



Mas Powermech Arabia Company
Mixed Limited Liability Company
Riyadh-Kingdom of Saudi Arabia
Independent Audit Report
Financial Statements in the Year 31/12/2018

AUDIT

Report of the Independent Auditor

**Dear Partners in, Mas Powermech Arabia Company
(Mixed Limited Liability Company)
Riyadh, Kingdom of Saudi Arabia**

The Opinion:

We have audited the financial statements of **Mas Powermech Arabia Company (Mixed Limited Liability Company)**, which includes the statement of financial position as at 31 December 2018, and the statement of income and other comprehensive income and a statement of changes in partner's equity, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2018 and its financial performance and its cash flows for the year then ended, in accordance with the International Standard for the Financial Reporting of Small and Medium-Sized Entities in Saudi Arabia, issued by the Saudi Organization for Certified Public Accountants.

Basis of Opinion:

We conducted our audit in accordance with the International Standards on Auditing adopted in Kingdom of Saudi Arabia. Our responsibility under these standards is set out in the Auditor's Responsibilities section on the audit of the financial statements in our report. We are independent of the company in accordance with the code of conduct and ethics of the Kingdom of Saudi Arabia relevant to our audit of the financial statements, as well as the requirements of other conduct and ethics in accordance with those rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The responsibilities of management and those responsible for governance for the financial statements:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Standard for the Financial Reporting of Small and Medium Entities approved in Kingdom of Saudi Arabia and the standards and other issuances adopted by the Saudi Organization for Certified Public Accountants, the companies law and the company's Article of Association, which is responsible for the internal control that management deems necessary, to enable it to prepare financial statements free of material misstatement, whether due to fraud or error.



Report of the Independent Auditor to the partners of Mas Powermech Arabia Company (Mixed Limited Liability Company)

In the preparation of the financial statements, the management of the company is responsible for assessing the company's ability to remain a going concern and disclosing, as appropriate, matters relating to continuity and using the basis of continuity in accounting unless there is an intention to liquidate the company or discontinue its operations, or a realistic option other than that. The company's corporate governance officers are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities on Audit of Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the International Standards on Auditing adopted in Kingdom of Saudi Arabia will always detect substantial distortion when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users make on the basis of these financial statements.

- As part of an audit process in accordance with the International Standards on Auditing adopted in Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures that respond to those risks and obtain adequate and appropriate to provide a basis for our opinion. The risk of not detecting the material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may cause the company to cease to continue as a going concern.



**Report of the Independent Auditor to the partners of Mas Powermech Arabia Company
(Mixed Limited Liability Company)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with regulators on total assessments, the scope and timing of the audit and the important results of the audit, including any significant internal control deficiencies that we discover during the audit.

Report on Other Regulatory and Regulatory Requirements:

Article 175 of the Companies Law requires that the auditor in his report ensure that he has been found to be in breach of the provisions of the Law or the provisions of the Article of Association. In the course of our audit of the financial statements, we have not found that the company is violating the provisions of the company's law or the company's Articles of Association.

Riyadh on 20/04/2019

Corresponding:15/10/1440H

19/MH/71

For Nasser Al Kanhal & Partner Co.

Certified Public Accountants

Moath Abdullah Abdulaziz Al Kanhal

License No. 575



MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Statement of Financial Position as at 31 December 2018

LIST [A]

Description	Notes	2018 SAR	2017 SAR
ASSETS			
Non-Current Assets			
Property Plant & Equipment-Net	4	7,604,065	8,217,420
Total Non-Current Assets		<u>7,604,065</u>	<u>8,217,420</u>
Current Assets			
Due from Related Parties	5	0	5,888,571
Inventory		2,924,008	1,755,154
Other Receivables	6	876,858	1,985,365
Trade Receivables	7	19,029,100	11,942,244
Accrued Revenue		45,075,802	11,236,462
Cash & Cash Equivalents	8	6,210,076	577,104
Total Current Assets		<u>74,115,844</u>	<u>33,384,900</u>
TOTAL ASSETS		<u>81,719,909</u>	<u>41,602,320</u>
LIABILITIES AND PARTNER'S EQUITY			
PARTNER'S EQUITY			
Capital	9	500,000	500,000
Additional Capital		1,960,784	0
Retained Earnings		15,906,528	4,539,848
Statutory Reserves		250,000	150,000
Other Reserves		(47,047)	0
TOTAL PARTNER'S EQUITY		<u>18,570,265</u>	<u>5,189,848</u>
LIABILITIES			
Non-Current Liabilities			
Provision for End of Service Indemnities	10	399,241	145,955
Due to Related Parties	5	11,336,666	9,258,695
Total Non-Current Liabilities		<u>11,735,907</u>	<u>9,404,650</u>
Current Liabilities			
Accrued Expenses & Other Payables	11	7,709,058	5,323,352
Trade Payables	12	42,275,083	20,956,576
Zakat & Tax Provisions	13	1,429,596	727,894
Total Current Liabilities		<u>51,413,737</u>	<u>27,007,822</u>
TOTAL LIABILITIES		<u>63,149,644</u>	<u>36,412,472</u>
TOTAL LIABILITIES AND PARTNER'S EQUITY		<u>81,719,909</u>	<u>41,602,320</u>

The accompanying notes are from (1) to (19) integral part of these financial statements

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Statement of Income & Other Comprehensive Income for the Year Ended in 31 December 2018

LIST [B]

Description	Notes	2018 SAR	2017 SAR
Revenues		167,789,611	70,481,772
Cost of Revenues	14	(121,538,866)	(51,051,640)
Gross Profit		<u>46,250,745</u>	<u>19,430,132</u>
General and Administration Expenses	15	(33,361,090)	(11,167,340)
Intrest Cost factor for the present value		(7,512)	(1,414)
Other Income		14,133	0
Net Income before Zakat & Tax		<u>12,896,276</u>	<u>8,261,378</u>
Zakat & Tax	13	(1,429,596)	(727,894)
Net Income after Zakat & Tax		<u>11,466,680</u>	<u>7,533,484</u>
<u>Items of Other Comprehensive Income</u>			
Re-measurement of Provision for End of Service		(47,047)	0
Total Other Comprehensive Income for the year		<u>(47,047)</u>	<u>0</u>
Total Net Income & Other Comprehensive Income		<u>11,419,633</u>	<u>7,533,484</u>

The accompanying notes are from (1) to (19) integral part of these financial statements

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Statement of Cash Flows for the Year Ended in 31 December 2018

LIST [C]

Description	2018 SAR	2017 SAR
Net Income after Zakat & Tax	11,466,680	7,533,484
Depreciation for the year	1,716,670	1,286,916
Provision for End of Service Indemnities	206,239	110,604
Provision for Zakat & Tax	1,429,596	727,894
Amortization Expenses	0	0
Cash Flow from Operating Activities		
Trade Receivables	(7,086,856)	(10,614,504)
Inventory	(1,168,854)	(1,755,154)
Accrued Revenue	(33,839,340)	(11,236,462)
Other Receivables	1,108,507	1,098,198
Trade Payables	21,318,507	20,038,771
Accrued Expenses & Other Payables	2,385,706	5,190,645
Zakat Paid	(727,894)	0
Net Cash Flow from Operating Activities	(3,191,039)	12,380,392
Cash Flow from Investing Activities		
Additions of Property Plant & Equipment	(1,103,315)	(8,994,277)
Additional Capital	1,960,784	0
Net Cash Flow from Investing Activities	857,469	(8,994,277)
Cash Flow from Financing Activities		
Due from Related Parties	5,888,571	(5,888,571)
Due to Related Parties	2,077,971	3,002,024
Net Cash Flow from Financing Activities	7,966,542	(2,886,547)
Net Changes in Cash Flow	5,632,972	499,568
Cash & Cash Equivalents at the beginning of the year	577,104	77,536
Cash & Cash Equivalents at the end of the year	6,210,076	577,104

The accompanying notes are from (1) to (19) integral part of these financial statements

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Statement of Partner's Equity for the Year Ended in 31 December 2018

LIST [D]

Description	Capital SAR	Additional Capital SAR	Retained Earnings SAR	Statutory Reserves SAR	Other Reserves SAR	Total Partner's SAR
Balance as at 31 Dec 2016 before adjusted	500,000	0	(2,368,348)	0	0	(1,868,348)
Adjusted according to IFRS	0	0	(475,288)	0	0	(475,288)
Balance as at 31 Dec 2016 after adjusted	500,000	0	(2,843,636)	0	0	(2,343,636)
Net Profit after Zakat & Tax	0	0	7,533,484	0	0	7,533,484
Statutory Reserves	0	0	(150,000)	150,000	0	0
Balance as at 31 Dec 2017	500,000	0	4,539,848	150,000	0	5,189,848
Net Profit after Zakat & Tax	0	0	11,466,680	0	0	11,466,680
Additional Capital	0	1,960,784	0	0	0	1,960,784
Statutory Reserves	0	0	(100,000)	100,000	0	0
Other Comprehensive Income	0	0	0	0	(47,047)	(47,047)
Balance as at 31 Dec 2018	500,000	1,960,784	15,906,528	250,000	(47,047)	18,570,265

The accompanying notes are from (1) to (19) integral part of these financial statements

MAS POWERMECH ARABIA (Mixed Limited Liability Company)

Notes to the Financial Statements in 31/12/2018

1. The Legal Entity and the Activity of the Establishment

Company Name: Mas Powermech Arabia Company

Legal Entity: A mixed limited liability company, with commercial registration number 1010430705

issued by Ministry of Trade and Investment Riyadh city Dated 04/05/1436H corresponding to 23/02/2015.

Activity: The main activities is presenting the service of operations and installation, testing and maintainance the powerplants, high-pressure adaptors, medium-pressure adaptors, lo-pressure adaptors, under the investment license no. 10204360149794 dated 22/01/1436H issued by Saudi Arabian Investment Authority (SAGIA) service activities.

2. Basis of Preparation of the Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted International Financial Reporting Standards for Small and Medium Enterprises approved by the Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia. As these financial statements are the first financial statements in accordance with International Financial Reporting Standards for Small and Medium Enterprises.

3. Significant Accounting Policies:

The significant accounting policies adopted by the company are as follows:

A. Measurement Basis:

The financial statements have been prepared on the historical cost convention (except for accounting policies for non-current financial assets and non-current financial liabilities that are stated at current cost or fair value). In addition, they are prepared on an accrual basis and the principle of continuity.

B. Property, Plant and Equipment

An entity recognizes an asset as a cost model as it is measured at cost of acquisition and includes any direct costs that make the asset available to be used in the manner sought by the management of the establishment and the expected costs of dismantling, removing the original and returning the leased asset to its nature minus the consumption compound and any compound of landing losses. Subsequent expenditure is capitalized when there is an increase in benefits Economic future of the enterprise and can be measured reliably. Assets are depreciated on a straight-line basis over their useful lives The following annual consumption ratios are applied:

Description	Percentage
Computer & Electric Equipments	20%
Furniture & Fixture	10%
Vehicles	20%
Equipments	20%
Plant & Machinery	20%

C. Impairment of Non-Current Assets

At each financial position date, the Company periodically reviews the carrying amount of non-current assets to ensure that there is no impairment loss Evidence of any impairment loss. If such evidence exists, the recoverable amount is estimated (If any) and in cases where the recoverable amount can not be estimated The Company estimates the recoverable amount of the cash-generating unit to which that asset belongs. In cases where the recoverable amount of an asset or unit generating cash is estimated to be less than its carrying amount, then the carrying amount is reduced. The asset or cash-generating unit to its recoverable amount, and the impairment loss is recognized in the statement of income If an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to its carrying amount. The recoverable amount of which is not to exceed the carrying amount that has been increased from the carrying amount that would have been determined. If the impairment loss on that asset or cash-generating unit is not recognized in prior years. Reverse is shown. The impairment loss is recognized in the statement of income.

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

D. Inventory

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. That Net realizable value is the estimated selling price less all expected completion costs, selling costs and write downs predicted prices, Custom is created against slow moving inventory, obsolete inventory and damaged. The inventory is selected corrupted at inventory.

E. Trade Receivables & Other Receivables

These are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognized at fair value. Trade receivables are stated in the balance due net of provision for doubtful debts. Provision for doubtful debts is made when there is objective evidence that the Company will not be able to collect all of the debts. Amounts due under the original invoice terms such as the possibility of bankruptcy or facing the debtor for financial difficulties are recorded. Provisions are included in administrative and general expenses, and bad debts are written off when incurred.

F. Statutory Reserve

The statutory reserve is calculated by deducting 10% of the net income for the year to the statutory reserve, provided that it may be discontinued. The reserve is 50% of the company's capital and this reserve is not available for distribution.

G. Provisions

Provisions are recognized when there is an obligation (legal or constructive) arising from an event in the past that is probable to arise. The use of resources containing the economic benefits of payment of the obligation is required and the amount of the obligation can be estimated reliably. The provision for the provision is presented in profit or loss after deducting any refunds and if the effect of the time value of the money is Essentially, provisions are deducted using the current pre-tax rate, which reflects, where appropriate, risks associated with that commitment. When the deduction is used, the excess of provision is recognized as a result of passage of time as finance costs.

H. Provision for End of Service Indemnities

Provision for employees' end of service benefits for their periods of service collected at the balance sheet date is accounted for under Saudi Labour Law. The liability for defined benefit plans is calculated by estimating the value of the future benefits to be accrued for employees in the current and future period and deducting the value of access to the present value using some assumptions.

I. Zakat

The Company is subject to the instructions of the General Authority for Zakat and Income in the Kingdom of Saudi Arabia. Zakat is recognized in accordance with the accrual basis. Zakat is calculated according to Zakat and any differences are recorded when the final linkage is approved.

J. Cash & Cash Equivalents

Cah and cash equivalents compromise of cash on hands and banks with in an out of the Kingdom of Saudi Arabia

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

K. Trade Payables Accrued Expenses & Other Payables

A liability is recognized for amounts to be paid in the future for goods or services received or for which the risks and rewards have been transferred linked to the company at the transaction price whether invoiced or not issued by the supplier.

L. Revenue Recognition

Revenue is recognized at the fair value of the consideration received or expected to be received against the sale of the goods through activities. The usual company Revenue is shown net of VAT, returns, rebates and discounts. Revenue is recognized when it can be measured reliably, when goods are delivered and the transfer of risks and rewards is material accompanying ownership to the buyer.

M. Cost of Revenue

The cost of revenue is recognized in full of the operating costs incurred to execute the contracts concluded with the customers in accordance with the accounting accrual basis. If it is probable that the total costs incurred will exceed total contract revenue, the expected increase should be recognized as an expense immediately and carries on the income statement.

N. Expenses

Administrative and general expenses include direct and indirect expenses that are not directly related to the cost. Revenue is in accordance with the IFRS for SMEs between administrative and general expenses and the cost of income on a fixed basis.

O. Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with accounting principles requires the use of estimates and assumptions that may affect the amounts of assets, liabilities and explanatory notes of assets, contingent liabilities and provisions at the balance sheet date, as well as income amounts and expenses during that period. Although these estimates are based on the best information and current events available. Management of the company at the date of issue of the financial statements, but the actual final results may differ from these estimates.

P. Foreign Transactions:

Transactions in foreign currencies during the year are converted into SAR at the rates of exchange ruling on the date of transactions. Assets and Liabilities denominated in foreign currencies at the balance sheet date are converted into SAR at the exchange rate ruling on the date. Gains and Losses are accumulated to relevant heads of statement of income.

Q. Financial Period

The financial statements have been issued in accordance with the gregorian calendar year and start from 01/01/2018 to 31/12/2018.

R. General

Figures in the financial statements are rounded to the nearest SAR.

Certain items have been reclassified in the comparative year of the preceding year to conform to the presentation and disclosure for the current year.

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(4) Property Plant & Equipment	Description	Cost		Additions		Disposals		Cost		Accumulated Depreciation		Depreciation		Accumulated Depreciation		Net Value	
		Beginning Year	Year	Year	Year	Year	Ending Year	Beginning Year	Year	Year	Beginning Year	Year	Year	Ending Year	Beginning Year	Year	Ending Year
	Computer & Electric Equipments	117,547	40,514	0	158,061	42,563	33,258	75,821	82,240								
	Furnitures & Fixtures	301,877	108,808	0	410,685	47,337	64,688	112,025	298,660								
	Vehicles	3,270,819	0	0	3,270,819	527,482	233,812	761,294	2,509,525								
	Equipments	2,044,585	312,570	0	2,357,155	782,332	536,772	1,319,104	1,038,051								
	Plant & Machinery	3,975,224	641,423	0	4,616,647	92,918	848,140	941,058	3,675,589								
	Total	9,710,052	1,103,315	0	10,813,367	1,492,632	1,716,670	3,209,302	7,604,065								

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(5) Related Parties	Partner Name	Nature	Balance as at 31 Dec 2017		Total Movement		Balance as at 31 Dec 2018	
			Debit	Credit	Debit	Credit	Debit	Credit
	Abdulaziz Alhammad	Finance/Trade	5,888,137	0	18,483,317	28,130,694	0	3,759,240
	Mas Holding Company	Finance/Trade	0	9,258,695	5,854,285	3,595,579	0	6,999,989
	Power Mech Projects Limited	Finance	434	0	4,657,694	5,235,565	0	577,437
	Total		5,888,571	9,258,695	28,995,296	36,961,838	0	11,336,666

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(6) Other Receivables

Description	2018	2017
	SAR	SAR
Prepaid Expenses	0	1,872,901
Other Receivables	876,858	112,464
Total	876,858	1,985,365

(7) Trade Receivables

Description	2018	2017
	SAR	SAR
Customers	7,718,161	10,256,742
Advance to suppliers	5,832,134	1,131,013
Retention Money	5,478,805	554,489
Total	19,029,100	11,942,244

(8) Cash & Cash Equivalent

Description	2018	2017
	SAR	SAR
Cash	653,170	116,623
Bank	5,556,906	460,481
Total	6,210,076	577,104

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(9) Capital

Description	Number of Shares	Value of Share	Total SAR	% of Shares
Abdulaziz Alhammad	95	1000	95,000	19%
Mas Holding Company	150	1000	150,000	30%
Power Mech Projects Limited	255	1000	255,000	51%
Total	500	1000	500,000	100%

(10) Provision for End of Service Indemnities

Description	2018 SAR	2017 SAR
End of Service Provision Beginning Period	145,955	35,350
Cost of Interest on obligation	7,512	1,414
Cost of Current Service	198,727	109,191
Actual Profits/Losses (Re-measurement of obligation)	47,047	0
End of Service Provision Ending Period	399,241	145,955

	31-12-18 SAR	31-12-17 SAR	01-01-17 SAR
Discount rate	4.00%	4.00%	4.00%
(*) The remeasurement assumptions are as following:			
Future salary increase rates	2.00%	2.00%	2.00%
Turnover	10.00%	10.00%	10.00%
Future service for new employees	20 Years	20 Years	20 Years

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(11) Accrued Expenses & Other Payables

Description	2018 SAR	2017 SAR
Accrued Salaries & Wages	5,672,894	4,386,253
Other Accrued Expenses & Other Payables	790,941	481,574
Other Payables	1,245,223	455,525
Total	7,709,058	5,323,352

(12) Trade Payables

Description	2018 SAR	2017 SAR
Suppliers	31,473,784	20,890,810
Advance from Customers	10,665,196	0
Other Suppliers	136,103	65,766
Total	42,275,083	20,956,576

(13) Zakat & Tax Provisions

(A) Zakat Provisions

Description	2018 SAR	2017 SAR
Net Profit/Loss for the Year(49%)	6,443,285	4,026,929
Adjustments	0	70,358
Capital	245,000	245,000
Due to Related Parties	1,668,161	1,651,574
Statutory Reserves	73,500	0
End of Service Provision	71,518	16,495
Retained Earnings	2,492,976	(1,160,491)
Property Plant & Equipment-Net	(3,725,992)	(1,321,220)
Zakat Container	7,268,448	3,528,645
Zakat @ 2.5%	181,711	88,216

(B) Tax Provisions

Description	2018 SAR	2017 SAR
Net Profit/Loss for the Year (51%)	6,706,277	4,191,293
Adjustments	(466,853)	73,228
Retained Earnings	0	(1,066,130)
Tax Container	6,239,424	3,198,391
Tax @ 20%	1,247,885	639,678
Total Zakat & Tax	1,429,596	727,894

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(14) Cost of Revenue

Description	2018	2017
	SAR	SAR
Salaries & Wages	47,804,197	16,127,144
Inspection & Testing Charges	3,022,369	2,068,201
Equipment & Vehicle Hiring Charges	20,682,810	9,483,679
Boiler Package Expenses	15,476,726	0
Radiography Expenses	4,462,911	0
Consultancy Expenses	4,430,486	1,088,616
Consumables & Spares	13,965,368	4,774,006
Rent Expenses	2,487,256	726,001
Government Expenses	5,203,236	5,128,817
Technical Services	2,618,595	10,934,795
Depreciation Expenses	1,384,912	720,381
Total	121,538,866	51,051,640

(15) General & Administration Expenses

Description	2018	2017
	SAR	SAR
Salaries & Wages	11,214,108	2,010,518
Staff Welfare	12,411,680	2,955,042
Travelling & Transportation	1,248,787	1,948,739
Government Expenses	1,683,671	464,793
GOSI	2,092,462	598,989
Insurance	404,390	479,596
Electricity & Telephone & Post & Telegrams	1,222,544	207,422
Office Expenses	221,694	287,057
Professional Fees	84,750	55,000
Printing & Stationery	121,054	74,536
Commission	444,339	256,641
Maintainance & Repair	1,015,270	351,459
Bank Expenses	139,323	50,841
Depreciation Expenses	331,758	566,535
End of Service Indemnities Expenses	198,727	109,191
Miscallaneous	526,533	750,981
Total	33,361,090	11,167,340

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(16) Fair value of Financial Instruments

Fair value is the amount for which an exchange is exchanged for the settlement of an obligation between knowledgeable and willing parties and the same is done in conditions of dealing with other parties. The fair values of the company's financial instruments are not materially different from their book value.

(17) Risk management

Credit Risk

Credit risk is the risk that a party will fail to discharge an obligation and cause the other party to incur a loss Financial assets arising from balances with banks, debtors and due from related parties, and payments and expenses made complete depositing cash with local banks with a high credit rating. The company manages credit risk in respect of customers through Set credit limits for customers individually by monitoring existing receivables and taking provisions For doubtful debts. Accordingly, there is no significant credit risk.

Liquidity Risk

Liquidity risk Is the risk that the Company will be unable to meet its financial liabilities when due. The Company monitors liquidity requirements on a monthly basis so that management ensures that sufficient funds are available to meet its obligations with the necessary support from partners.

(18) Implementation of the International Financial Reporting Standards for SMEs for the first time

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises approved in Saudi Arabia and other standards and issuances issued by the Saudi Organization for Certified Public Accountants. The Company has prepared and statements for the year ended 31 December 2017 in accordance with the accounting standards generally accepted in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants and the requirements of the Saudi Companies Law and the Company's Articles of Association. The term "Saudi Arabian Organization for Certified Public Accountants" (SOCPA) in these financial statements conforms to the standards of the Saudi Organization for Certified Public Accountants before the application of the International Financial Reporting Standards. The application of International Financial Reporting Standards for Small & Medium Enterprises has not been in prior years. Transition effect on the financial statements are based on the end of service provision.

MAS POWERMECH ARABIA (Mixed Limited Liability Company)
Notes to the Financial Statements in 31/12/2018

(19) Effects of Transition on Financial Statements

(19)/1 The effect of the change in the balance sheet in accordance of the International Financial Reporting Standards as at 31/12/2017

Description	Notes	According to Saudi standards	Transition Effect	According to International standards
		SAR	SAR	SAR
ASSETS				
Current Assets				
Cash & Cash Equivalents		577,104	0	577,104
Trade Receivables		11,942,244	0	11,942,244
Work under Implementation		11,236,462	0	11,236,462
Prepaid Expenses & Other Receivables		1,985,365	0	1,985,365
Inventory		1,755,154	0	1,755,154
Due from Related Parties		5,888,571	0	5,888,571
Total Current Assets		33,384,900	0	33,384,900
Non-Current Assets				
Property, Plant & Equipments-Net		8,217,420	0	8,217,420
Pre-Operating Expenses		414,400	(414,400)	0
Total Non-Current Assets		8,631,820	(414,400)	8,217,420
TOTAL ASSETS		42,016,720	(414,400)	41,602,320
LIABILITIES AND PARTNER'S EQUITY				
LIABILITIES				
Current Liabilities				
Trade Payables		20,956,576	0	20,956,576
Accrued Expenses & Other Payables		5,323,352	0	5,323,352
Zakat & Tax Provision		727,894	0	727,894
Total Current Liabilities		27,007,822	0	27,007,822
Non-Current Liabilities				
Due to Related Parties		9,258,695	0	9,258,695
Provision for Employee's End of Service		128,224	17,731	145,955
Total Non-Current Liabilities		9,386,919	17,731	9,404,650
TOTAL LIABILITIES		36,394,741	17,731	36,412,472
PARTNER'S EQUITY				
Capital		500,000	0	500,000
Statutory Reserves		150,000	0	150,000
Retained Earnings		4,971,979	(432,131)	4,539,848
TOTAL PARTNER'S EQUITY		5,621,979	(432,131)	5,189,848
TOTAL LIABILITIES AND PARTNER'S EQUITY		42,016,720	(414,400)	41,602,320

(19) Effects of Transition on Financial Statements (Continued)
(19)/2 The effect of the change in the balance sheet in accordance of the International Financial Reporting Standards dated 1/1/2017

Description	Notes	According to Saudi standards	Transition Effect	According to International standards
		SAR	SAR	SAR
ASSETS				
Current Assets				
Cash & Cash Equivalents		77,536	0	77,536
Trade Receivables		773,251	0	773,251
Work under Implementation		0	0	0
Prepaid Expenses & Other Receivables		0	0	0
Inventory		3,083,563	0	3,083,563
Due from Related Parties		0	0	0
Total Current Assets		3,934,350	0	3,934,350
Non-Current Assets				
Property, Plant & Equipments-Net		510,059	0	510,059
Pre-Operating Expenses		473,600	(473,600)	0
Total Non-Current Assets		983,659	(473,600)	510,059
TOTAL ASSETS		4,918,009	(473,600)	4,444,409
LIABILITIES AND PARTNER'S EQUITY				
LIABILITIES				
Current Liabilities				
Trade Payables		363,316	0	363,316
Accrued Expenses & Other Payables		132,707	0	132,707
Zakat & Tax Provision		0	0	0
Total Current Liabilities		496,023	0	496,023
Non-Current Liabilities				
Due to Related Parties		6,256,671	0	6,256,671
Provision for Employee's End of Service		33,663	1,687	35,350
Total Non-Current Liabilities		6,290,334	1,687	6,292,021
TOTAL LIABILITIES		6,786,357	1,687	6,788,044
PARTNER'S EQUITY				
Capital		500,000	0	500,000
Accumulated Losses		(2,368,348)	(475,287)	(2,843,635)
TOTAL PARTNER'S EQUITY		(1,868,348)	(475,287)	(2,343,635)
TOTAL LIABILITIES AND PARTNER'S EQUITY		4,918,009	(473,600)	4,444,409

(19) Effects of Transition on Financial Statements (Continued)

(19)/3 The effect of the change in the statement of profit or loss and other comprehensive income in accordance of the International Financial Reporting Standards for the year ended 31/12/2017

Description	Notes	According to	Transition	According to
		Saudi standards	Effect	International standards
		SAR	SAR	SAR
Revenues		70,481,772	0	70,481,772
Cost of Revenues		(51,051,640)	0	(51,051,640)
Gross Profit		19,430,132	0	19,430,132
General & Administration Expenses		(11,058,149)	0	(11,058,149)
Amortisation of Pre-Operating Expenses		(59,200)	59,200	0
End of Service Indemnities Expenses		(94,561)	(14,630)	(109,191)
Intrest Cost factor for the present value		0	(1,414)	(1,414)
Net Income before Zakat & Tax		8,218,222	43,156	8,261,378
Zakat & Tax		(727,894)	0	(727,894)
Net Income for the Year		7,490,328	43,156	7,533,484

Statement of Other Comprehensive Income:

Items that will not be reclassified in statement of income

Actual Profits/Losses (Re-measurement of Provision for End of Service)

Total Other Comprehensive Income

Total Net Income & Other Comprehensive Income

0	0	0
0	0	0
7,490,328	43,156	7,533,484