Zamil Industrial Investment Company (Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) AND AUDITORS' LIMITED REVIEW REPORT

30 JUNE 2015

Building a better working world

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LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY (SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

Scope of limited review:

We have reviewed the accompanying consolidated interim balance sheet of Zamil Industrial Investment Company (Saudi Joint Stock Company) (the "Company") and its Subsidiaries (collectively referred to as the "Group") as at 30 June 2015 and the related consolidated interim statement of income for three and six months periods then ended and the consolidated interim statement of cash flows for the six months period then ended. These consolidated interim financial statements have been prepared by the Group's management and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). The limited review consists principally of applying analytical procedures to financial data and information 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.

Conclusion of limited review:

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

for Ernst & Young

Abdulaziz Saud Alshubaibi
Certified Public Accountant
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PROFESSIONAL LICENCE No. 45
ERNST & YOUNG

29 Ramadan 1436H
16 July 2015
Alkhobar

Zamil Industrial Investment Company (Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
As at 30 June 2015

	Note	*2015* *SR '000'*	*2014* *SR '000'*
ASSETS			
CURRENT ASSETS			
Bank balances and cash		**332,647**	315,292
Accounts receivable and notes receivables		**1,622,412**	1,544,402
Advances, other receivables and prepayments		**266,077**	281,229
Value of work executed in excess of billings		**356,510**	367,631
Amounts due from related parties		**65,009**	48,453
Current portion of net investment in finance lease		**19,487**	18,678
Inventories		**1,630,907**	1,703,467
TOTAL CURRENT ASSETS		**4,293,049**	4,279,152
NON-CURRENT ASSETS			
Amounts due from an associated company		**33,850**	-
Net investment in finance lease		**415,767**	435,255
Available for sale investments		**46,586**	46,586
Investment in associated companies		**160,514**	124,159
Property, plant and equipment		**1,404,569**	1,600,951
Deferred charges		**19,723**	14,069
Goodwill		**110,706**	158,543
TOTAL NON-CURRENT ASSETS		**2,191,715**	2,379,563
TOTAL ASSETS		**6,484,764**	6,658,715
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes and accounts payable, accruals and provisions		**992,921**	905,317
Billings in excess of value of work executed		**79,299**	74,023
Amounts due to related parties		**15,109**	17,274
Advance from customers		**378,752**	403,121
Zakat and income tax provisions		**48,162**	55,960
Murabaha and tawarruq finance		**1,899,159**	2,125,102
Short term loans		**134,734**	112,578
Current portion of term loans		**134,384**	169,590
TOTAL CURRENT LIABILITIES		**3,682,520**	3,862,965
NON-CURRENT LIABILITIES			
Term loans		**365,388**	507,200
Employees' terminal benefits		**342,046**	324,006
TOTAL NON-CURRENT LIABILITIES		**707,434**	831,206
TOTAL LIABILITIES		**4,389,954**	4,694,171

The attached notes form an integral part of these consolidated interim financial statements.

Zamil Industrial Investment Company (Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
As at 30 June 2015

SHAREHOLDERS' EQUITY			
Share capital	4	**600,000**	600,000
Statutory reserve		**254,170**	242,038
Retained earnings		**987,425**	853,144
Foreign currency translation reserve		**(15,064)**	(9,134)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**1,826,531**	1,686,048
NON CONTROLLING INTEREST		**268,279**	278,496
TOTAL SHAREHOLDERS' EQUITY		**2,094,810**	1,964,544
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,484,764**	6,658,715

The attached notes form an integral part of these consolidated interim financial statements.

Zamil Industrial Investment Company (Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED INTERIM STATEMENT OF INCOME (UN-AUDITED)
For the three and six months periods ended 30 June 2015

	Note	*For the three months period ended 30 June* 2015 SR '000'	2014 SR '000'	*For the six months period ended 30 June* 2015 SR '000'	2014 SR '000'
REVENUES					
Sales revenue		**1,278,521**	1,254,863	**2,403,042**	2,424,958
Contracts revenues		**160,288**	131,144	**294,716**	253,911
		1,438,809	1,386,007	**2,697,758**	2,678,869
DIRECT COSTS					
Cost of sales revenues		**(979,821)**	(954,651)	**(1,812,355)**	(1,843,100)
Contracts costs		**(141,732)**	(115,262)	**(262,723)**	(214,163)
		(1,121,553)	(1,069,913)	**(2,075,078)**	(2,057,263)
GROSS PROFIT		**317,256**	316,094	**622,680**	621,606
EXPENSES					
Selling and distribution		**(109,516)**	(118,810)	**(229,375)**	(238,224)
General and administration		**(110,494)**	(95,930)	**(198,566)**	(187,113)
INCOME FROM MAIN OPERATIONS		**97,246**	101,354	**194,739**	196,269
Other income, net		**12,608**	5,338	**17,558**	9,056
Financial charges		**(18,778)**	(20,811)	**(35,498)**	(39,871)
INCOME BEFORE SHARE IN RESULTS OF ASSOCIATED COMPANIES, NON CONTROLLING INTEREST AND ZAKAT AND FOREIGN INCOME TAX		**91,076**	85,881	**176,799**	165,454
Share in net results of associated companies		**(1,108)**	1,202	**853**	1,893
INCOME BEFORE NON CONTROLLING INTEREST AND ZAKAT AND FOREIGN INCOME TAX		**89,968**	87,083	**177,652**	167,347
Non controlling interest		**(7,353)**	(1,372)	**(13,064)**	(6,357)
INCOME BEFORE ZAKAT AND FOREIGN INCOME TAX		**82,615**	85,711	**164,588**	160,990
Foreign income taxes		**(607)**	(3,480)	**(2,204)**	(6,714)
Zakat		**(7,647)**	(9,216)	**(14,289)**	(15,254)
NET INCOME FOR THE PERIOD		**74,361**	73,015	**148,095**	139,022
EARNINGS PER SHARE FOR THE PERIOD:					
Attributable to main operations		**1.62**	1.69	**3.25**	3.27
Attributable to net income		**1.24**	1.22	**2.47**	2.32
Weighted average number of shares outstanding (thousand shares)	4	**60,000**	60,000	**60,000**	60,000

The attached notes form an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
Six months period ended 30 June 2015

	Six months period ended 30 June	
	2015	*2014*
	SR '000'	*SR '000'*
OPERATING ACTIVITIES		
Income before share of non controlling interest and zakat and foreign income tax	**177,652**	167,347
Adjustments for:		
Depreciation	**79,713**	75,857
Amortisation	**1,203**	1,341
Employees' terminal benefits, net	**21,115**	13,381
Financial charges	**35,498**	39,871
(Gain)/loss on sale of property, plant and equipment	**(47)**	1,128
Share of results of associated companies	**(853)**	(1,893)
	314,281	297,032
Changes in operating assets and liabilities:		
Net investments in finance lease	**9,438**	9,046
Receivables	**(112,773)**	32,684
Inventories	**(33,636)**	247,267
Payables	**43,991**	(137,387)
Cash from operations	**221,301**	448,642
Financial charges paid	**(35,498)**	(39,871)
Foreign income tax and zakat paid	**(11,968)**	(16,647)
Net cash from operating activities	**173,835**	392,124
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(71,392)**	(69,772)
Proceeds from sale of property, plant and equipment	**522**	1,164
Net cash used in investing activities	**(70,870)**	(68,608)
FINANCING ACTIVITIES		
Dividends paid	**(60,000)**	(60,000)
Net movement in murabaha and tawarruq finance	**16,100**	(626,799)
Net movement in short term loans	**24,345**	31,685
Net movement in term loans	**(60,606)**	380,792
Net cash used in financing activities	**(80,161)**	(274,322)
INCREASE IN BANK BALANCES AND CASH	**22,804**	49,194
Bank balances and cash at the beginning of the period	**309,721**	268,557
Movement in translation reserve, net	**122**	(2,459)
BANK BALANCES AND CASH AT THE END OF THE PERIOD	**332,647**	315,292
SUPPLEMENTAL NON-CASH TRANSACTIONS:		
Directors remuneration not paid during the period	**1,000**	-

The attached notes form an integral part of these consolidated interim financial statements.

1 ACTIVITIES

Zamil industrial investment company (the "Company") is a Saudi Joint Stock Company formed in accordance with the Ministerial Resolution number 407 dated 14 Rabia I 1419H (corresponding to 8 July 1998). Prior to that the Company was operating as a limited company under the name of Zamil Steel Buildings Company Limited. The Company is registered in Saudi Arabia, under Commercial Registration number 2050004215, dated 19 Ramadan 1396 (corresponding to 14 September 1976). The Company have the following subsidiaries (collectively referred to as "Subsidiaries"):

	Effective ownership	
	2015	2014
- Universal Building System limited - Jersey	100%	100%
- Zamil Steel Holding Company - Saudi Arabia	100%	100%
- Zamil Steel pre-engineered building Company - Saudi Arabia	100%	100%
- Zamil Structural Steel Company - Saudi Arabia	100%	100%
- Zamil Tower and Galvanizing Company - Saudi Arabia	100%	100%
- Zamil process equipment Company - Saudi Arabia	100%	100%
- Zamil Air Conditioners and Household Appliances - Saudi Arabia	100%	100%
- Zamil Central Air Conditioners - Saudi Arabia	100%	100%
- Zamil Air Conditioners Holding Company - Saudi Arabia	100%	100%
- Zamil Air Conditioners and Refrigerating Services - Saudi Arabia	100%	100%
- Zamil Steel Building Company - Egypt	100%	100%
- Zamil Steel Buildings (shanghai) Company Limited - china	100%	100%
- Cooling Europe Holdings GmbH- Austria	100%	100%
- Clima Tech air conditioners GmbH - Austria	100%	100%
- Zamil Steel Buildings India Private Limited	100%	100%
- Zamil Steel Engineering India Private Limited	100%	100%
- Arabian Stonewool Insulation Company - Saudi Arabia	100%	100%
- Ikhtebar Company - Saudi Arabia	100%	100%
- Zamil Energy Services Company (ZESCO) - Saudi Arabia	100%	100%
- Zamil Industrial Investment Company, Emirates	100%	100%
- Zamil Steel Industries Abu Dhabi (LLC) - UAE	100%	100%
- Zamil Steel Buildings (Thailand) Co. Ltd.	100%	100%
- Al Zamil Steel Construction Company - Saudi Arabia	100%	100%
- Zamil Structural Steel Company - Egypt	100%	100%
- Zamil construction India PVT. Ltd.	100%	100%
- Buildings Components Solutions Company - Saudi Arabia	100%	100%
- Zamil Information Technology Global Private Limited - India	100%	100%
- Zamil Higher Institute for Industrial Training Company - Saudi Arabia	100%	100%
- Second Insulation Company Limited - Saudi Arabia	100%	100%
- Eastern District Cooling Company Limited	100%	100%
- Zamil Air Conditioners India Private Limited - India	100%	100%
- Saudi Central Energy Company Limited (Note A)	100%	50%
- Gulf Insulation Group	51%	51%
-Saudi Rockwool Factory Company - Saudi Arabia	51%	51%
-First Insulation Company - Saudi Arabia	51%	51%
-Arabian Fiberglass Insulation Co. Ltd - Saudi Arabia	51%	51%
- Zamil Steel Buildings- Vietnam Limited Company	92,27%	92.27%
- Middle East Air Conditioners Company Limited - Saudi Arabia	51%	51%
- Zamil Hudson Company Limited - Saudi Arabia	50%	50%
- Petro- Chem Zamil Company Limited- Saudi Arabia	50%	50%
- Saudi Preinsulated Pipes Industries Company Limited	51%	51%
- Zamil Industrial Investment Company Asia Ple. Ltd - Singapore	100%	100%
- Al-Zamil for Inspection and Maintenance of Industrial Projects Company - Saudi Arabia	100%	100%
- Rabiah Nasser and Zamil Concrete Industrial Co. Ltd - Saudi Arabia (RANCO)- (Note B)	50%	50%

1 ACTIVITIES (continued)

The Company and its Subsidiaries listed above (collectively referred to as the "Group") are engaged in design and engineering, manufacturing and fabrication of construction materials, pre-engineering steel buildings, steel structures, air conditions and climate control systems for commercial, industrial and residential applications, telecom and transmutation towers, process equipment, fiberglass, rockwool and engineering plastic foam insulation, and solar power projects.

Notes:

A- Effective 1 January 2014, the Group acquired the remaining 50% of Saudi Central Energy Company Limited. Effective the same date, the Group consolidated 100% of this subsidiary results without showing minority interest. Legal formalities in respect of this transaction have not been completed as of the consolidated interim balance sheet date.

B- On 1 October 2014, the Company lost its control over RANCO which was maintained through its designated managing director. Accordingly, RANCO had been deconsolidated effective the same date and has been presented as an associated company.

2 BASIS OF PREPARATION

These consolidated interim financial statements include the interim financial statements of the Group. Subsidiaries are consolidated from the date the Group obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The interim financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-Group balances, transactions, income and expenses and profit and loss resulting from intra-Group transactions that are recognised as assets, are eliminated in full.

3 SIGNIFICANT ACCOUNTING POLICIES

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

Use of estimates
The preparation of consolidated 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 financial statements and the reported amounts of revenues and expenses during the reporting period.

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 when there is no possibility of recovery.

Inventories
Inventories are stated at the lower of cost and market value. Costs are those expenses incurred in bringing each product to its present location and condition and is calculated on the following basis:

Raw materials	-	purchase cost on a weighted average basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Net investment in finance lease
Leases in which the Group transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to present value of the lease payments which is included in the consolidated interim financial statements as "net investment in finance lease".

Available for sale investment
These represent investments in shares of quoted and unquoted companies which are neither bought with the intention of being held to maturity nor for trading purposes. These are stated at fair value. The individual investment is classified under either current or non-current assets based on the managements' intention to dispose of the investments within one year from the consolidated interim balance sheet date or later, respectively. Changes in fair value are credited or charged to the shareholders' equity. Where there is objective evidence that investments may be impaired, the estimated recoverable amount of those investments is determined and any impairment loss for the difference between the recoverable amount and the carrying amount is recognised in the consolidated interim statement of income.

Cost of partial sales of investments is calculated using the weighted average method.

Investments in associated companies
Investment in associated companies where the Group has significant influence over the investees financial and operational decisions, normally where the Group own stake between 20% to 50% of the share capital of the investee company, are accounted for using the equity method. No share in result is accounted during the formation stage of the associated companies.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Freehold land and construction work in progress are not depreciated. The cost of other property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditure for repair and maintenance are charged to the consolidated interim statement of income. Improvements that increase the value or materially extend the useful life of the related assets are capitalised.

Deferred charges

Expenses which have a long term future benefit are treated as deferred charges and are amortized over the estimated period of benefit.

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the consideration transferred over fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated interim statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or Groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or Groups of units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.
When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated interim statement of income.

Impairment of non-current assets
At each consolidated balance sheet date, the Group reviews the carrying values of its non-current assets other than goodwill to determine whether there is any indication that those assets have suffered impairment. If such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.
The carrying value of the asset (or cash generating unit) is reduced to the recoverable value when the recoverable value is below the carrying value. Impairment loss is recognized as expense when incurred.
Goodwill is tested for impairment at least annually, by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.
Where an impairment loss subsequently reverses, the carrying value of the asset (cash generating unit) other than goodwill is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash generating unit) in prior years. The reversal of impairment loss other than goodwill is recognized as income once identified.

Impairment and uncollectibility of financial assets
An assessment is made at each consolidated balance sheet date to determine whether there is an objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

Provisions
Provision is made when the Group 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Warranties
Amounts are accrued on an estimated basis to meet possible future costs under warranty commitments and are included under notes and accounts payables, accruals and provisions in the consolidated interim balance sheet.

Zakat and foreign income tax
The Group is subject to zakat regulations in the Kingdom of Saudi Arabia. Foreign income tax is also provided for in accordance with foreign fiscal authorities in which the Group’s foreign subsidiaries operate. Zakat and income tax are provided on an accrual basis. Additional amounts, if any, that may become due on finalization of the zakat and income tax status are recorded once identified. The zakat and foreign income tax charge in the consolidated interim statement of income represents the zakat for the Company, the Company’s share of zakat in subsidiaries and foreign income tax for foreign subsidiaries. The zakat charge and income tax, assessable on the non-controlling shareholders, is included in non-controlling interest.

Employees' terminal benefits
Provision is made for amounts payable under the employment contracts applicable to employees' accumulated periods of service at the consolidated interim balance sheet date.

Statutory reserve
As required by Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income until it has built up a reserve equal to one half of the capital. The reserve is not available for distribution. The reserve allocation is done on annual basis on the consolidated balance sheet date.

Revenue recognition
Sales revenue
Sales revenue represent the invoiced value of goods supplied and services rendered by the Group upon delivery to customers, net of deductions. Service revenue related to change orders is recognised and invoiced upon acceptance of the related services by customers.

Contracting revenue
Fixed price contract revenue represents the attributable value of work performed based on the percentage of completion method. The percentage of completion is calculated based on actual costs incurred to date in relation to the total estimated costs to complete the contract. The value of work executed in excess of the amounts billed is classified as "value of work executed in excess of billings" under current assets. Amounts billed in excess of the value of work executed at the balance sheet date is classified as "billings in excess of value of work executed" under current liabilities. When the total estimated costs to complete the contract exceed the contract value at the end of the accounting period, then total anticipated loss on the contract is charged to the consolidated interim statement of income in the same period.

Expenses
Selling and distribution expenses are those that specifically relate to salesmen, royalties, warranties, warehousing and delivery vehicles as well as provision for doubtful debts. All other expenses other than direct costs and financial charges are classified as general and administration expenses.

Foreign currencies
Transaction
Transactions in foreign currencies are recorded in Saudi Riyals in case of entities registered in Saudi Arabia and in foriegin currencies in case of the subsidiaries registered in other countries, 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 these consolidated interim balance sheet date. All differences are taken to the consolidated interim statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Translation

Financial statements of foreign operations are translated in to Saudi Riyals using the exchange rate at each consolidated interim balance sheet date, for assets and liabilities, and average exchange rate for each period for revenues, expenses, gains and losses. Components of equity other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments are recorded as a separate component in sharholders' equity.

Segmental reporting

A segment is a distinguishable component of the Group 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

Earnings per share attributable to 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.

Earnings per share attributable to net income is calculated by dividing the net income for the period by the weighted average of number of shares outstanding during the period.

Operating lease

Rentals payable under operating leases are charged to the consolidated interim statement of income on a straight line basis over the term of the operating lease.

Fair values

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

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows and other relevant factors. Cost is considered to be the fair value where there is no reliable fair value information available for such investments.

Results of interim period

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

4 SHARE CAPITAL

Share capital is divided into 60,000,0000 shares (2014: 60,000,000 shares) of SR 10 each.

5 DIVIDENDS

On 20 Jumada ' II 1436 H (corresponding to 9 April 2015). The Annual General Assembly approved the payment of final cash dividends of year 2014 of SR 1 per share (totaling to SR 60 Million). Dividends have been fully paid in the current period.

On 16 Jumada ' II 1435 H (corresponding to 16 April 2014). The Annual General Assembly approved the payment of final cash dividends of year 2013 of SR 1 per share (totaling to SR 60 Million). Dividends have been fully paid in the comparative period.

6 CONTINGENT LIABILITIES

The Group's bankers have issued performance and payments guarantees, on behalf of the Group, amounting to SR 1,035 million (2014: SR 1,192 million).

7 STATUS OF ZAKAT ASSESSMENTS

Zakat assessments have been agreed with the Department of Zakat and Income Tax (the "DZIT") up to 2012. The Zakat declarations for the years 2013 and 2014 are still under the DZIT's review.

8 SEGMENT INFORMATION

Consistent with the Group's internal process, business segments have been approved by the management in respect for its activities. The Group have the following segments:

A- Analysis of sales, income from main operations and net assets by activity:

	Sales SR '000'	*Income from main operations SR '000'*	*Net assets SR '000'*
As of 30 June 2015			
Air condition industry	**1,246,037**	**115,032**	**820,144**
Steel industry	**1,279,300**	**68,605**	**1,006,123**
Insulation	**168,789**	**20,723**	**131,379**
Head office	**3,632**	**(9,621)**	**(131,115)**
	2,697,758	**194,739**	**1,826,531**
As of 30 June 2014			
Air condition industry	1,113,263	97,037	687,036
Steel industry	1,295,646	104,079	982,150
Insulation	152,273	14,106	103,623
Concert	114,453	(5,916)	23,589
Head office	3,234	(13,037)	(110,350)
	2,678,869	196,269	1,686,048

B- Analysis of sales, income from main operations and net assets by geographical locations:

	Sales SR '000'	*Income from main operations SR '000'*
As of 30 June 2015		
Saudi Arabia		
Local sales	**1,940,827**	**161,241**
Export sales	**230,975**	**21,881**
Other Asian countries	**299,609**	**(2,256)**
Africa	**222,030**	**13,603**
Europe	**4,317**	**270**
	2,697,758	**194,739**
As of 30 June 2014		
Saudi Arabia		
Local sales	1,955,764	148,465
Export sales	225,660	17,665
Other Asian countries	295,720	12,773
Africa	198,694	17,820
Europe	3,031	(454)
	2,678,869	196,269

9 COMPARATIVE FIGURES

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