

**ABDULLAH ABDUL MOHSIN AL-KHODARI SONS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) AND INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
FOR THE THREE AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018

Index	Page
Independent auditor's limited review report	1 - 3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of financial position	5
Interim condensed consolidated statement of cash flows	6-7
Interim condensed consolidated statement of changes in equity	8
Notes to the interim condensed consolidated financial statements	9 - 21



Ernst & Young & Co. (Certified Public Accountants)
General Partnership
Adeer Tower - 15th floor
Prince Turki Bin Abdulaziz Street -Al Khobar Corniche
P.O. Box 3795
Al Khobar 31952
Kingdom of Saudi Arabia
Head Office - Riyadh

Registration No. 45/11/323
C.R. No. 2051058792
Tel: +966 13 840 4600
Fax: +966 13 882 0087
alkhobar@sa.ey.com
www.ey.com/mena

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF ABDULLAH ABDUL MOHSIN AL-KHODARI SONS
COMPANY (A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abdullah Abdul Mohsin Al-Khodari Sons Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2018, and the related interim condensed consolidated statements of income and comprehensive income, for the three and nine month periods ended 30 September 2018, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

The consolidated financial statements of the Group for the year ended 31 December 2017 have been audited by another auditor who expressed a qualified opinion on 14 Rajab 1439H (corresponding to 31 March 2018). As of December 31, 2017, trade and other receivables were approximately SR 592.97 million (2016: approximately SR 631.23 million) and contracts assets were approximately SR 1,390 million (2016: approximately SR 1,350 million) out of which approximately SR 305 million and approximately SR 1,010 million respectively were outstanding for more than one year. The predecessor auditor was unable to obtain sufficient information to determine whether an adjustment was required to the trade and other receivables and contract assets balances, based on the procedures performed by management in determining the carrying value of these trade and other receivables and contract assets.

As at 30 September 2018, the gross trade and other receivables were approximately SR 558.6 million and contracts assets were approximately SR 1,371 million of which approximately SR 312.4 million and approximately SR 1,314 million, respectively have been outstanding for at least more than one year. During the nine months period ended 30 September 2018, the Group's management has estimated a provision for impairment loss amounting to approximately SR 184 million as of 30 September 2018 on these trade and other receivables and contract assets, which was estimated based on management's assumptions and estimates of the possibility of recoveries. Management has accounted for this adjustment retrospectively as a prior period correction.



**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
TO THE SHAREHOLDERS OF ABDULLAH ABDUL MOHSIN AL-KHODARI SONS
COMPANY (A SAUDI JOINT STOCK COMPANY)**

Basis of Qualified Conclusion (continued)

While performing our review procedures, we have sought to review the assumptions and estimates by the Group's management, the status of the outstanding balances and reasons for collection and billing delay, which the Group's management has attributed to the existence of a number of executed works that are still in the process of obtaining initial and final approvals. Further, contract revenue is determined over time, which require management's assumption and judgments in estimating contract revenue and costs.

During our review procedures, we were unable to obtain sufficient appropriate evidence to conclude whether the assumptions and estimates described above used by managements were reasonable. Consequently, we are unable to determine whether any adjustments are required to be made against contract revenue, costs, trade and other receivables, contract assets and its liabilities.

Conclusion

Based on our review, and except for the matters described in "Basis of Qualified Conclusion" section, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) as endorsed in the Kingdom of Saudi Arabia.

A Material Uncertainty to Continue as a Going Concern

In view of the possible effects that may arise from the matters described above in the "Basis of Qualified Conclusion" and without further qualification to our conclusion, we draw attention to Note (2.6). In addition to the net loss incurred for the nine months period which amounted to approximately SR 24.1 million (nine months ended 30 September 2017: approximately SR 37.2 million) and the presence of accumulated losses balance as of 30 September 2018 amounting to approximately SR 273 million (31 December 2017: approximately SR 248.9 million) as accounted in these interim condensed consolidated financial statements, the Group's revenues decreased substantially by 57% compared to the corresponding period of prior year. The existence of such events and conditions indicates that there is a material uncertainty about the Group's ability to continue as a going concern, and therefore may not be able to realize assets and settle liabilities in its normal course of business.

The financial statements have been prepared on a going concern basis, as the Group's management is confident that the Group will be able to continue in accordance with the steps and assumptions disclosed in Note (2.6). The ability of the Group to continue as a going concern is dependent on the measures and assumptions as disclosed therein. Our conclusion is not further modified with respect to this.



**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
TO THE SHAREHOLDERS OF ABDULLAH ABDUL MOHSIN AL-KHODARI SONS
COMPANY (A SAUDI JOINT STOCK COMPANY)**

Emphasis of Matter

Without further qualification to our conclusion, we draw attention to Note (16) to the interim condensed consolidated financial statements of the Group, which states that the comparative figures have been adjusted to correct the recording of the provision for credit impairment loss for both trade and other receivables and contracts assets.

for Ernst & Young

Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437



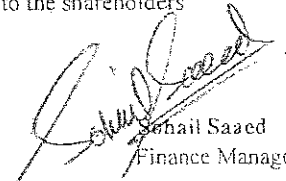
17 Rabi'I 1440H
25 November 2018

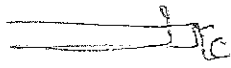
Alkhobar

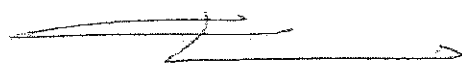
Abdullah Abdul Mohsin Al-Khodari Sons Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018

	Notes	Three-months period ended 30 September		Nine-months period ended 30 September	
		2018 SR (Unaudited)	2017 SR (Unaudited) (Restated) (Note 16)	2018 SR (Unaudited)	2017 SR (Unaudited) (Restated) (Note 16)
Revenues		62,169,206	111,775,084	187,400,244	433,178,583
Cost of revenues		(77,162,962)	(108,149,900)	(223,944,452)	(461,342,471)
GROSS LOSS		(14,993,756)	3,625,184	(36,544,208)	(28,163,888)
Selling and distribution expenses		(714,089)	(1,104,164)	(2,392,749)	(3,891,171)
General and administrative expenses		(5,800,429)	(7,587,960)	(19,954,792)	(25,090,172)
OPERATING LOSS		(21,508,274)	(5,066,940)	(58,891,749)	(57,145,231)
Financial charges		(17,145,449)	(18,618,957)	(46,011,020)	(49,043,728)
Other income, net		12,940,545	16,320,133	81,347,892	70,239,184
LOSS BEFORE ZAKAT		(25,713,178)	(7,365,764)	(23,554,877)	(35,949,775)
Zakat	11	(250,000)	(250,000)	(500,000)	(1,250,000)
NET LOSS FOR THE PERIOD		(25,963,178)	(7,615,764)	(24,054,877)	(37,199,775)
OTHER COMPREHENSIVE (LOSS)/INCOME					
<i>Other comprehensive (loss)/income to be reclassified to income in subsequent periods:</i>					
Exchange differences on translation of foreign operations		(6,973)	8,910	(13,022)	45,514
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(25,970,151)	(7,606,854)	(24,067,899)	(37,154,261)
Net loss attributable to:					
-Shareholders of the Company		(25,963,178)	(7,615,833)	(24,054,377)	(37,191,459)
-Non-controlling interest		-	69	(500)	(8,316)
		(25,963,178)	(7,615,764)	(24,054,877)	(37,199,775)
Total comprehensive loss attributable to:					
-Shareholders of the Company		(25,970,082)	(7,606,795)	(24,067,235)	(37,146,137)
-Non-controlling interest		(69)	(59)	(664)	(8,124)
		(25,970,151)	(7,606,854)	(24,067,899)	(37,154,261)
LOSS PER SHARE (restated):					
Basic and diluted earnings per share attributable to the shareholders'		(0.47)	(0.14)	(0.43)	(0.67)


Suhail Saeed
Finance Manager


Ali Al-Khodari
Chairman

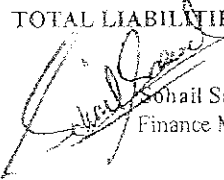

Fawwaz Al-Khodari
Chief Executive Officer

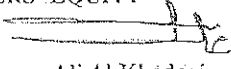
The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

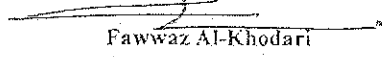
Abdullah Abdul Mohsin Al-Khodari Sons Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

		30 September 2018 SR (Unaudited)	31 December 2017 SR (Audited) (Restated) (Note 16)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	103,896,784	190,132,054
Intangible assets		885,308	1,279,630
Mobilization costs		54,051,752	55,891,864
TOTAL NON-CURRENT ASSETS		158,833,844	247,303,548
CURRENT ASSETS			
Contract assets	5	1,217,480,505	1,194,758,627
Inventories		47,337,961	49,269,131
Deposits, prepayments and other current assets		182,787,273	208,430,087
Trade and other receivables	6	528,254,419	549,392,581
Bank balances and cash		48,751,073	35,116,663
TOTAL CURRENT ASSETS		2,024,611,231	2,036,967,089
Assets held for sale	7	17,100,347	1,015,864
TOTAL ASSETS		2,200,545,422	2,285,286,501
EQUITY AND LIABILITIES			
EQUITY			
Share capital		557,812,500	557,812,500
Statutory reserve		70,988,856	70,988,856
Contribution from a related party		24,119,229	24,119,229
Translation reserve		(364,760)	(351,902)
Accumulated losses		(272,996,898)	(248,942,521)
Equity attributable to the shareholders of the Company		379,558,927	403,626,162
Non-controlling interest		546,948	547,612
TOTAL EQUITY		380,105,875	404,173,774
NON-CURRENT LIABILITIES			
Advances from customers		32,205,721	87,064,399
Non-current portion of term loans	8	346,539,221	382,817,171
Loan from a related party	9	151,915,292	106,158,845
Employees' terminal benefits		55,790,761	59,054,300
Other liabilities and provisions		29,569,810	31,465,115
TOTAL NON-CURRENT LIABILITIES		616,020,805	666,559,830
CURRENT LIABILITIES			
Trade and other payables		611,869,853	654,303,096
Loans	8	408,732,685	384,564,200
Dividends payable		466,597	466,597
Current portion of loans from a related party	9	132,973,882	129,706,859
Other liabilities and provisions		50,375,725	45,512,145
TOTAL CURRENT LIABILITIES		1,204,418,742	1,214,552,897
TOTAL LIABILITIES		1,820,439,547	1,881,112,727
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,200,545,422	2,285,286,501


Sohail Saeed
Finance Manager


Ali Al-Khodari
Chairman


Fawwaz Al-Khodari
Chief Executive Officer

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	30 September 2018 SR (Unaudited)	30 September 2017 SR (Unaudited) (Restated) (Note 16)
OPERATING ACTIVITIES		
Loss before zakat	(23,554,877)	(35,949,775)
Adjustments to reconcile loss before zakat to net cash flows:		
Depreciation of property and equipment	48,323,969	73,981,332
Amortisation of intangible assets	394,322	227,981
Amortisation of mobilisation costs	3,140,747	5,375,609
Impairment of property and equipment	6,938,285	-
Impairment of assets held for sale	1,300,000	-
Provision against foreseeable losses on service contracts	1,100,984	-
Reversal of credit impairment loss provision on contracts assets	(37,938,468)	(21,936,272)
Reversal of credit impairment provision loss on trade receivables	(17,999,348)	(6,537,111)
Provision for employees' terminal benefits	3,775,671	7,786,746
Gain from disposal of assets held for sale	(15,939,889)	(16,234,468)
Financial charges	46,011,020	49,043,728
	<u>15,552,416</u>	<u>55,757,770</u>
Working capital adjustments:		
Contract assets	15,216,590	(64,727,599)
Inventories	1,931,170	9,240,338
Deposits, prepayments and other current assets	24,342,179	88,744,275
Trade and other receivables	39,137,510	(14,637,586)
Trade and other payables	(42,433,243)	20,953,255
Advances from customers	(68,497,200)	(37,611,150)
Other liabilities and provisions	1,367,291	(837,684)
	<u>(13,383,287)</u>	<u>56,881,619</u>
Cash (used in)/from operations	(13,383,287)	56,881,619
Financial charges paid	(26,411,291)	(31,399,900)
Employees' terminal benefits paid	(7,039,210)	(11,484,666)
	<u>(46,833,788)</u>	<u>13,997,053</u>
Net cash (used in)/from operating activities	(46,833,788)	13,997,053
INVESTING ACTIVITIES		
Acquisition of property and equipment	(192,286)	(8,882,568)
Proceeds from disposal of assets held for sale	29,720,708	41,296,907
Acquisition of intangible assets	-	(127,368)
	<u>29,528,422</u>	<u>32,286,971</u>
Net cash from investing activities	29,528,422	32,286,971
FINANCING ACTIVITIES		
Net movement of loans	(12,109,465)	(101,133,187)
Loan from a related party, net	43,062,263	(1,116,042)
	<u>30,952,798</u>	<u>(102,249,229)</u>
Net cash from/(used in) financing activities	30,952,798	(102,249,229)


The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

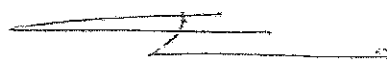
Abdullah Abdul Mohsin Al-Khodari Sons Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	<i>30 September</i> 2018 SR (Unaudited)	<i>30 September</i> 2017 SR (Unaudited) (Restated) (Note 16)
INCREASE/(DECREASE) IN BANK BALANCES AND CASH	13,647,432	(55,965,205)
Net foreign currency translation reserve	(13,022)	45,514
Bank balances and cash at the beginning of the period	<u>35,116,663</u>	<u>73,784,743</u>
BANK BALANCES AND CASH AT THE END OF THE PERIOD	<u><u>48,751,073</u></u>	<u><u>17,865,052</u></u>
<u>Significant non cash transactions:</u>		
Transfer of property and equipment to assets held for sale	31,165,302	23,613,334
Finance cost charged on advances from customers	13,638,522	12,743,268
Finance cost charged on loan from a related party	<u>5,961,207</u>	<u>4,900,560</u>


Sohail Saeed
Finance Manager


Ali Al-Khodari
Chairman

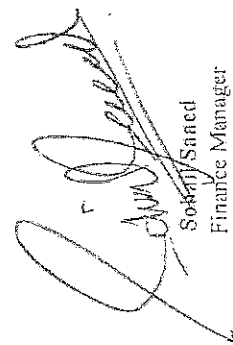

Fawwaz Al-Khodari
Chief Executive Officer

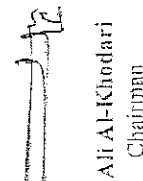
The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

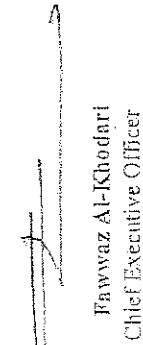
Abdullah Abdul Mohsin Al-Khodari Sons Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	Share capital SR	Statutory reserve SR	Contribution from a related party SR	Translation reserve SR	Accumulated losses SR	Equity attributable to the shareholders of the company SR	Non- controlling interest SR	Total equity SR
Balance at 1 January 2017 (restated - note 16)	557,812,500	70,988,856	15,278,074	(392,753)	(198,131,772)	445,554,905	555,816	446,110,721
Net loss for the period	-	-	-	-	(37,191,459)	(37,191,459)	(8,316)	(37,199,775)
Other comprehensive income for the period	-	-	-	45,322	-	45,322	192	45,514
Total comprehensive loss for the period	-	-	-	45,322	(37,191,459)	(37,146,137)	(8,124)	(37,154,261)
Balance at 30 September 2017 (unaudited) (restated - note 16)	557,812,500	70,988,856	15,278,074	(347,431)	(235,323,231)	408,408,768	547,692	408,956,460
Balance at 1 January 2018 (restated - note 16)	557,812,500	70,988,856	24,119,229	(351,902)	(248,942,521)	403,626,162	547,612	404,173,774
Net loss for the period	-	-	-	-	(24,054,377)	(24,054,377)	(500)	(24,054,877)
Other comprehensive loss for the period	-	-	-	(12,858)	-	(12,858)	(164)	(13,022)
Total comprehensive loss for the period	-	-	-	(12,858)	(24,054,377)	(24,067,235)	(664)	(24,067,899)
Balance at 30 September 2018 (unaudited)	557,812,500	70,988,856	24,119,229	(364,760)	(272,996,898)	379,558,927	546,948	380,105,875


Sotari/Saad
Finance Manager


Ali Al-Khodari
Chairman


Fawwaz Al-Khodari
Chief Executive Officer

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2018

1 CORPORATE INFORMATION

Late Sheikh Abdullah Abdul Mohsin Al-Khodari founded a sole proprietorship in the Kingdom of Saudi Arabia in 1966 as a general contracting company. It was converted to a Saudi Limited Partnership under the name of Abdullah Abdul Mohsin Al-Khodari Sons Company on 25 Rajah 1412H (corresponding to January 30, 1992). It was again converted into a Saudi Closed Joint Stock Company in accordance with the Ministerial Resolution Number 152/Q dated 16 Jumah Awal 1430H (corresponding to 10 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 the Saudi Stock Exchange ("Tadawul"). Abdullah Abdul Mohsin Al-Khodari Sons Company (the "Company"), is registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050022550. The Company has the following branches:

No.	Commercial Registration Number of Branch	Branch Location	Commercial Registration Expiry date
1	2055010732	Al-Jubail, Kingdom of Saudi Arabia	19/07/1440H
2	2051022661	Al-Khobar, Kingdom of Saudi Arabia	19/02/1444H
3	2050046483	Al-Dammam, Kingdom of Saudi Arabia	09/06/1440H
4	4700004976	Yanbu, Kingdom of Saudi Arabia	09/06/1440H
5	2051020011	Al-Khobar, Kingdom of Saudi Arabia	09/06/1440H
6	4030091835	Jeddah, Kingdom of Saudi Arabia	09/06/1440H
7	4650023682	Al-Madina Al-Munawara, Kingdom of Saudi Arabia	09/06/1440H
8	2050055132	Al-Dammam, Kingdom of Saudi Arabia	17/05/1439H *
9	2051022869	Al-Khobar, Kingdom of Saudi Arabia	13/06/1444H
10	CN-1207723	Abu Dhabi, United Arab Emirates	26/07/2017G *
11	EXT-707	Republic of Ghana	21/05/2017G *
12	343067	State of Kuwait	26/09/2018G
13	1010366806	Al-Riyadh, Kingdom of Saudi Arabia	27/04/1444H
14	86824-1	Kingdom of Bahrain	12/09/2017G *
15	3450015250	ARAR Kingdom of Saudi Arabia	02/08/1442H
16	1010461107	Al-Riyadh, Kingdom of Saudi Arabia	02/08/1442H
17	5900034604	Jizan, Kingdom of Saudi Arabia	02/08/1442H
18	4032050375	Taif, Kingdom of Saudi Arabia	02/08/1442H
19	2511024989	Hafr Al-Batin, Kingdom of Saudi Arabia	02/08/1442H

As at 30th of September 2018, the above marked commercial registration numbers were expired. Management is in

* the process of renewing them.

At September 30 2018, the Company has investments in the following subsidiaries (collectively referred to as the "Group"):

Subsidiary name	Principal business activity	Country of incorporation	Ownership interest (%)	
			30 September 2018	30 September 2017
Abdulla Abdul Mohsin Al Khodari Sons Company, Qatar	Construction and Contracting	Qatar	100%	100%
Al Khodari International group for Contracting L.L.C., Kuwait	Construction and Contracting	Kuwait	99%	99%
Al Khodari International, Abu Dhabi	Construction and Contracting	United Arab Emirates	49%	49%

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

I CORPORATE INFORMATION (Continued)

The Group 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 plant 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 molds, 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 system, cement factory equipment, gypsum factory equipment, textile machines, heat exchangers, truck mounted cement mixers, made 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/ constructions, generators and turbines, stoves, stacks and rust removal
- 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 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 .

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

2 BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Certified Public Accountants ("SOCPA"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

2.2 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention, using the accrual basis of accounting.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Group's functional and presentation currency.

2.4 Significant accounting estimates, judgements and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by the management in applying the Group's accounting policies and the key courses of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

2.5 Changes in Group's accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017. The Group has early adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments in preparing its first annual IFRS consolidated financial statements for the year ended 31 December 2017. There are no new standards, interpretations and amendments adopted by the Group during the interim period covered in these interim condensed consolidated financial statements.

2.6 Going Concern

In addition to the net loss incurred for the nine months period which amounted to approximately SR 24.1 million (nine months ended 30 September 2017: approximately SR 37.2 million) and the presence of accumulated losses balance as of 30 September 2018 amounting to approximately SR 273 million (31 December 2017: approximately SR 248.9 million) as accounted in these interim condensed consolidated financial statements, the Group's revenues decreased substantially by 57% compared to the corresponding period of prior year which collectively along with other factor raises concerns about the Group's ability to continue as a going concern entity.

However, the Group's management is confident that due to steps / measures / mitigation plan, the going concern assumption is still appropriate and as such, the interim condensed consolidated financial statements have been prepared on a going concern basis.

The major business of the Group is with the Saudi Government which is considered to have no significant credit risk and therefore, management is expected to recover all of its dues from the Government. Based on the Royal Decree issued in the recent past to accelerate the payments to the private sector, the Government has taken many initiatives to ensure that all the contracts obligations are settled in a time frame stipulated in the contracts.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

2 BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Going Concern (Continued)

Ministry of Finance has recently reactivated Portal for Contractors and Vendors to expedite payments to contractors and set up of a high level Ministerial Committee to investigate causes of the payment processing delays and raise recommendation to prevent re-occurrence, within 10 days for immediate remedial action. However, this system is not in full use yet. All these positive major steps give management comfort that there will be significant improvements in the processing of invoices, expediting extensions of projects and change orders and speedier payments. This will have a strong positive impact on cash flows and reduction of unbilled revenue.

Oil and Gas, Petrochemical and Industrial sectors are industries that the Group has set up departments to focus specifically on opportunities from these sectors. Registration and prequalification have been completed in several of major entities, and bidding opportunities will start from Q4, 2018 onwards. The Group also intends to participate in bidding of projects related to the housing sector expected to be tendered in Q4, 2018 onwards. With a large fleet of assets being released from city cleaning projects coming to an end of their contractual periods, a number of these assets are being prepared to be transferred to the commercial arm of Waste Management Services, serving the private sector, which forms part of Group's growth strategy in this field, with far better cash flow model.

The Group has support from Al-Khodari Investment Holding (a shareholder) which is evidenced from the fact that in last two years, it has given financial support to the Group whenever deemed necessary.

The Group has back-to-back arrangements with certain sub-contractors and certain banks and thereby the payments to these parties are subject to receipt of funds from the customers.

The Group has also successfully signed contracts with Al-Khodari Investment Holding (a shareholder) and several suppliers and sub-contractors to issue Company's shares against the amount owed to them. Management expects debt to equity conversion of approximately SR 368 million, which shall result in increasing the Group's equity by SR 566 million. However, the legal formalities in this regard are still in process. Subsequent to period end, on 30 July 2018 an Extraordinary General Meeting ("EGM") has been held to approve this plan. However, the required quorum had not been met and accordingly another EGM has been scheduled on 27 November 2018 to make a final decision in this regard. Management believes this will result in improving the overall financial ratios and will also improve its opportunities in winning business of large size projects and becomes more attractive to banks when considering providing additional facilities to support the growth strategy of the Group, planned to commence in 2019.

3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial statements are listed below. The listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IAS 28	Long-term interests in associates and joint ventures	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements to IFRS 2015-2017 cycle	1 January 2019

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

4 PROPERTY AND EQUIPMENT

During the nine-months period ended 30 September 2018, the Group acquired assets with a cost of approximately SR 0.19 million (nine-months period ended 30 September 2017 approximately SR 8.9 million) and disposed assets with a cost of approximately SR 171.8 million (nine-months ended 30 September 2017 approximately SR 99.3 million) through designation to assets held for sale. The carrying amounts of certain property and equipment were below their estimated recoverable amounts. Accordingly, an additional impairment loss was recognized during the period amounting to SR 4.4 million, bringing the total impairment loss recognized for the nine months period ended 30 September 2018 to SR approximately 6.9 million (2017: nil). The impairment loss has been recorded as a reduction of the other income in the interim condensed consolidated statement of profit or loss and other comprehensive income.

5 CONTRACTS ASSETS

	<i>30 September</i> 2018 SR <i>(Unaudited)</i>	<i>31 December</i> 2017 SR <i>(Audited)</i> <i>(Restated)</i> <i>(Note 16)</i>
Contracts value of projects	6,328,034,049	7,085,467,518
Less: value of un-executed work to date	(2,124,639,903)	(2,170,464,465)
Value of work executed to date	4,203,394,146	4,915,003,053
Less: progress billings and advances	(2,832,323,120)	(3,528,715,437)
Less: provision for credit impairment loss	(153,590,521)	(191,528,989)
	1,217,480,505	1,194,758,627

The movement in contracts assets was as follows:

	<i>30 September</i> 2018 SR <i>(Unaudited)</i>	<i>31 December</i> 2017 SR <i>(Audited)</i> <i>(Restated)</i> <i>(Note 16)</i>
At the beginning of the period (restated)	1,194,758,627	1,119,203,936
Value of work executed during the period	186,235,286	514,837,514
Progress billings and advances	(201,451,876)	(475,699,280)
Reversal of provision for credit impairment loss	37,938,468	36,416,457
At the end of the period/year	1,217,480,505	1,194,758,627

The Group's management has computed its contracts assets credit impairment loss provision using the Simplified Expected Credit Loss Model (the "ECL") in the previous period for the first time. The Group's management engaged a qualified specialist to assist in performing this impairment testing. This had been made to comply with the requirements of IFRS 9 "Financial Instruments". Considering that the Group had early adopted IFRS 9 effective from 1 January 2017, the resulting adjustment has been made retrospectively to the previously reported periods as this is deemed a correction of an error. The first period over which the adjustment had been posted is 1 January 2017. Please refer to note 16 of these interim condensed consolidated financial statements under which the restatement details had been disclosed.

The amount reversed from the provision for credit impairment loss during the nine months period ended 30 September 2018 to the interim condensed consolidated statement of profit or loss and other comprehensive income as other income for the period amounted to SR 37,938,468 (for the nine months period ended 30 September 2017: SR 21,936,272).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

6 TRADE AND OTHER RECEIVABLES

	<i>30 September 2018 SR (Unaudited)</i>	<i>31 December 2017 SR (Audited) (Restated) (Note 16)</i>
Trade receivables	499,195,849	538,759,536
Less: provision for impairment on trade receivables	<u>(25,944,326)</u>	<u>(42,050,200)</u>
	<u>473,251,523</u>	<u>496,709,336</u>
Retention receivable	59,437,315	59,011,138
Less: provision for impairment on retention receivables	<u>(4,434,419)</u>	<u>(6,327,893)</u>
	<u>55,002,896</u>	<u>52,683,245</u>
Trade and other receivables, net	<u><u>528,254,419</u></u>	<u><u>549,392,581</u></u>

The Group's management has computed its trade and other receivables credit impairment loss provision using the ECL in the current period for the first time. This had been made to comply with the requirements of IFRS 9. Considering that the Group had early adopted IFRS 9 effective from 1 January 2017, the resulting adjustment has been made retrospectively to the previously reported periods as this is deemed a correction of an error. The first period over which the adjustment had been posted is 1 January 2017. Please refer to note 16 of these interim condensed consolidated financial statements under which the restatement details had been disclosed.

The amount reversed from the provision for credit impairment loss during the nine months period ended 30 September 2018 to the interim condensed consolidated statement of profit or loss and other comprehensive income as other income for the period amounted to to SR 17,999,348 (for the nine months period ended 30 September 2017: SR 6,537,111).

7 ASSETS HELD FOR SALE

During Q2 of 2018, the fair value of some of the assets held for sale declined below their carrying values. Accordingly, an impairment loss of SR 1.3 million (2017: nil) has been recorded to account for such decline in fair value. The impairment loss has been recorded as a reduction to the other income in the interim condensed consolidated statement of profit or loss and other comprehensive income.

8 LOANS

	<i>30 September 2018 SR (Unaudited)</i>	<i>31 December 2017 SR (Audited) (Restated) (Note 16)</i>
Term loans (note 8.1)	715,586,771	716,586,606
Short term loans	<u>39,685,135</u>	<u>50,794,765</u>
	<u><u>755,271,906</u></u>	<u><u>767,381,371</u></u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

8 LOANS (Continued)

8.1 Term loans

	<i>30 September 2018 SR (Unaudited)</i>	<i>31 December 2017 SR (Audited)</i>
Loans repayable upon collection (note a)	407,282,309	476,807,295
Revolving loans (note b)	71,716,746	40,000,000
Loans repayable in periodical instalment (note c)	236,587,716	199,779,311
	<u>715,586,771</u>	<u>716,586,606</u>
Less: current portion	(369,047,550)	(333,769,435)
	<u>346,539,221</u>	<u>382,817,171</u>

- a Term loans were obtained from various commercial banks and are repayable, based on a percentage ranging from 20% to 70% (31 December 2017: 20% to 70%), out of the expected contracts' proceeds. Accordingly, the current portion includes such loans based on Group's estimates of the proceeds expected from future billings.
- b These loans carry mark up at commercial rates and are secured by way of assignments of Group's assets and promissory notes.
- c Term loans are repayable in various fixed periodical instalments with last instalment due in 2021.
- d During the period, the Group was in breach of certain of its term loans financial covenants, for which the non-current portion of the related facilities had been reclassified to current (2017: reclassification had been made in these interim condensed consolidated financial statements for the current portion of loans with breached covenants).

9 LOAN FROM A RELATED PARTY

	<i>30 September 2018 SR (Unaudited)</i>	<i>31 December 2017 SR (Audited)</i>
Loans from a related party	300,000,000	250,000,000
Present value of loans	<u>284,889,174</u>	<u>235,865,704</u>
Non-current portion	<u>151,915,292</u>	<u>106,158,845</u>
Current portion	<u>132,973,882</u>	<u>129,706,859</u>

On 30 December 2015, 21 December 2017 and 3 June 2018, the Group has received three non-commission based loans amounting to SR 135 million, SR 115 million and SR 50 million, respectively, from Al-Khodari Investment Holding Company (a shareholder) for the purpose of funding working capital and future capital requirements of the Group. These loans are due for payment not beyond 31 December 2018, 31 December 2019 and 2 June 2020, respectively. However, as stated under note 2.6, there is a plan for converting a portion of these loans to shares. The loans are stated at their amortized cost at the balance sheet date. The loans are secured against a promissory note for an amount equal to the amount of each loan.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

10 RELATED PARTY TRANSACTIONS' AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The Group in the normal course of business carries out transactions with various related parties. Transactions with related parties' included in the interim condensed consolidated statement of profit or loss are as noted below. Following is the list of major related parties of the Company:

Name of related parties	Nature of relationship
Al-Khodari investment Holding Company	Shareholder
Abdullah Abdul Mohsin Al-Khodari Sons Company, Qatar	Subsidiary
Al-Khodari International Group for Contracting L.L.C. Kuwait	Subsidiary
Al-Khodari International, Abu Dhabi	Subsidiary
Al-Khodari and Sons Company	Affiliate
Al-Khodari Heavy Industries	Affiliate
Al-Khodari Industrial Trading and Services	Affiliate
Al-Khodari Travel and Tourism Agency	Affiliate
Abdullah Abdul Mohsin Al-Khodari Sons and Hertel Company	Affiliate
Al-Khodari LV Shipping Company Limited	Affiliate
Hammon D'Hondt Middle East Company Limited	Affiliate
Mace Saudi Arabia Company Limited	Affiliate
Fleet Tracking Technology	Affiliate
Karrena Arabia Company Limited	Affiliate
Masahaat Al Aqariyah	Affiliate
Madh Real Estate Company	Affiliate
Bahrath Al Dhana Establishment	Affiliate
Fawwaz and Partners Company	Affiliate
Al-Khodari Charity Office	Affiliate
Housing and Construction Real Estate Company	Affiliate

Significant transactions occurred with related parties during the nine months period ended 30 September were as follows:

	<i>For the nine- months period ended 30 September 2018 SR (Unaudited)</i>	<i>For the nine- months period ended 30 September 2017 SR (Unaudited)</i>
Purchases, services and sub-contracting	282,412	10,338,034
Sale of assets	882,018	-
Services rendered	221,503	681,164
Air tickets	174,052	1,039,220
Expenses recharged to affiliates	571,585	281,971
Transactions with key management personnel		
Key management personnel compensation includes the following:	<i>For the nine- months period ended 30 September 2018 SR (Unaudited)</i>	<i>For the nine- months period ended 30 September 2017 SR (Unaudited)</i>
Short term employee benefits	645,000	645,000
Employee terminal benefits	53,340	53,340

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

10 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan.

Balances with other related parties

	30 September 2018 SR <i>(Unaudited)</i>	31 December 2017 SR <i>(Audited)</i>
<i>Amounts due from related parties (presented under deposits, prepayments and other current assets)</i>		
Abdullah Abdul Mohsin Al-Khodari Sons and Hertel Company	1,616,952	1,616,952
Mace Saudi Arabia Company Limited	724,414	697,806
Fleet Tracking Technology	410,678	-
Al-Khodari Charity Office	130,456	130,456
Fawwaz & Partners Co.	101,683	101,683
Al-Khodari Industrial Trading and Services	89,800	133,023
Hammon D'Hondt Middle East Company Limited	-	197,392
Other affiliates	113,557	104,582
	<u>3,187,540</u>	<u>2,981,894</u>
	30 September 2018 SR <i>(Unaudited)</i>	31 December 2017 SR <i>(Audited)</i>

Amounts due to related parties (presented under trade and other payables)

Al-Khodari Investment Holding Company	49,749,673	7,343,198
Al-Khodari Travel and Tourism Agency	15,565,171	15,432,198
Al-Khodari Heavy Industries	12,204,230	12,427,438
Masahaat Al Aqariyah	5,848,045	6,267,870
Housing and Construction Real Estate Company	4,466,105	310,916
Al-Khodari and Sons Company	2,011,289	2,789,942
Fleet Tracking Technology	-	464,454
Other affiliates	339,156	68,077
	<u>90,183,669</u>	<u>45,104,093</u>

11 ZAKAT

Zakat assessment

Zakat assessments have been finalized with the General Authority of Zakat and Income Tax (the "GAZT") up to year 2006. Pursuant to the initial public offering during 2010, a related party, on behalf of the Group, has agreed to pay to the GAZT any additional zakat liability which may arise upon the finalization of zakat assessments for the years 2007 through 2009.

The Group has filed its zakat returns for years 2007 to 2017. For years 2007 to 2015, the Group has received inquiries from the GAZT, which have been replied to by the Group's management. Accordingly, the returns for the years 2007 to 2017 are still under the GAZT's review and final assessments have not been raised yet.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

12 OPERATING SEGMENTS

Basis for segmentation

For management purposes, the Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately. The following summary describes the operations of each reportable segment.

Reportable segments

Services & contracting

Trading

Operations

Construction of roads, bridges, buildings etc. Includes renovation and demolition, cleaning and operations and maintenance work and other supporting activities.

Logistics, transportation, equipment rental and water proofing.

The Group's Chief Executive Officer ("CEO"), being the Chief Operating Decision Maker ("CODM"), reviews the internal management reports of each division on a quarterly basis.

There are varying levels of integration between the contracting and services/trading segments. This integration includes transfers of raw materials and other shared services, respectively. Inter-segment pricing is determined on cost basis.

Information about reportable segments

Information related to each reportable segment is set out below.

	<i>Services & Contracting</i>	<i>Trading</i>	<i>Total Segments</i>
<i>For the nine-month period ended 30 September 2018 (Unaudited)</i>			
Revenues	186,235,286	1,164,958	187,400,244
(Loss)/profit before zakat	(23,686,296)	131,419	(23,554,877)
<i>As of 30 September 2018</i>			
Net assets	379,850,801	255,074	380,105,875
	<i>Services & Contracting</i>	<i>Trading</i>	<i>Total</i>
<i>For the nine-month period ended 30 September 2017 (unaudited) (restated - note 16)</i>			
Revenues:	429,536,600	3,641,983	433,178,583
Loss before zakat	(34,453,904)	(1,495,871)	(35,949,775)
<i>As of 30 September 2017</i>			
Net assets	403,210,070	5,746,393	408,956,463

The Group substantially operates in the Kingdom of Saudi Arabia and accordingly does not have geographical segments.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial assets include bank balances and cash trade receivables, amounts due from related parties and other receivables. Financial liabilities consist of accounts payable, loans, amounts and loans due to related parties and other payables.

The fair values of financial assets and liabilities are not materially different from their carrying values at the interim condensed consolidated statement of financial position date.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level of input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

During the period, there has been no transfer between level 1, level 2 and level 3.

14 COMMITMENTS AND CONTINGENCIES

The Group's bankers have issued performance guarantees amounting to SR 360 million (31 December 2017: SR 371 million).

The Group enters into operating lease arrangements for renting motor vehicles, equipment and housing premises. Leases are negotiated and rentals are fixed for a period from one to three years. Future rental commitments under operating leases are as follows:

	<i>30 September 2018 SR (Unaudited)</i>	<i>31 December 2017 SR (Audited)</i>
Within one year	11,533,872	16,842,221
From one to three years	5,383,362	15,763,847
	<u>16,917,234</u>	<u>32,606,068</u>

15 CONTINGENT LIABILITIES

The Group has number of legal cases and claims raised by certain suppliers which are at different legal stages. As of the interim consolidated statement of financial position date, the aggregate amount of those claims and legal cases amounted to approximately SR 13.4 million, against which the Group has provided for an amount of approximately SR 5.1 million which represents the Group's management best estimate of those legal cases and claims financial impact.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

16 RESTATEMENT OF PRIOR PERIODS/YEAR

As stated in notes 5 and 6 of these interim condensed consolidated financial statements, the Group's management has recognized an additional impairment loss provision against its contract assets and trade and other receivables amounting to approximately SR 179.2 million as of 30 September 2018 as a result of properly applying IFRS 9 requirements.

The Group had previously reported contract assets and trade and other receivables impairment loss provision without considering the time value of money for these outstanding contract assets and trade and other receivables and hence was not in line with IFRS' requirements. Accordingly, the adjustment made by the Group's management in the current period is deemed as a correction of prior periods/year errors.

As such, the contract assets and trade and other receivables impairment loss provision balance reported in the Group's (interim condensed) consolidated financial statements for the periods/year ended 31 March 2017, 30 June 2017, 30 September 2017, 31 December 2017 and 31 March 2018 was not in line with IFRS 9 requirements. Accordingly, the prior periods/year presented in these interim condensed consolidated financial statements had been restated to retrospectively adjust for the impairment loss provision error.

The impact of this adjustment to the first reported IFRS financial position (1 January 2017) amounts to approximately SR 280.1 million and in each of the subsequent periods, this balance was reducing period over period in respect to the unwinding of time value of money as a result of the time lapse at each reporting date, this is mainly due to the absence of significant changes between the original expected collection date as per the Group's Expected Credit Loss (ECL) model and the actual collection which happened during the respective period. Such unwinding has been posted by the Group's management under other income in the interim condensed consolidated statement of profit or loss and other comprehensive income as a reversal of credit impairment loss provision.

Summarized below is the reconciliation between the previously reported balances and amounts presented in the Group's prior periods/year interim condensed consolidated financial statements and the adjusted balances and amounts presented in this interim condensed consolidated financial statements.

	<i>As of 1 January 2017</i>		
	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>Previously reported</i>	<i>Adjustment</i>	<i>Restated</i>
Impact on the consolidated statement of financial position:			
Assets			
Trade and other receivables, net - note A	631,229,267	(52,186,700)	579,042,567
Contracts assets	1,347,149,382	(227,945,446)	1,119,203,936
Equity			
Retained earnings/(accumulated losses) - note B	82,000,374	(280,132,146)	(198,131,772)
	<i>Three-month period ended 30 September 2017</i>		
	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>Previously reported</i>	<i>Adjustment</i>	<i>Restated</i>
Impact on the interim condensed consolidated statement of profit or loss and other comprehensive income			
Other income, net - note C	1,052,450	15,267,683	16,320,133
Net loss	(22,883,447)	15,267,683	(7,615,764)
Total comprehensive loss	(22,874,537)	15,267,683	(7,606,854)
Loss per share			
Basic and diluted loss per share	(0.41)	0.27	(0.14)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

AS AT 30 SEPTEMBER 2018

16 RESTATEMENT OF PRIOR PERIODS/YEAR (continued)

	<i>Nine-month period ended 30 September 2017</i>		
	SR	SR	SR
	<i>Previously reported</i>	<i>Adjustment</i>	<i>Restated</i>
Impact on the interim condensed consolidated statement of financial position:			
Assets			
Trade and other receivables, net - note A	645,866,853	(45,649,589)	600,217,264
Contracts assets	1,411,876,981	(206,009,174)	1,205,867,807
Equity			
Retained earnings/(accumulated losses) - note B	16,335,532	(251,658,763)	(235,323,231)
Impact on the interim condensed consolidated statement of profit or loss and other comprehensive income			
Other income, net - note C	41,765,801	28,473,383	70,239,184
Net loss	(65,673,158)	28,473,383	(37,199,775)
Total comprehensive loss	(65,627,644)	28,473,383	(37,154,261)
Loss per share			
Basic and diluted loss per share	(1.18)	0.51	(0.67)
	<i>Year ended 31 December 2017</i>		
	SR	SR	SR
	<i>Previously reported</i>	<i>Adjustment</i>	<i>Restated</i>
Impact on the consolidated statement of financial position:			
Assets			
Trade and other receivables, net - note A	592,972,135	(43,579,554)	549,392,581
Contracts assets	1,386,287,616	(191,528,989)	1,194,758,627
Equity			
Accumulated losses - note B	(13,833,978)	(235,108,543)	(248,942,521)

Notes:

A: the above balances presented for trade and other receivables is net of the original balance of credit impairment loss provision amounting to SR 4,798,539.

B: the previously reported retained earnings balances presented above includes the amount of SR 558,911 of other reserves which pertains to one of the Group's subsidiaries. Considering that there is no restriction over this balance on the consolidated level, this balance has been released to retained earnings in the above presented amounts.

C: the other income amounts presented in the above tables as previously reported is the aggregate of other income and finance income being presented separately in the Group's previously published (interim condensed) consolidated financial statements.

17 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Company's Board of Directors on 14 Rabi Awal 1440H (corresponding to 22 November 2018).