

**SYED NASEERUDDIN SIRAJ INDUSTRIAL SERVICES EST.
JEDDAH, SAUDI ARABIA**

FINANCIAL REPORT AS AT 31.12.2015

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The Proprietor,
 Syed Naseeruddin Siraj Industrial Services Est.,
 Jeddah, Saudi Arabia.

AUDITORS' REPORT

We have audited the accompanying Financial Position of Syed Naseeruddin Siraj Industrial Services Est. as of 31st December, 2015, the Statement of Income, the Statement of changes in Owner's Equity, the statement of Cash Flow and the notes from 1 to 14 which form part of the financial statements for the period from 01.01.2015 to 31.12.2015 as prepared by the Establishment and presented to us with all necessary information and explanations. These financial statements are the responsibility of the Establishment's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Observations:

- 1) The Proprietor of the Establishment expired on 10.04.2015, the legal proceedings to transfer the Establishment to the Legal Heir was not completed as on 31.12.2015.
- 2) Physical Cash Counting was done by the management as on 31.12.2015.
- 3) Trade Payables are subject to Balance Confirmation as on 31.12.2015.
- 4) The Banks did not responded to our request for balance confirmation as on 31.12.2015.

In our opinion, expect for the above observations, the financial statements referred to above, subject to the notes thereon, present fairly in all material respects, the financial position of Syed Naseeruddin Siraj Industrial Services Est., as of December 31st, 2015 and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

Jeddah: 00.00.0000
 00.00.0000

ABDULRAZZAQ WALY SAIT
 CERTIFIED PUBLIC ACCOUNTANT
 LICENCE NO. 166

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

Statement of Financial Position as at 31st December 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<u>Current Assets</u>			
Cash & Bank Balances	4	27,090	207,763
Trade Debtors		2,033,252	3,315,720
Other Receivable	5	240,813	2,700
Advance to Suppliers		44,532	-
Prepayments	6	94,624	46,547
Margin Against Bank Guarantee	7	73,096	-
Total Current Assets		<u>2,513,407</u>	<u>3,572,730</u>
<u>Non-Current Assets</u>			
Property, Plant & Equipment	8	577,507	769,750
Total Non-Current Assets		<u>577,507</u>	<u>769,750</u>
Total Assets		<u>3,090,914</u>	<u>4,342,480</u>
<u>Current Liabilities</u>			
Trade Creditors		760,491	1,485,018
Advance Received		-	255,000
Accrued Expenses	9	225,440	259,274
Provision for Income Tax	10	85,861	78,546
Total Current Liabilities		<u>1,071,792</u>	<u>2,077,838</u>
<u>Non-Current Liabilities</u>			
Related Party	11	-	72,058
Total Current Liabilities		<u>-</u>	<u>72,058</u>
Total Liabilities		<u>1,071,792</u>	<u>2,149,896</u>
<u>Owners' Equity</u>			
Capital		900,000	900,000
Retained Earnings	11	1,119,122	1,292,584
Total Owners' Equity		<u>2,019,122</u>	<u>2,192,584</u>
Total Liabilities & Owners' Equity		<u>3,090,914</u>	<u>4,342,480</u>

(The attached notes form part of the financial Statements as at 31.12.2015)

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

Statement of Income
for the period from 01.01.2015 to 31.12.2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Turnover		6,882,308	5,914,624
Cost	12	(5,539,194)	(4,646,278)
Gross Profit		<u>1,343,114</u>	<u>1,268,346</u>
General & Administrative Expenses	13	(747,476)	(622,106)
Depreciation	8	(187,326)	(233,157)
Other Income		7,986	-
Operating Profit		<u>416,298</u>	<u>413,083</u>
Income Tax Expense	10	(85,861)	(78,546)
Net Profit		<u>330,437</u>	<u>334,537</u>

(The attached notes form part of the financial Statements as at 31.12.2015)

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Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia

Statement of changes in Owners' Equity
for the period from 01.01.2015 to 31.12.2015

	Capital	Retained Earnings	Total
Balance 01.01.2014	900,000	958,047	1,858,047
Profit for the Year	-	334,537	334,537
Balance 31.12.2014	900,000	1,292,584	2,192,584
Balance 01.01.2015	900,000	1,292,584	2,192,584
Dividend Paid	-	(503,899)	(503,899)
Profit for the Year	-	330,437	330,437
Balance 31.12.2015	900,000	1,119,122	2,019,122

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

Statement of Cash Flow
for the period from 01.01.2015 to 31.12.2015

	<u>2015</u>	<u>2014</u>
<u>OPERATING ACTIVITIES</u>		
Net Profit for the Year	330,437	334,537
Adjustment for:		
Depreciation	187,326	233,157
Provision for Income Tax	85,861	78,546
Operating Profit before working capital changes	603,624	646,240
Changes in Trade Debtors	1,282,468	(2,862,174)
Changes in Other Receivables	(238,113)	92,000
Changes in Advance to Suppliers	(44,532)	-
Changes in Prepayments	(48,077)	19,347
Changes in Margin Against Bank Guarantee	(73,096)	-
Changes in Trade Creditors	(724,527)	1,158,808
Changes in Advance Received	(255,000)	255,000
Changes in Accrued Expenses	(33,834)	66,651
Income Tax Paid during the Year	(78,546)	(82,064)
Net Cash from Operating Activities	390,367	(706,192)
<u>INVESTING ACTIVITIES</u>		
Purchase of Property, Plant & Equipment	(51,400)	(232,599)
Sale of Property, Plant & Equipment	56,317	-
Net Cash Provided for Investing Activities	4,917	(232,599)
<u>FINANCING ACTIVITIES</u>		
Related Party	(72,058)	72,058
Dividend Paid	(503,899)	-
Net Cash used for Financing Activities	(575,957)	72,058
Change in Cash & Bank Balances	(180,673)	(866,733)
Cash & bank balances at the beginning of the year	207,763	1,074,496
Cash & bank balances at the end of the Year	27,090	207,763

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

	<u>2015</u>	<u>2014</u>
Note No. 4 Cash on hand & at banks		
Cash on hand	5,868	138,723
Riyadh Bank	5,911	35,135
Saudi British Bank	745	19,339
State Bank of India	14,566	14,566
	<u>27,090</u>	<u>207,763</u>

Note No. 5 Other Receivables

Advances

Staff Advances	72,558	-
Other Advances	165,555	-

Deposit

Office	2,700	2,700
Total	<u>240,813</u>	<u>2,700</u>

Note No. 6 Prepayments

Prepayments

Rent	43,462	43,462
Insurance	51,162	3,085
Total	<u>94,624</u>	<u>46,547</u>

Note No. 7 Margin against Bank Guarantee

The Establishment has a Contingent Liability of SR 73,096 as on 31.12.2015 towards 5% Margin on letter of Bank Guarantee issued.

Note No. 8 Property, Plant & Equipment

	WDV as at 01.01.2015	Additions	Deletions	As at 31.12.2015	Depreciation	%	WDV as at 31.12.2015
Office Equipments & Computers	9,416	650	-	10,066	2,521	25	7,545
Furniture & Fittings	16,574	850	-	17,424	1,743	10	15,681
Vehicles	342,348	49,900	56,317	335,931	82,702	25	253,229
Air Conditioners	5,499	-	-	5,499	1,376	25	4,123
Heavy Equipment	391,256	-	-	391,256	97,816	25	293,440
Electrical Appliances	4,657	-	-	4,657	1,168	25	3,489
	<u>769,750</u>	<u>51,400</u>	<u>56,317</u>	<u>764,833</u>	<u>187,326</u>		<u>577,507</u>

Note No. 9 Accrued Expenses

Accrued Salaries & Wages	200,440	224,274
Legal & Professional Expenses	25,000	35,000
	<u>225,440</u>	<u>259,274</u>

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

	<u>2015</u>	<u>2014</u>
<u>Note No. 10 Provision for Income Tax</u>		
<u>Adjusted Profit</u>		
Operating Profit for the Year	416,298	413,083
Difference in Depreciation	(31,022)	(59,190)
Excess Repairs & Maintenance	24,031	38,835
Tax Submission Delay Penalty	20,000	-
Taxable Income	429,307	392,728
Tax @20%	85,861	78,546
<u>Movement during the Year</u>		
Balance 1 st January	78,546	82,064
Paid during the Year	(78,546)	(82,064)
Provision for the Year	85,861	78,546
Balance 31 st December, 2015	85,861	78,546
<u>Note No. 11 Related Party</u>		
Syed Naseeruddin Siraj	-	72,058
<u>Note No. 12 Cost</u>		
Material	1,090,599	934,365
Wages	1,430,833	1,136,738
Overtime	387,162	367,661
Manpower Supply Cost	1,546,492	1,360,018
Subcontract	779,430	593,018
Allowances	17,081	13,115
Food Allowances	91,385	66,962
Labour Camp Rent	99,663	98,781
Uniform and Safety Material	10,366	5,857
Labour Camp Cleaning & Upkeep	18,544	26,267
Site Expenses	26,944	26,412
Testing and Laboratory Expenses	40,695	17,084
Total Cost	5,539,194	4,646,278

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

	<u>2015</u>	<u>2014</u>
<u>Note No. 13 General & Administrative Expenses</u>		
Visa and Iqama Expense	184,450	135,000
Insurance	54,423	119,047
GOSI	100,180	90,500
Vehicle Repair and Maintenance	37,216	56,288
Legal, Professional, Subscription etc.,	102,612	52,395
Telephone and Telefax	26,601	20,226
Repairs & Maintenance	655	1,300
Office Rent	20,000	16,500
Office Expenses	13,907	10,901
Temporary Staff Hire Salary	65,564	10,000
Medical	5,820	9,310
Printing & Stationery	5,585	8,556
Electricity	3,196	7,848
Fuel	2,481	2,149
Incentives	19,000	-
Passage	29,977	36,979
Leave Salary	34,912	22,292
End of Service Benefits	18,262	19,993
Postage & Courier	2,345	1,150
Travelling	6,249	1,130
Conveyance Expenses	583	502
Vehicle License/Isthimara	7,796	-
Miscellaneous	4,529	-
Bank Charges	1,133	40
	<u>747,476</u>	<u>622,106</u>

Note No. 14

Previous year's figures are re-grouped wherever necessary for comparison purpose.

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2015

Note No. 1 LEGAL STATUS:

Syed Naseeruddin Siraj Industrial Service Est., is a sole Proprietor Establishment registered under the main commercial registration number 4030173383 dated 19.10.1428H (corresponding to 30-10-2007.G) and the license no. 1000000241 dated 17.06.1428 (corresponding to 03.06.2007) issued by SAGIA at Jeddah, Kingdom of Saudi Arabia. It is wholly owned by Mr. Syed Naseeruddin Siraj, an Indian National. The establishment is carrying out its operations from its office at PO Box 54551, Jeddah – 21424, Kingdom of Saudi Arabia.

It has a branch C.R. No. 4700014262 registered in Yanbu dated 10.05.1433

Note No. 2 Principal Activities:

The establishment is carrying on contracting and maintenance work in tank cleaning and tank farm refurbishment, High pressure water jetting, Surface preparation and specified coating, Pipeline mechanical works and Electrical & Instrumentation works.

Note No. 3 PRINCIPAL ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A) Basis of Preparation:

The financial statements are prepared under the historical cost convention in accordance with the standard set by the Saudi Organization for Certified Public Accountants. The amounts are presented in Saudi Riyals. The Establishment follows the accrual basis of accounting.

B) Foreign Currency Translation:

The transactions in the foreign currencies are translated into local currency at the rate of exchange ruling on the date of transaction.

C) Trade & Other Receivable:

Trade & other receivable are stated at cost. These are considered good since credits are extended to sound & reliable parties. Bad debts if any are written off as and when they arise.

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**Syed Naseeruddin Siraj Industrial Services Est.,
Jeddah, Saudi Arabia**

D) Cash & Cash Equivalent:

Cash & cash equivalents comprise of cash balances on hand and current account balances at banks.

E) Property, Plant & Equipment:

Properties, Plant & Equipment are stated at Net Book Value. Depreciation is calculated by written down value method as per the rates mentioned in the attached schedule.

F) Trade & Other Payable:

Trade & other payable are stated at cost. These are recognized for amounts to be paid for goods or services received.

G) Provisions:

Provisions are recognized when the establishment has present obligations as a result of past events and reliable estimates can be made for amounts of obligations and probably an out flow of funds will be required to settle the obligation.

H) Employees' Benefits:

No provision is made for the terminal service benefits payable to the employees' at the balance sheet date. They are charged to accounts as and when paid.

I) Turnover:

Turnover represents the invoice value for the work done. The establishment follows the percentage of completion method of accounting that recognizes income on a contract as work progresses by matching contract revenue with contract cost incurred, based on the proportion of the work completed.

J) Cost:

Cost comprises of material, labour, overhead, etc. for the projects. Materials are procured only for the direct use of the projects and no inventory is maintained.

K) Period of Accounts:

The financial statements are made for the period from 01.01.2015 to 31.12.2015.

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