

**Abdullah Abdul Mohsin Al-Khodari Sons Company
(A Saudi Joint Stock Company)**

**INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
31 MARCH 2015**

**LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
ABDULLAH ABDUL MOHSIN AL-KHODARI SONS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

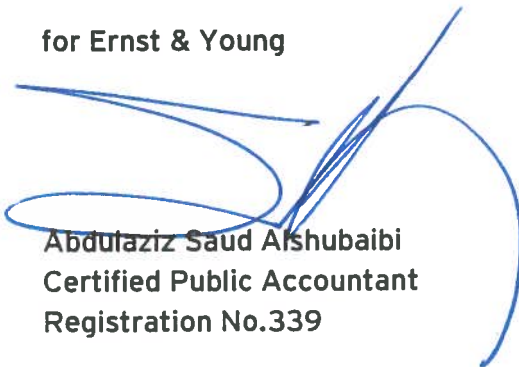
Scope of limited review:

We have reviewed the accompanying interim balance sheet of Abdullah Abdul Mohsin Al-Khodari Sons Company (A Saudi Joint Stock Company) ("the Company") as at 31 March 2015, the related interim statement of income and cash flows for the three months period ended on 31 March 2015. These interim financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our review was limited and was conducted in accordance with Saudi Organisation of Certified Public Accountants (SOCPA) standard on interim financial information. The limited review consists principally of analytical procedures applied to financial data and inquiries of the Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion on limited review:

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

for Ernst & Young



Abdulaziz Saud Alshubaibi
Certified Public Accountant
Registration No.339



27 Jumada II 1436H
16 April 2015

Al-Khobar

Abdullah Abdul Mohsin Al-Khodari Sons Company (A Saudi Joint Stock Company)

INTERIM BALANCE SHEET (UNAUDITED)

As At 31 March 2015

	Note	31 March 2015 SR	31 March 2014 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		78,839,287	70,110,341
Accounts receivable		585,004,606	753,825,824
Advances to suppliers, prepayments and other current assets		253,576,413	322,514,979
Value of work executed in excess of billings	4	1,500,273,576	1,206,330,908
Amounts due from related parties		6,781,831	34,459,474
Inventories		102,331,718	88,278,275
Assets held for sale		16,128,086	21,056,310
TOTAL CURRENT ASSETS		2,542,935,517	2,496,576,111
NON-CURRENT ASSETS			
Investments in subsidiaries		4,292,191	4,209,000
Mobilisation costs		27,998,052	32,276,837
Long term deposits		31,435,749	-
Property, equipment and vehicles		546,953,181	644,084,160
TOTAL NON-CURRENT ASSETS		610,679,173	680,569,997
TOTAL ASSETS		3,153,614,690	3,177,146,108
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable		539,645,468	329,780,425
Accrued expenses and other current liabilities		184,234,074	179,096,643
Advances from customers		98,148,399	100,698,128
Billings in excess of the value of work executed		-	2,763,107
Amounts due to related parties		66,197	970,377
Provision for zakat	5	7,677,200	8,110,751
Short term loans		43,396,563	95,616,090
Current portion of term loans		388,311,083	585,832,310
Dividends payable		1,663,647	1,663,647
TOTAL CURRENT LIABILITIES		1,263,142,631	1,304,531,478
NON-CURRENT LIABILITIES			
Term loans		777,469,391	741,741,082
Advances from customers		139,114,798	218,998,290
Employees' terminal benefits		72,361,133	63,910,456
Loan from an affiliate		3,750,000	3,750,000
TOTAL NON-CURRENT LIABILITIES		992,695,322	1,028,399,828
TOTAL LIABILITIES		2,255,837,953	2,332,931,306
SHAREHOLDERS' EQUITY			
Share capital	6	531,250,000	531,250,000
Statutory reserve		69,050,634	60,798,190
Proposed dividends	7	-	26,562,500
Retained earnings		297,476,103	225,604,112
TOTAL SHAREHOLDERS' EQUITY		897,776,737	844,214,802
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,153,614,690	3,177,146,108


Kailash Sadangi
Chief Financial Officer


Fawwaz Al-Khodari
Chief Executive Officer

The attached notes 1 to 12 form part of these interim financial statements.

Abdullah Abdul Mohsin Al-Khodari Sons Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three months period ended 31 March 2015

	Note	<i>Three months period ended 31 March</i>	
		2015	2014
		SR	SR
Revenues	11	444,727,191	473,860,940
Direct costs		(397,135,926)	(450,970,464)
GROSS PROFIT	11	47,591,265	22,890,476
EXPENSES			
Selling and marketing		(4,131,791)	(4,696,807)
General and administration		(16,693,341)	(17,176,446)
INCOME FROM MAIN OPERATIONS		26,766,133	1,017,223
Other income	8	521,737	41,855,069
Financial charges		(12,952,427)	(9,408,856)
INCOME BEFORE ZAKAT		14,335,443	33,463,436
Zakat	5	(358,386)	(836,586)
NET INCOME FOR THE PERIOD		13,977,057	32,626,850
Earnings per share (from main operations)		0.50	0.02
Earnings per share (from net income)		0.26	0.61
Weighted average number of shares outstanding	10	53,125,000	53,125,000


 Kailash Sadangi
 Chief Financial Officer


 Fawwaz Al-Khodari
 Chief Executive Officer

Abdullah Abdul Mohsin Al-Khodari Sons Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 31 March 2015

	<i>Three months period ended 31 March</i>	
	2015	2014
	SR	SR
OPERATING ACTIVITIES		
Income before zakat	14,335,443	33,463,436
Adjustments for:		
Depreciation	40,690,068	41,698,938
Amortisation of mobilisation cost	3,055,288	2,099,015
Provision for employees' terminal benefits	4,863,350	443,137
Gain on disposal of assets held for sale	(20,550)	(40,716,592)
Financial charges	12,952,427	9,408,856
	<u>75,876,026</u>	<u>46,396,790</u>
Changes in operating assets and liabilities:		
Accounts receivable and due from related parties	26,270,226	(9,937,469)
Advances, prepayments and other other current assets	(41,274,455)	(31,601,556)
Inventories	(112,496)	11,877,562
Value of work executed in excess of billings	(140,599,296)	(221,249,206)
Long term deposits	(4,726,142)	-
Accounts payable and due to related parties	140,561,526	193,051,394
Accrued expenses and other current liabilities	54,814,894	(11,272,325)
Advances from customers	(25,222,742)	27,576,389
Billings in excess of the value of work executed	-	854,124
	<u>85,587,541</u>	<u>5,695,703</u>
Cash from operations	(12,952,427)	(9,408,856)
Financial charges paid	(2,136,136)	(1,738,754)
Employee terminal benefits paid	<u>70,498,978</u>	<u>(5,451,907)</u>
Net cash from/(used in) operating activities		
INVESTING ACTIVITIES		
Purchase of property, equipment and vehicles	(16,877,351)	(131,413,131)
Proceeds from disposal of assets held for sale	15,549,892	55,795,825
Mobilisation costs incurred	(390,160)	(6,573,438)
	<u>(1,717,619)</u>	<u>(82,190,744)</u>
Net cash used in investing activities		
FINANCING ACTIVITY		
Movement in short and long term loans	(154,644,747)	(30,564,995)
	<u>(154,644,747)</u>	<u>(30,564,995)</u>
Net cash used in financing activity		
DECREASE IN CASH AND CASH EQUIVALENTS		
	(85,863,388)	(118,207,646)
Cash and cash equivalents at the beginning of the period	164,702,675	188,317,987
	<u>78,839,287</u>	<u>70,110,341</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Non cash transaction:		
Property, equipment and vehicles transferred to assets held for sale	<u>12,582,544</u>	<u>13,221,696</u>


Kailash Sadangi
Chief Financial Officer


Fawwaz Al-Khodari
Chief Executive Officer

The attached notes 1 to 12 form part of these interim financial statements.

At 31 March 2015

1 ACTIVITIES

Late Sheikh Abdullah Abdul Mohsin Al-Khodari founded a sole proprietorship in the Kingdom of Saudi Arabia in 1966 as general contracting. It was converted to a Saudi limited partnership under the name of Abdullah Abdul Mohsin Al-Khodari Sons Company on 25 Rajab 1412H corresponding to 30 January 1992. It was again converted into a Saudi Closed Joint Stock Company in accordance with Ministerial Resolution Number 152/Q dated 16 Jumad Awal 1430H (corresponding to 11 May 2009).

On 27 June 2010, Capital Market Authority accepted the application of the management of the Company for initial public offering of 12.75 million shares at Saudi Riyal 48 per share with the subscription date from 4 to 10 October 2010. From 23 October 2010, the shares of the Company have been listed at Saudi stock exchange.

The Company is registered in Saudi Arabia under Commercial Registration number 2050022550.

The Company is engaged in the following activities:

- General contracting works related to construction, renovation and demolition, roads, water and sewage system works, mechanical works, marine works, dams and well drilling.
- Maintenance and operation of roads and tunnels, irrigation sewage and dams, airports, power plants–sewage systems, training and educational centers, playgrounds, provisional and permanent
- Janitorial services, municipality works, commercial and residential building cleaning – landscaping, park cleaning and maintenance, disposal of wastes–cleaning of petroleum tanks and pipes.
- Air conditioning and refrigeration works.
- Travel and tourism.
- Cargo haulage.
- Publicity and advertisement.
- Management and operation of hospitals and health centers.
- Training centers.
- Management of hazardous industrial wastes.
- Manufacturing of waste squeezing equipment for vehicles, water and diesel tanks, waste containers, different trailers, cement tanks, concrete moulds, arms for cranes, chassis, water boilers, pressure systems, heat exchangers, cement mixers, chinaware, electric bulbs and paraffin wax.
- Wholesale and retail trade of building materials, electric items, iron and steel, copper, lead, aluminum, hardware, medical and surgical equipment, hospital requirements, communication systems, cameras and accessories, electronic calculators, safety equipment, watches, glasses, industrial tools and equipment, road construction equipment, sewage treatment equipment, industrial cleaning equipment, industrial equipment control systems, cement factory equipment, gypsum factory equipment, textile machines, heat exchangers, truck mounted cement mixers, axle fans, tunnel ventilation equipment, sound proof systems, agricultural machines, vehicles and spare parts, decoration items, chemical materials for industrial works, industrial equipment, chemical materials for sewage treatment, oils collection, treatment and burning of gases resulting from waste burial, indirect fans, emergency ventilation, engineering, fans, industrial jet, pressure regulators, petrochemical parts and equipment, acoustic cleaners, industrial blowers, gypsum machines, electrical and thermal probes, equipment for industry/roads/construction, generators and turbines, stoves, stacks and rust removal machines.
- Construction, operation and maintenance of power plants, electrical utilities, desalination plants, sewerage treatment plants, petrochemical factories, gas and oil refineries, cement factories, industrial facilities.
- Industrial work contracts related to construction of factories, extension of oil and gas pipelines and petrochemical works.
- Commercial services related to brokerage other than exchange and real estate works.
- Commercial agencies, after registration of each agency with the ministry of commerce.
- Operation and maintenance of electrical and electronic systems and computers.
- Import and export services, marketing for others, cooked and uncooked food services, inspection
- Maintenance and repair of cars.
- Wholesale and retail trading/renting of light and heavy equipment.
- Water works, sewerage, maintenance, landscaping and cleaning contracts.

2 INTERIM PERIOD RESULTS

The Company has made all necessary adjustments which are important to present fairly in all material respects the interim financial position and interim results of operations. The interim financial results may not be considered an indicative of the actual results for the whole year.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The interim financial statements are prepared under the historical cost convention.

Use of estimates

The preparation of interim financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period.

Property, equipment and vehicles/depreciation

Property, equipment and vehicles are initially recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. The cost of property, equipment and vehicles is depreciated on a straight line basis over the estimated useful lives of the assets. Following are the estimated useful lives of the assets for the calculation of depreciation:

Buildings, potables and hangers	4-20 years
Machinery, equipment and tools	4-10 years
Construction vehicles	4-6.67 years
Office equipment and furniture	4-6.67 years

The carrying values of property, equipment and vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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

Investments

Investments in subsidiaries are accounted for under equity method.

Assets held for sale

Property, equipment and vehicles are classified as assets held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, equipment and vehicles once classified as held for sale are not depreciated.

Mobilisation costs

Direct costs incurred to commence new contracts are deferred and amortised over the period of related contracts.

Inventories

Inventories are stated at the lower of cost and market value. Cost is determined using purchase cost on a weighted average basis.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision 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.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash in hand and short term deposits that are readily convertible into known amounts of cash and have original maturities of three months or less.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Statutory reserve

As required by Saudi Arabian Regulations of the Companies, 10% of the net income for the period has been transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the capital. The reserve is not available for distribution.

Employees' terminal benefits

Provision is made for amounts payable according to Company's policy applicable to employees' accumulated periods of service at the balance sheet date.

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income. Additional amounts, if any, that become due on finalisation of assessment are accounted for in the period in which assessment is finalised.

The zakat provision for the interim period is calculated based on the estimated zakat provision for the whole year. The difference between the provision made during the interim period and the actual provision for the period based on detailed zakat calculation for the year is accounted at year end.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi 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 balance sheet date. All differences are taken to the interim statement of income.

Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Earnings per share

Basic earnings per share from net income is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period.

Basic earnings per share from main operations is calculated by dividing income from main operations for the period by the weighted average of number of shares outstanding during the period.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Trading revenue

Sales revenue represents the invoiced value of goods supplied and services rendered by the Company during the period. Services performed but not billed at the balance sheet date are classified as "accrued income".

Contracting revenue

The Company principally operates fixed price contracts. If the outcome of such a contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the percentage of completion method of each contract activity at year end.

The outcome of a construction contract can be estimated reliably when:

- (i) the total contract revenue can be measured reliably;
- (ii) it is probable that the economic benefits associated with the contract will flow to the entity;
- (iii) the costs to complete the contract and the stage of completion at the balance sheet date can be measured;
- (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual costs incurred can be compared with prior estimates.

When the outcome of a construction cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated cost to complete.

When the stage of completion is determined by reference to the contract costs incurred up to the reporting date, only those contract costs that reflect work performed are included in costs incurred up to the reporting date. The following costs are excluded from contract costs:

- (i) Contract costs that relate to future activity on the contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract unless the materials have been made especially for the contract.
- (ii) Payments made to subcontractors in advance of work performed under the subcontract.

The value of work executed but not billed at the balance sheet date is classified as "value of work executed in excess of billings" under current assets. Amounts billed in excess of work executed at the balance sheet date is classified as "billing in excess of value of work executed" are classified under current liabilities.

When an uncertainty arises about the collectability of an amount already included in contract revenue, and already recognized in the statement of income, the uncollectable amount or the amount in respect of which recovery has ceased to be probable is recognized as an expense rather than as an adjustment of the amount of contract revenue.

Revenue from change orders is recognized when:

- (i) The change orders have been approved by the customer; and
- (ii) The amount of change order can be measured reliability

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. The amount of such a loss is determined irrespective of:

- (i) Whether or not work has commenced on the contract.
- (ii) The stage of completion of contract activity.
- (iii) The amount of profits expected to arise on other contracts which are not treated as a single construction

Change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and according accounted for prospectively.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract costs

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

Operating leases

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

Expenses

Selling and marketing expenses are those that project bidding costs and advertising as well as allowance for doubtful debts. All other expenses except for operating costs and financial charges are classified as general and administration expenses.

Fair value

The fair value of commission bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics.

4 VALUE OF WORK EXECUTED IN EXCESS OF BILLINGS

	<i>31 March 2015</i>	<i>31 March 2014</i>
	<i>SR</i>	<i>SR</i>
Contract value of projects	8,221,852,938	7,796,019,649
Less: Value of un-executed work to date (backlog)*	<u>(3,883,344,741)</u>	<u>(1,997,762,832)</u>
Value of work executed to date	4,338,508,197	5,798,256,817
Less: Progress billings and advances	<u>(2,838,234,621)</u>	<u>(4,591,925,909)</u>
	<u><u>1,500,273,576</u></u>	<u><u>1,206,330,908</u></u>

The movement in work in progress was as follows:

	<i>Three months period ended 31</i>	
	<i>March</i>	
	<i>2015</i>	<i>2014</i>
	<i>SR</i>	<i>SR</i>
At the beginning of the period	1,359,674,280	1,009,850,347
Value of work executed during the period	442,850,886	471,671,619
Progress billings and advances during the period	<u>(302,251,590)</u>	<u>(275,191,058)</u>
At the end of the period	<u><u>1,500,273,576</u></u>	<u><u>1,206,330,908</u></u>

*Backlog figures exclude cleaning, operations and maintenance contracts which do not follow percentage of completion method for revenue recognition.

Abdullah Abdul Mohsin Al-Khodari Sons Company (A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) - continued
 At 31 March 2015

5 ZAKAT

Charge for the period

The zakat charge for the period is SR 358,386 (31 March 2014: SR 836,586).

Status of assessments

Zakat assessments have been agreed with the Department of Zakat and Income Tax (DZIT) upto 2006. The assessments for the years 2007 to 2014 have not yet been raised.

Zakat base has been computed based on the company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations are expected to be announced in due course. The assessments to be raised by the Department of Zakat and Income Tax (DZIT) could be different from the declarations filed by the Company.

Pursuant to the initial public offering during 2010, the parent company has agreed to pay on behalf of the company to the DZIT any additional zakat liability, which may arise upon the finalization of zakat assessments for the years 2007 through 2009.

6 SHARE CAPITAL

Share capital is divided into 53.125 million shares (31 March 2014: 53.125 million shares) of SR 10 each.

7 PROPOSED DIVIDENDS

The Board of Directors in their meeting held on 5 April 2015, proposed to distribute dividends of SR 26,562,500 (SR 0.5 per share) for the year ended 31 December 2014. The proposed dividends are subject to the approval of the shareholders at their Annual General Assembly Meeting.

The board of Directors in their meeting held on 23 February 2014, proposed to distribute dividends of SR 26,562,500 (SR 0.5 per share) for the year ended 31 December 2013. The proposed dividends were approved by the shareholders at their Annual General Assembly Meeting.

8 OTHER INCOME

	<i>Three months period ended 31</i>	
	<i>March</i>	
	<i>2015</i>	<i>2014</i>
	<i>SR</i>	<i>SR</i>
Gain on disposal of assets held for sale	20,550	40,716,592
Miscellaneous	501,187	1,138,477
At the end of the period	521,737	41,855,069

9 CONTINGENT LIABILITY

The Company's bankers have given guarantees on behalf of the Company limited to SR 516 million (31 March 2014: SR 568 million) mainly in respect of performance guarantees to a customer and payment guarantees to suppliers.

10 EARNINGS PER SHARE

Earnings per share have been calculated based on the weighted average number of shares during the period of 53.125 million shares (31 March 2014: 53.125 million shares).

Abdullah Abdul Mohsin Al-Khodari Sons Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) - continued

At 31 March 2015

11 SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. Transactions between the business segments are reported at cost. The Company's revenue, gross profit and net assets by business segment, are as follows:

	<i>Contracting</i>	<i>Trading</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>31 March 2015</i>		
Revenues	442,850,886	1,876,305	444,727,191
Gross profit	47,122,189	469,076	47,591,265
Net assets	894,026,441	3,750,296	897,776,737
	<i>31 March 2014</i>		
Revenues	471,671,619	2,189,321	473,860,940
Gross profit	21,925,949	964,527	22,890,476
Net assets	843,794,722	420,080	844,214,802

All of the company's operating assets and principal markets of activity, are located in the Kingdom of Saudi Arabia.

12 COMPARATIVE FIGURES

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