

**ABDULLAH ABDUL MOHSIN AL-
KHODARI SONS COMPANY**
(A Saudi Joint Stock Company)

**INTERIM FINANCIAL STATEMENTS
AND THE AUDITOR'S REPORT
(LIMITED REVIEW) FOR THE
THREE MONTH AND SIX MONTH
PERIODS ENDED 30 JUNE, 2016**

ABDULLAH ABDUL MOHSIN AL-KHODARI SONS COMPANY
(A Saudi Joint Stock Company)

INTERIM FINANCIAL STATEMENTS AND AUDITOR'S REPORT (LIMITED REVIEW)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016

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Dr. Mohamed Al-Amri & Co.
Accountants & Consultants

P.O. Box 2590, Dammam 31461
Tel.: +966 13 834 4311
Fax: +966 13 833 8553
info@alamri.com

INDEPENDENT AUDITOR'S REPORT (LIMITED REVIEW) ON INTERIM FINANCIAL STATEMENTS

To The Shareholders of
Abdullah Abdul Mohsin Al-Khodari Sons Company
(A Saudi Joint Stock Company)

Scope of review:

We have reviewed the accompanying interim balance sheet of Abdullah Abdul Mohsin Al-Khodari Sons Company ("the Company") (A Saudi Joint Stock Company) as at June 30, 2016 and the related interim statements of income for the three and six months periods then ended and cash flows for the six months then ended and attached condensed notes 1 to 10 which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Company's management and have been prepared by them and presented to us with all the necessary information and explanations which we required.

We conducted our review in accordance with the standard of auditing applicable to Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review result:

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

For Dr. Mohamed Al-Amri & Co.

Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362





20 Shawwal, 1437-H
25 July, 2016-G

ABDULLAH ABDUL MOHSIN AL-KHODARI SONS COMPANY
(A Saudi Joint Stock Company)

INTERIM BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2016

	Notes	2016 SR (Un-audited)	2015 SR (Un-audited)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		84,468,378	100,327,494
Accounts receivable		653,257,374	753,461,136
Advances to suppliers, prepayments and other current assets		283,703,141	249,128,283
Value of work executed in excess of billings	4	1,493,505,171	1,488,098,186
Amounts due from related parties		4,644,047	4,889,871
Inventories		71,999,483	93,143,802
Assets held for sale		7,175,481	20,306,096
TOTAL CURRENT ASSETS		2,598,753,075	2,709,354,868
NON CURRENT ASSETS:			
Investments in subsidiaries		4,292,191	4,292,191
Mobilization costs		13,007,200	24,099,581
Long term deposits		31,124,259	32,057,739
Property, equipment and vehicles		388,907,013	469,971,803
TOTAL NON-CURRENT ASSETS		437,330,663	530,421,314
TOTAL ASSETS		3,036,083,738	3,239,776,182
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable		549,058,741	502,953,947
Accrued expenses and other current liabilities		236,557,917	275,943,540
Advances from customers		45,131,637	97,499,295
Billings in excess of the value of work executed		-	16,603,250
Amounts due to related parties		33,407,743	21,409,510
Provision for zakat		7,332,705	7,229,936
Short term loans		165,260,763	27,477,378
Current portion of term loans		415,368,432	343,131,422
Dividends payable		1,663,647	28,226,147
TOTAL CURRENT LIABILITIES		1,453,781,585	1,320,474,425
NON CURRENT LIABILITIES:			
Term loans		420,750,547	827,311,451
Advances from customers		109,692,652	105,921,246
Employees' end of service benefits		62,641,325	76,248,429
Loan from parent company		135,000,000	-
Loan from an affiliate		4,050,000	3,750,000
TOTAL NON-CURRENT LIABILITIES		732,134,524	1,013,231,126
TOTAL LIABILITIES		2,185,916,109	2,333,705,551
SHAREHOLDERS' EQUITY:			
Share capital	5	557,812,500	531,250,000
Statutory reserve		71,399,590	72,536,273
Retained earnings		220,955,539	302,284,358
TOTAL SHAREHOLDERS' EQUITY		850,167,629	906,070,631
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,036,083,738	3,239,776,182


Sohail Saeed
Finance Manager


Ali Al-Khodari
Chairman


Fawwaz Al-Khodari
Chief Executive Officer

The accompanying notes 1 to 10 form an integral 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 AND SIX MONTHS PERIODS ENDED 30 JUNE 2016

	Notes	Three month periods ended 30 June		Six month periods ended 30 June	
		2016 SR	2015 SR	2016 SR	2015 SR
Revenues	9	252,511,946	403,244,331	624,365,679	847,971,522
Direct costs		(284,334,666)	(361,083,385)	(635,499,887)	(758,219,311)
Gross (loss) profit	9	(31,822,720)	42,160,946	(11,134,208)	89,752,211
Expenses					
Selling and marketing		(1,172,422)	(4,350,150)	(3,218,048)	(8,481,941)
General and administration		(11,228,716)	(16,846,053)	(24,335,301)	(33,539,394)
(Loss) income from main operations		(44,223,858)	20,964,743	(38,687,557)	47,730,876
Other income, net		14,684,657	26,077,553	26,550,502	26,599,290
Financial charges		(11,296,978)	(10,266,507)	(24,486,464)	(23,218,934)
(Loss) income before zakat		(40,836,179)	36,775,789	(36,623,519)	51,111,232
Zakat		(2,500,000)	(1,919,395)	(2,605,316)	(2,277,781)
Net (loss) income for the period		(43,336,179)	34,856,394	(39,228,835)	48,833,451
			(Restated note 8)		(Restated note 8)
(Loss) earnings per share (from main operations)		(0.79)	0.38	(0.69)	0.86
(Loss) earnings per share (from net loss / income)		(0.78)	0.62	(0.70)	0.88
Weighted average number of shares outstanding	5	55,781,250	55,781,250	55,781,250	55,781,250


Suhail Saeed
Finance Manager


Ali Al-Khodari
Chairman


Fawwaz Al-Khodari
Chief Executive Officer

The accompanying notes 1 to 10 form an integral part of these interim financial statements.

ABDULLAH ABDUL MOHSIN AL-KHODARI SONS COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	2016 SR (Un-audited)	2015 SR (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Loss) income before zakat	(36,623,519)	51,111,232
<i>Adjustments for:</i>		
Depreciation	64,542,132	76,532,808
Amortisation of mobilization cost	5,826,478	7,048,842
Provision for employees' end of service benefits	3,529,656	9,097,223
Gain on disposal of assets held for sale	(15,388,896)	(25,387,189)
Financial charges	24,486,464	23,218,934
	<u>46,372,315</u>	<u>141,621,850</u>
Changes in operating assets and liabilities:		
Accounts receivables	14,778,440	(140,294,344)
Advances to suppliers, prepayments and other current assets	26,223,395	(36,826,325)
Inventories	(726,107)	9,075,420
Value of work executed in excess of billings	78,387,532	(128,423,906)
Accounts payables	28,910,602	125,213,318
Accrued expenses and other current liabilities	(60,489,575)	146,524,360
Advances from customers	(34,182,795)	(59,065,398)
Billings in excess of the value of works executed	-	16,603,250
Long term deposits	-	(5,348,132)
Net cash from operations	<u>99,273,807</u>	<u>69,080,093</u>
Financial charges paid	(24,486,464)	(23,218,934)
Employees' end of service benefits paid	(7,430,566)	(2,482,713)
Zakat paid	(3,655,997)	(2,366,659)
Net cash from operating activities	<u>63,700,780</u>	<u>41,011,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and vehicles	(31,398,010)	(31,879,585)
Mobilization cost incurred	(60,814)	(485,243)
Proceeds from disposal of assets held for sale	43,891,400	92,879,393
Net cash from investing activities	<u>12,432,576</u>	<u>60,514,565</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Movement in short term and long term loans	(103,130,021)	(165,901,533)
Net cash used in financing activities	<u>(103,130,021)</u>	<u>(165,901,533)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(26,996,665)</u>	<u>(64,375,181)</u>
Cash and cash equivalents at beginning of the period	<u>111,465,043</u>	<u>164,702,675</u>
CASH AND CASH EQUIVALENT AT END OF THE PERIOD	<u>84,468,378</u>	<u>100,327,494</u>
Non cash transaction:		
Property, equipment and vehicles transferred to assets held for sale	21,331,849	68,723,416
Issue of bonus shares	26,562,500	-


Sohaib Saeed
Finance Manager


Ali Al-Khodari
Chairman


Fawwaz Al-Khodari
Chief Executive Officer

The accompanying notes 1 to 10 form an integral part of these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016

1. ORGANIZATION AND 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 exhibitions.
- 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, complete air tunnels, examination platforms, boilers and 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016**

1. ORGANIZATION AND ACTIVITIES (continued)

- 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 interview services, packaging and shipment.
- Maintenance and repair of cars.
- Wholesale and retail trading/renting of light and heavy equipment.
- Water works, sewerage, maintenance, landscaping and cleaning contracts.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared on the accruals basis of accounting in accordance with generally accepted accounting principles applicable in the Kingdom of Saudi Arabia. The Company has applied the same accounting policies and principles for preparing these interim financial statements with those set out in the audited financial statements for the year ended 31 December, 2015. Significant accounting policies adopted in the preparation of these interim financial statements are summarized below:

Accounting convention

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

Use of estimates

The preparation of interim financial statements in accordance with generally accepted accounting principles requires the use of estimates and judgments which might affect the valuation of recorded assets, liabilities and the disclosure of contingencies in the notes to the interim financial statements at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the best information available to the management at the date of issuing the interim financial statements, the actual end results might differ from those estimates.

Accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years, if the revision affects both current and future years. The significant areas of estimation uncertainty and critical adjustments in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements are as follows:

- estimated useful lives of and residual value of property, equipment and vehicles
- estimated costs of long term contracts
- provision for doubtful debts
- provisions and accruals
- provision for slow moving inventories

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 receivable

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

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.

Investments

Investments in subsidiaries are accounted for under equity method.

Mobilisation costs

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

Property, equipment and vehicles

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, portables 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

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

Impairment of non-current assets

At each balance sheet date, the carrying amounts of non-current assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense in the interim statement of income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the interim statement of income.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Provision for obligation

A provision is recognized in the interim balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees' end of service benefits

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

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. The Company has a practice of transferring the required amount of net income in statutory reserves on quarterly basis and makes necessary adjustments at the year end.

Zakat

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

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.

(Loss) earnings per share

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

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

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 interim balance sheet date are classified as "accrued income".

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 period 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 interim balance sheet date can be measured reliably; and
- (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract 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 performance, 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. Amount 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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 contract.

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 accordingly accounted for prospectively.

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.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to statement of income on a straight-line basis over the term of the operating lease.

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.

3. INTERIM PERIOD RESULTS

All necessary adjustments have been made by the Company's management to present fairly the interim financial statements for the Company and the results of its interim operations. The results of operations for the interim period may not be an accurate indication of the actual results for the full year.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016**

4. VALUE OF WORK EXECUTED IN EXCESS OF BILLINGS

	2016 SR (Un-audited)	2015 SR (Un-audited)
Contract value of projects	7,490,206,093	8,229,824,378
Less: Value of un-executed work to date (backlog)*	<u>(2,350,035,789)</u>	<u>(3,597,109,387)</u>
Value of work executed to date	5,140,170,304	4,632,714,991
Less: Progress billings and advances	<u>(3,646,665,133)</u>	<u>(3,144,616,805)</u>
	<u>1,493,505,171</u>	<u>1,488,098,186</u>

The movement in work in progress was as follows:

	2016 SR (Un-audited)	2015 SR (Un-audited)
At the beginning of the period	1,571,892,703	1,359,674,280
Add: Value of work executed during the period	622,122,197	843,192,367
Less: Progress billings and advances during the period	<u>(700,509,729)</u>	<u>(714,768,461)</u>
At the end of the period	<u>1,493,505,171</u>	<u>1,488,098,186</u>

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

5. SHARE CAPITAL

Share capital is divided into 55.781 million shares (30 June 2015: 53.125 million shares) of SR 10 each.

During the period, the Board of Directors of the Company, at its meeting held on 23 Ramadan 1437 H corresponding to 28 June 2016, recommended to increase the Company's share capital by 5% by way of capitalizing a part of the retained earnings through the issuance of one bonus share for every twenty shares held by the shareholders. As a result, the share capital of the Company has been increased from SR 531.25 million to SR 557.812 million. Legal formalities in this regard have been completed during the period ended 30 June 2016.

6. OTHER INCOME

	Six months periods ended 30 June	
	2016 SR (Un-audited)	2015 SR (Un-audited)
Gain on disposal of assets held for sale	15,388,896	25,407,739
Reversal of bad debts previously written off	127,376	-
Refund of work permit levy	9,381,600	-
Miscellaneous	<u>1,652,630</u>	<u>1,191,551</u>
	<u>26,550,502</u>	<u>26,599,290</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2016

6.1 In November 2015, the Company has submitted claims for eligible projects to the Government under the Human Resource Development Fund (HRDF) scheme for the refund of increased work permit levy. During the six months period ended 30 June 2016, SR 9.38 million has been received by the Company in this respect.

7. CONTINGENT LIABILITY

The Company's bankers have given guarantees on behalf of the Company limited to SR 474.87 million (30 June 2015: SR 519.53 million) mainly in respect of performance guarantees to a customer and payment guarantees to suppliers.

8. EARNINGS PER SHARE

Earnings per share have been calculated based on the weighted average number of shares during the period. In the current period, in view of the capitalization of a part of the retained earnings through the issuance of one bonus share for every twenty shares held by the shareholders as also stated in note 5, the calculation of earnings per share for all comparative periods presented have been restated.

9. SEGMENT 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 SR</i>	<i>Trading SR</i>	<i>Total SR</i>
	30 June 2016		
Revenues	622,122,197	2,243,482	624,365,679
Gross (loss) / profit	(11,430,950)	296,742	(11,134,208)
Net assets	849,595,949	3,071,680	852,667,629
	30 June 2015		
Revenues	843,192,367	4,779,155	847,971,522
Gross profit	88,557,430	1,194,781	89,752,211
Net assets	902,732,764	3,337,867	906,070,631

All of the Company's operating assets and operations are located and carried out in the Kingdom of Saudi Arabia.

10. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

These financial statements were authorized for issue by Company's management on 25 July 2016.