

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

INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
31 MARCH 2013

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

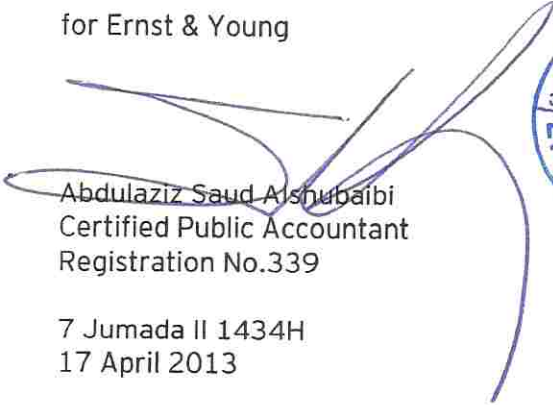
Scope of limited review:

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 2013, the related interim statement of income and cash flows for the three months period ended on 31 March 2013. 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 Alshubaihi
Certified Public Accountant
Registration No.339

7 Jumada II 1434H
17 April 2013

Al-Khobar



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

INTERIM BALANCE SHEET (UNAUDITED)

As At 31 March 2013

	Note	31 March 2013 SR	31 March 2012 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		805,343	29,365,753
Accounts receivable and prepayments		667,131,493	537,177,041
Advances to suppliers		209,299,281	242,837,634
Value of work executed in excess of billings		1,149,363,929	1,011,778,053
Amounts due from related parties		30,297,943	24,905,793
Inventories		94,339,869	82,872,139
Assets held for sale		23,146,406	27,708,228
TOTAL CURRENT ASSETS		2,174,384,264	1,956,644,641
NON-CURRENT ASSETS			
Investments in subsidiaries		4,416,640	4,416,640
Mobilisation costs		12,648,648	7,396,293
Property, equipment and vehicles		515,467,618	526,137,762
TOTAL NON-CURRENT ASSETS		532,532,906	537,950,695
TOTAL ASSETS		2,706,917,170	2,494,595,336
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accruals		474,024,290	317,824,226
Advances from customers		212,394,633	381,553,159
Billings in excess of the value of work executed		888,509	15,110,929
Amounts due to related parties		939,185	689,449
Provision for zakat		10,106,708	6,676,965
Short term loans		81,436,066	93,818,900
Current portion of term loans		428,100,988	596,259,138
Dividends payable		1,663,647	580,381
TOTAL CURRENT LIABILITIES		1,209,554,026	1,412,513,147
NON-CURRENT LIABILITIES			
Term loans		442,284,595	305,369,791
Advances from customers		205,110,415	32,175,634
Employees' terminal benefits		55,306,918	38,907,319
Loan from an affiliate		3,750,000	3,750,000
TOTAL NON-CURRENT LIABILITIES		706,451,928	380,202,744
TOTAL LIABILITIES		1,916,005,954	1,792,715,891
SHAREHOLDERS' EQUITY			
Share capital	4	531,250,000	425,000,000
Statutory reserve		52,931,581	41,783,404
Proposed dividends	5	26,562,500	21,250,000
Proposed stock dividends		-	106,250,000
Retained earnings		180,167,135	107,596,041
TOTAL SHAREHOLDERS' EQUITY		790,911,216	701,879,445
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,706,917,170	2,494,595,336

Kaifash Sadangi
Chief Financial Officer

Fawwaz Al-Khodari
Chief Executive Officer

The attached notes 1 to 9 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 2013

		<i>For the period from 1 January 2013 to 31 March 2013</i>	<i>For the period from 1 January 2012 to 31 March 2012</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
Revenues	8	343,515,465	396,718,967
Direct costs		(297,751,982)	(328,406,626)
GROSS PROFIT	8	45,763,483	68,312,341
EXPENSES			
Selling and marketing		(5,247,118)	(5,873,515)
General and administration		(16,715,121)	(16,734,568)
INCOME FROM MAIN OPERATIONS		23,801,244	45,704,258
Other income		531,223	2,033,981
Financial charges		(5,579,196)	(4,861,776)
INCOME BEFORE ZAKAT		18,753,271	42,876,463
Zakat		(468,832)	(1,071,912)
NET INCOME FOR THE PERIOD		18,284,439	41,804,551
Earnings per share (from main operations)		0.45	0.86
Earnings per share (from net income)		0.34	0.79
Weighted average number of shares outstanding		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 2013

	<i>For the period from 1 January 2013 to 31 March 2013</i>	<i>For the period from 1 January 2012 to 31 March 2012</i>
	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Income before zakat	18,753,271	42,876,463
Adjustments for:		
Depreciation	32,117,951	31,309,315
Amortisation of mobilisation cost	666,982	1,075,059
Provision for employees' terminal benefits, net	3,078,590	3,599,650
Financial charges	5,579,196	4,861,776
	60,195,990	83,722,263
Changes in operating assets and liabilities:		
Receivables	(71,531,074)	(87,226,771)
Inventories	(10,898,251)	(10,226,810)
Value of work executed in excess of billings	(12,015,708)	(84,256,321)
Payables	100,605,979	21,334,825
Billings in excess of the value of work	(3,966,252)	13,187,516
Cash from (used in) operations	62,390,684	(63,465,298)
Financial charges paid	(5,579,196)	(4,861,776)
Net cash from (used in) operating activities	56,811,488	(68,327,074)
INVESTING ACTIVITIES		
Purchase of equipment and vehicles	(62,210,851)	(38,377,048)
Movement in assets held for sale, net	27,533	100,109
Mobilisation costs incurred	(5,041,735)	(3,247,442)
Net cash used in investing activities	(67,225,053)	(41,524,381)
FINANCING ACTIVITY		
Movement in short and long term loans	(117,099,860)	60,427,733
Net cash (used in) from financing activity	(117,099,860)	60,427,733
DECREASE IN CASH AND CASH EQUIVALENTS	(127,513,425)	(49,423,722)
Cash and cash equivalents at the beginning of the period	128,318,768	78,789,475
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	805,343	29,365,753


Kailash Sadangi
Chief Financial Officer


Fawwaz Al-Khodari
Chief Executive Officer

At 31 March 2013

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 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.
- 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 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.

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

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".

Revenue on long term construction contracts, where the outcome can be reliably estimated, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. The value of work completed 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 completed at the balance sheet date is classified as "billings in excess of the value of work executed" under current liabilities. Profit is not recognised on a contract until the management believes that the outcome of that contract can be assessed with reasonable certainty. In the case of loss making contracts, full provision is made for estimated future losses.

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 SHARE CAPITAL

Share capital is divided into 53.125 million shares (31 March 2012: 42.5 million shares) of SR 10 each.

During 2012, the board of Directors of the Company, at its meeting held on 8 Rabi II 1433H corresponding to 1 March 2012, recommended to increase the Company's share capital by 25% by way of capitalizing a part of the retained earnings through the issuance of one bonus share for every four shares held by the shareholders. As a result, the share capital of the Company has been increased from SR 425 million to SR 531.25 million. Legal formalities in this regard have been completed during the year ended 31 December 2012.

5 PROPOSED DIVIDENDS

During the period, the board of directors of the Company has recommended in its meeting held on 23 February 2013, for the approval of the upcoming general assembly, the distribution of cash dividends of SR 0.5 per share totalling SR 26.56 million (31 March 2012: SR 21.25 million) for shareholders in records at the date of the upcoming general assembly.

6 CONTINGENT LIABILITY

The Company's banker has given guarantees on behalf of the Company limited to SR 466 million (31 March 2012: SR 405 million) mainly in respect of performance guarantees to a customer and payment guarantees to suppliers.

7 EARNINGS PER SHARE

In view of the capitalisation of retained earnings to increase the share capital of the company, the calculation of earnings per share for all periods presented has been adjusted retrospectively.

At 31 March 2013

8 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 SR</i>	<i>Trading SR</i>	<i>Total SR</i>
	<i>31 March 2013</i>		
Revenues	342,164,808	1,350,657	343,515,465
Gross profit	45,574,230	189,253	45,763,483
Net assets	788,916,404	1,994,812	790,911,216
	<i>31 March 2012</i>		
Revenues	395,460,631	1,258,336	396,718,967
Gross profit	67,996,046	316,295	68,312,341
Net assets	691,150,017	10,729,428	701,879,445

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

9 COMPARATIVE FIGURES

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