the list is not exhaustive, it indicates some of the major risks encountered by Red Sea Housing Services Company.

Cost and Availability of Raw Materials
Prices and availability of raw materials to manufacture the company’s products can change significantly due to fluctuations in supply and demand. The company has historically been able to have an adequate supply of raw materials by maintaining good relations with its vendors and stockpiling high volume materials. In addition, increased prices have historically been passed on to customers by raising the prices. There is no certainty that the company will be able to pass on future price increases and maintain adequate supply of raw materials. The inability to raise the price of its products and to maintain a proper supply of materials could have a negative impact on sales, operating results and cash flows.

Competition
The company operates in competitive markets. There are a number of companies which compete directly with Red Sea Housing and such competition may put pressure on the margins for the company’s products. In addition, the company’s future performance might be adversely impacted by new entrants to its markets.

Cyclical Nature of Business
Although the economies of the Middle East and parts of Africa continue to pursue a policy of diversification to enhance the contribution of non-oil sectors to their GDPs, oil related revenues continue to play a dominant role in those economies. The downturn in the price of oil could suddenly turn market conditions unfavorable to new investments which could reduce the demand for remote camps and employee accommodations. In the event such a situation materializes, it may have an effect on the company’s results of operations and financial condition.

Business Interruption
Red Sea’s business is dependent on the ongoing, efficient operations of its manufacturing facilities in Saudi Arabia, UAE, and Ghana. Inherent risks include natural disasters, war, accidents to key personnel, power, water supply, and computer equipment failure. Although the company maintains insurance policies consistent with industry norms and has put in place safety and protective measures to minimize the effects of such risks such measures may not adequately compensate the company for losses that may occur and any losses and/or damages incurred could have a material adverse effect on revenue.

Governmental Regulations
The company is subject to various governmental regulations. Implementation of new regulations or amendments to existing regulations could significantly increase the cost of the company’s products. In addition, failure to comply with present or future regulations could result in fines or potential civil or criminal liability. Both scenarios could negatively impact sales, operating results and cash flows.

Dependence on Executive Officers and Other Key Personnel
The company depends on the efforts of its executive officers and certain key employees. The loss of the service of one or more of these individuals could have an adverse effect on the sales, operating results and cash flows of the company.

Currency Exchange
The company’s expenses and revenues involve a number of currencies due to the raw materials procurement from a number of different markets, manufacturing facilities located in more than one country, and sales being generated from a number of different markets. A significant movement of exchange rate between the Saudi Arabian Riyal and the other currencies in which the company might do any trade may have a material adverse effect on the company’s profitability. The company examines foreign exchange risk management tools; however it still affects the company’s profitability due to the added cost of employing such tools.

Political Risk
Red Sea Housing Services Company has executed contracts in more than 60 countries. It concentrates in Middle East, Africa and East Asia. The major customers of the company are Mining, Oil and Gas Companies having drilling and refining sites in the region. Some of the countries catered for by the Company have instable political and economic framework, which could substantially affect the performance of the company.
27. Sanctions and Penalties Imposed on the Company

The Capital Market Authority (CMA) announced on 15/01/2015 the issuance of a CMA Board Resolution to impose SAR 30,000 penalty on Red Sea Housing Services Company due to violating clause (B) of Article (40) of the Listing Rules, in which the company was late in disclosing the public the invitation of the Extraordinary General Assembly that involves the recommendation to increase its share capital, as the company posted the announcement in less than two hours from the start of the trading session on 12/03/2014. As requested by CMA, the penalty amount was settled with (30) days from the resolution date.

28. Results of Annual Review of the Effectiveness of Internal Control

In 2014, the company’s operations were subjected to periodic reviews by Internal Control Department and External Auditor to ensure the effectiveness of internal control procedures in protecting the assets of the company, assess operational risks and measure efficiency of overall performance. The External Auditor has also evaluated the effectiveness of systems and procedures through the performance of consolidated review where no material weaknesses were found in the Internal Control system of the company. This reflects the assurance of the Audit Committee on the effectiveness of the internal control procedures.

29. Social Corporate Responsibilities

Red Sea Housing is committed to the communities we serve from Algeria to Papa New Guinea. We believe that integrating sustainable development and community engagement into our long term strategy is the key to sustainable outcomes both for ourselves as well as our customers. This comprehensive approach to housing, one that spans more than physical infrastructure, extends to each pillar of the Red Sea Housing Group through products and services.

Our Industrial Housing Division delivers a range of camp utilities including storm water management capabilities and waste water treatment. We also leverage our core business of shelter to build school structures where needed. One example of this is La Ollennu Basic School in Accra where Red Sea Housing donated a 4-classroom school to benefit children’s education in Ghana. Our Building Materials Division is committed to managing our environmental footprint through the design and manufacturing of eco-friendly products. Our work with Sherwin Williams is expanding our product offering to include environmentally safe coatings. Our most ambitious effort is within our Affordable Housing Division. The management within Red Sea Housing understands the vast need for affordable housing on a global scale and recognizes the incredible social benefit of providing homes to improve the state of our world one family at a time.

30. Shareholders and Investors Relations

Red Sea Housing Services takes the responsibility of keeping investors and shareholders informed of its performance and activities during the year through the Annual Report as well as the ongoing announcements of significant developments that may arise and could have an impact on its financial situation, which are posted on the official website of Tadawul and RSH website in addition to other media channels as per the rules and regulations of CMA and other authority parties. The company also takes the necessary measures to ensure the delivery of unclaimed dividends that clients failed to receive due to not properly updating their banking information.
31. List of Corporate Governance Rules Issued by CMA

Red Sea Housing Services Company ensures the adherence to the rules and regulations related to corporate governance that are stated in the company’s Bylaws and are published by Ministry of Commerce and Industry with respect to rights of shareholders and obligations towards continuous transparency. Below is a table stating the rules that have not been implemented, and shall be rectified in the near future.

<table>
<thead>
<tr>
<th>Article No.</th>
<th>Article</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11 (b)</td>
<td>The responsibilities of the Board of Directors should be clearly stated in the company’s Article of Association. The company’s By-laws does not clearly state the responsibilities of BOD. However, they were clearly stated in Section (3) of Corporate Governance Charter, Page (3), which was approved by the shareholders in the EGM.</td>
</tr>
</tbody>
</table>