

Mid Holding Co UK Limited

Amended report and consolidated financial statements

For the year from 1 January 2015 to

31 December 2015

Registration number: 09045035

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# **Mid Holding Co UK Limited**

## **Initial report and financial statements for the period from 1 January 2015 to 31 December 2015**

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# **Mid Holding Co UK Limited**

## **Directors and advisors**

### **Directors**

S Majali  
S S Majali  
A B O Al Masri  
A D Shepherd  
A G S Yakhout

### **Company secretary**

S Majali

### **Registered office**

Suite 31, BEC 2  
50 Wakering Road  
Barking  
IG11 8GN

### **Independent auditors**

Barnes Roffe LLP,  
Charles Lake House,  
Claire Causeway,  
Crossways Business Park,  
Dartford,  
Kent, DA2 6QA.

### **Registered number**

09045035

# **Mid Holding Co UK Limited**

## **Strategic Report of the Chairman & Chief Executive Officer**

### **Principal activities**

The principal activities of the Mid Holding Co UK Limited ("Mid Group"/"the Company") are the design and build of commercial, industrial and residential buildings and development in building land.

The Mid Group owns a number of key trading companies in the UK and Middle East. These companies include the Mid Global Investment Group, whose principal activity is that of design and build of commercial buildings which include hotels, hospitals, roads and ports in Jordan and the Kingdom of Saudi Arabia.

In 2015, Mid Group has set about establishing its UK trading business, Mid Contracting & Consulting Limited, which will in the initial period, focus on the delivery of new build projects in the residential, education and commercial sectors. Mid Contracting & Consulting Limited has received significant financial investment from the Mid Group, reflecting the Mid Group's aspirations and commitments to establishing a UK business. Mid Contracting & Consulting has, in the period, won its first two contracts in the UK and has secured a preferred bidder position on a number of other contracts.

The Mid Group has made a profit for the year of £3,637,428 which is considered to be a satisfactory performance for year, given the investment made into the new UK Company.

### **Review of the business**

2015 has been a year of consolidation for Mid Holding Co UK Limited and its subsidiaries following the restructuring of the Mid Group in 2014. The restructuring of the group brought the overseas businesses under the control of Mid Holding Co UK Limited, with new processes and procedures being put in place for the active management of the wider group. As part of this process the Mid Group has been focused on obtaining accreditation for its processes and procedures, which has resulted in the Mid Group being certified as compliant with ISO 9001, ISO 14001, OHSAS 18001 and BIM Level2.

Mid Group has, in the period, been awarded a number of new contracts in Jordan and a number of projects in the Kingdom of Saudi Arabia, further establishing our foothold there.

The United Kingdom office will continue to support trading in the Middle East and will also seek to benefit from the exceptional track record and client relationships in the Middle East. The UK business will focus on the under-supplied residential market in the first instance, before growing into other sectors and recruitment and investment by the Group has been focused on this area.

Mid Contracting Jordan are currently the Main Contractor, with joint venture partner OHL, for the Amman Strategic Reserve Terminal for Petroleum Project ("ASTPP"). This major project is being delivered for the Jordanian Ministry of Energy and Mineral Resources. This US \$174m project requires Mid Contracting Jordan to deliver storage tanks for diesel, jet fuel and LPG, as well as significant ancillary infrastructure. The terminal is being built near Amman and will have a total storage capacity of 350,000 tons of petroleum products.

### **Principal risks and uncertainties**

The directors are aware of the risks inherent in the construction, property and overseas construction industries. These typically concern the tendering process, the property market in the UK and in Jordan, exchange rate fluctuations, and health and safety of employees on site. The directors manage these risks by monitoring the property market and market conditions and exchange movements together with internal controls. In addition, the Company also takes the risk of impairment of its investment in its subsidiaries. This risk is directly related to the performance of the subsidiaries.

# Mid Holding Co UK Limited

## Future Developments

The Mid Group is currently focused on growing the UK business, whilst allowing the Jordanian and KSA businesses to trade as normal. However, if new opportunities in overseas territories present themselves, the Company will consider them on a case by case basis.

Mid Group has heavily invested in Building Information Modelling in the period ("BIM") to bring the Company to the forefront of industry best practice. Since the year end, this has resulted in it becoming BIM 2 Accredited, which is a major achievement. BIM will allow Mid Group to price work more accurately, deliver projects more quickly and reduce risk in construction. Early indications are that Mid Group is beginning to realise some of these advantages already.

The UK Company is also working with a number of offsite manufacturers to deliver projects more quickly and to a higher quality. The use of offsite or modern methods of construction will offer the UK Company a significant competitive advantage, as it will also reduce risk and increase delivery reliability, which will benefit both our clients and the UK Company.

This report was approved by the board on 24/4/2012 and signed on its behalf.



**Sahel Majali**

**Chairman & Chief Executive Officer**

Company registered number: 09045035

# **Mid Holding Co UK Limited**

## **Directors' report for the year from 1 January 2015 to 31 December 2015**

The directors present their initial report and the financial statements for the year from 1 January 2015 to 31 December 2015.

### **Dividends**

The directors have declared a dividend of £3,535,000.

### **Directors**

The directors of the Company during the period, and up to the date of signing the financial statements, are set out below:

S Majali  
S S Majali  
A B O Al Masri  
A D Shepherd  
A G S Yakhout

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the parent company of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

### **Directors' responsibilities statement**

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

### **Political donations**

Neither the Company nor any of its subsidiaries made any political donations nor incurred any political expenditure in the initial period.

## **Mid Holding Co UK Limited**

### **Directors' report (continued) for the year from 1 January 2015 to 31 December 2015**

#### **Statement of disclosure of information to auditors**

In the case of each director in office at the date the directors' report is approved, so far as the director is aware, there is no relevant audit information of which Barnes Roffe ("BR") are unaware, and the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that BR are aware of that information.

This report was approved by the board on 24/4/2017 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'S Majali', written over a horizontal line.

**S Majali**  
**Director**

# **Mid Holding Co UK Limited**

## **Independent Auditor's report to the members of Mid Holding Co UK Limited**

We have audited the financial statements of Mid Holding Co UK Limited for the year ended 31 December 2015 set out on pages 7 to 30. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 December 2015 and of the Group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Mid Holding Co UK Limited

### Independent Auditor's report to the members of Mid Holding Co UK Limited (continued)

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mario Ciantanni (Senior statutory auditor)

For and on behalf of

**Barnes Roffe LLP**

Chartered Accountants

Charles Lake House

Claire Causeway

Crossways Business Park

Dartford

Kent

DA2 6QA

Date: 24. Nov. 2014 -

## Mid Holding Co UK Limited

### Consolidated profit and loss account for the year from 1 January to 31 December 2015

	Note	1 Jan to 31 December 2015	As restated 16 May 2014 to 31 December 2014
		£	£
<b>Turnover</b>	1,2	46,649,224	5,674,897
Cost of sales		(35,510,811)	(5,201,482)
<b>Gross profit</b>		<b>11,138,413</b>	<b>473,415</b>
Administrative expenses		(7,048,136)	(727,949)
<b>Operating profit/(loss)</b>	3	<b>4,090,277</b>	<b>(254,534)</b>
Other income		158,947	13,267
Gain on disposal of fixed assets		130,108	
Share from operating profit in associates and joint venture		468,067	52,238
<b>Total operating profit/(loss)</b>		<b>4,847,400</b>	<b>(189,029)</b>
Interest income	5	437,134	34,022
Interest payable	6	(1,395,805)	(80,608)
<b>Net financing expense</b>		<b>(958,670)</b>	<b>(46,586)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>3,888,729</b>	<b>(236,615)</b>
Tax on profit on ordinary activities	7	(251,302)	(15,334)
<b>Profit/(loss) from continuing operations</b>		<b>3,637,428</b>	<b>(250,949)</b>
<b>Profit/(loss) attributable to the parent company</b>		<b>3,637,428</b>	<b>(250,949)</b>

There are no material differences between the profit/(loss) as shown in the profit and loss account above and its historical cost equivalent.

The notes on pages 13 to 30 form part of these financial statements.

## Mid Holding Co UK Limited

### Consolidated Statement of Changes in Equity for the year from 1 January to 31 December 2015

	Share capital	Merger reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2015	1,000	9,348,269	(250,949)	9,098,320
Dividends: Equity capital	-	-	(3,535,000)	(3,535,000)
Profit for the period	-	-	3,637,428	3,637,428
<b>At 31 December 2015</b>	<b>1,000</b>	<b>9,348,269</b>	<b>(148,521)</b>	<b>9,200,748</b>

### Consolidated Statement of Changes in Equity for the period from 16 May 2014 to 31 December 2014

	Share capital	Merger reserve	Retained earnings	Total equity
	£	£	£	£
At 16 May 2014	-	-	-	-
Issue of initial share capital	100	-	-	100
Loss for the initial period	-	-	(137,927)	(137,927)
Group reconstruction	900	9,348,269	-	9,348,269
Translation of foreign operations	-	-	93,658	93,658
At 31 December 2014 (as previously stated)	1,000	9,348,269	(44,269)	9,305,000
Prior year adjustment	-	-	(206,680)	(206,680)
<b>At 31 December 2014 (as restated)</b>	<b>1,000</b>	<b>9,348,269</b>	<b>(250,949)</b>	<b>9,098,320</b>

The notes on pages 13 to 30 form part of these financial statements.

## Mid Holding Co UK Limited

### Company Statement of Changes in Equity for the year from 1 January to 31 December 2015

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#### Statement of Changes in Equity

	Share capital	Merger relief reserve	Retained earnings	Total equity
	£	£	£	£
As at 1 January 2015	1,000	9,348,269	(111,643)	9,237,626
Dividends: Equity capital	-	-	(3,535,000)	(3,535,000)
Profit for the period	-	-	3,647,108	3,647,108
As at 31 December 2015	1,000	9,348,269	465	9,349,734

### Company Statement of Changes in Equity for the period from 16 May 2014 to 31 December 2014

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#### Statement of Changes in Equity

	Share capital	Merger relief reserve	Retained earnings	Total equity
	£	£	£	£
As at 16 May 2014	-	-	-	-
Issue of initial share capital	100	-	-	100
Group reconstruction	900	9,348,269	-	9,349,169
Loss for the period	-	-	(111,643)	(111,643)
As at 31 December 2014	1,000	9,348,269	(111,643)	9,237,626

The notes on pages 13 to 30 form part of these financial statements.

# Mid Holding Co UK Limited

## Consolidated balance sheet as at 31 December 2015

		As at 31 December 2015	As Restated As at 31 December 2014
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	10	208,877	250,976
Tangible assets	11	6,374,091	6,845,434
Investments in associates and joint ventures	12	6,238,566	5,770,499
Investments	12	141,359	141,359
		12,962,893	13,008,268
<b>Current assets</b>			
Inventories		14,428,837	6,328,205
Debtors	13	46,276,567	45,729,613
Cash at bank and in hand	14	868,598	1,924,940
		61,574,002	53,982,758
<b>Creditors: amounts falling due within one year</b>	15	(64,937,226)	(57,186,666)
<b>Net current liabilities</b>		(3,363,224)	(3,203,908)
<b>Total assets less current liabilities</b>		9,599,669	9,804,360
<b>Creditors: amounts falling due after more than one year</b>	16	(398,921)	(706,040)
<b>Net assets</b>		9,200,748	9,098,320
<b>Capital and reserves</b>			
Called up share capital	18	1,000	1,000
Merger relief reserve	19	9,348,269	9,348,269
Dividends paid		(3,535,000)	-
Retained profit / loss		3,386,479	(250,949)
<b>Equity shareholder's funds</b>		9,200,748	9,098,320

The financial statements were approved and authorized for issue by the board of Directors and signed on its behalf on 24/4/2012

S Majali  
Director

The notes on pages 13 to 30 form part of these financial statements.

# Mid Holding Co UK Limited

## Company balance sheet as at 31 December 2015

		As at 31 December 2015	As at 31 December 2014
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	10	12,743	-
Tangible assets	11	13,120	2,331
Investments in group undertakings	12	9,349,469	9,349,369
		9,375,332	9,351,700
<b>Current assets</b>			
Debtors	13	277,136	23,514
<b>Creditors: amounts falling due within one year</b>	15	(302,734)	(137,588)
<b>Net current assets</b>		(25,598)	(114,074)
<b>Total assets less current liabilities</b>		9,349,734	9,237,626
<b>Net assets</b>		9,349,734	9,237,626
<b>Capital and reserves</b>			
Called up share capital	18	1,000	1,000
Merger relief reserve	19	9,348,269	9,348,269
Retained earnings		465	(111,643)
<b>Equity shareholder's funds</b>		9,349,734	9,237,626

The financial statements were approved and authorized for issue by the board of Directors and signed on its behalf on

24/4/2017

S Majali  
Director



The notes on pages 13 to 30 form part of these financial statements.

# Mid Holding Co UK Limited

## Consolidated cash flow statement For the year from 1 January to 31 December 2015

		As Restated	
		1 January to 31 December 2015	16 May 2014 to 31 December 2014
	Note		£
Net cash (outflow)/inflow from operating activities	20	(718,194)	2,401,573
Net cash flow from investing activities	20	63,844	(2,365,127)
Net cash flow from financing activities	20	612,457	(609,387)
<b>Increase / (Decrease) in cash in the initial period</b>		<b>(41,893)</b>	<b>(572,941)</b>

### Analysis of net debt

	At 31 December 2015 £	Cash flow £	At 31 December 2014 £
Cash at bank and in hand	868,598	(1,056,342)	1,924,940
Bank overdraft	(1,483,432)	1,014,449	(2,497,881)
<b>Net cash and cash equivalents</b>	<b>(614,834)</b>	<b>(41,893)</b>	<b>(572,941)</b>
Short-term bank loans	(23,144,831)	(5,826,368)	(17,318,463)
<b>Net debt</b>	<b>(23,759,665)</b>	<b>(5,868,261)</b>	<b>(17,891,404)</b>

# **Mid Holding Co UK Limited**

## **Notes to the financial statements**

### **for the year from 1 January to 31 December 2015**

#### **1 Principal accounting policies**

Mid Holding Co UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

A summary of the Company's principal accounting policies, which have been consistently applied, is set out below:

##### **1.1 Basis of preparation of accounts**

The financial statements for both the Group and the Company have been prepared on the going concern basis and under the historical cost convention.

These financial statements have been prepared under historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The presentation and functional currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The directors are of the opinion that due to the nature of the business, there are no critical accounting estimates or judgments used in the preparation of these financial statements

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form a part of these approved financial statements.

##### **1.2 Basis of consolidation**

Subsidiaries are entities that are controlled by the Group. Specifically, the Group controls an entity if the Group has the power, directly or indirectly, to govern the financial and operating policies of that entity so as to benefit from the returns arising from that power.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and joint ventures from the date that control commences to the date control ceases.

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control. The consolidated financial statements include the Group's share of profits or losses and net assets under the equity accounting method.

##### **1.3 Associates and joint ventures**

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

The Group has contractual arrangements with other parties which represent joint ventures. These take the form of agreements to share control over other entities and commercial collaborations.

In the consolidated accounts, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.



# **Mid Holding Co UK Limited**

## **Notes to the financial statements for the year from 1 January to 31 December 2015**

### **1 Principal accounting policies (continued)**

#### **1.4 Revenue recognition**

The Group principally operates through fixed price contracts. If the outcome of such contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at the period end (the percentage completion method).

The outcome of a construction contract can be reliably measured when i) the total contract revenue can be reliably measured; ii) it is probable that the economic benefits associated with the contract will flow to the entity; iii) the cost to complete the contract and the stage of completion can be measured reliably so that the actual contract costs incurred can be compared with prior estimates. When the outcome of a construction contract cannot be reliably estimated contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

When it is probable that total contract costs will exceed total contract revenue than the expected loss is recognised as an expense immediately.

#### **1.5 Bid and pre-contract costs**

Costs incurred with bidding for construction contracts are written off as incurred and it is only once the Group and its subsidiaries are reasonably certain that the contract will be secured that these costs are capitalised.

#### **1.6 Investments**

Investments are stated at cost less provision for any impairment in value.

#### **1.7 Intangible assets**

Intangible assets acquired through business combination are recorded at fair value on that date.

Goodwill represents amounts arising on the acquisition of subsidiaries and jointly controlled entities and amounts to the difference between the fair value of the acquisition and the fair value of the net assets acquired. Goodwill is stated at fair value less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but tested annually for impairment. Impairment losses are taken to the profit and loss account.

Other intangible assets are measured on initial recognition at cost. Intangible assets with finite lives are amortised over their useful economic life. Intangible assets include computer software and programs. These intangibles are amortised over their estimated useful economic lives.

#### **1.8 Tangible fixed assets and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. In situations where it can be clearly demonstrated that subsequent expenditure has resulted in an increase in the future economic benefit beyond its original assessment, such expenditure is capitalised as an additional cost.

# Mid Holding Co UK Limited

## Notes to the financial statements for the year from 1 January to 31 December 2015

### 1 Principal accounting policies (continued)

#### 1.8 Tangible fixed assets and depreciation (continued)

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Land	-	Not depreciated
Plant and equipment	-	7% - 10%
Office equipment	-	5% - 10%
Vehicles	-	7%

The useful life and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from items of property and equipment.

Projects under construction are stated at cost and includes cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and ready to be put into operational use.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount and an impairment is recognised in the profit and loss account.

#### 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value where cost is determined using the first in first out (FIFO) method. Costs incurred in bringing each product to its present location and conditions are recognised by the actual cost incurred.

#### 1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

# **Mid Holding Co UK Limited**

## **Notes to the financial statements (continued) for the year from 1 January to 31 December 2015**

### **1 Principal accounting policies (continued)**

#### **1.11 Taxation (continued)**

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **1.12 Finance leases**

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the commencement of the lease at the fair value of the leased property or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the profit and loss account. Leased assets are depreciated over their useful economic lives if however, the Group is it uncertain that ownership will transfer to the Group at the end of lease term then the asset is depreciated over the shorter of the lease term and the useful economic life.

#### **1.13 Operating leases**

The Group as a lessee:

Operating lease payments are recognised as an expense on a straight line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **1.14 Foreign currencies**

##### **Functional and presentation currency**

The Group's functional and presentational currency is GBP sterling.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## 2 Turnover and segmental analysis

The results are derived from the principal activity, which is design and construction services.

The Group operates in three principal geographical areas and its revenue, all from continuing operations, is detailed below.

	1 January to 31 December 2015	16 May 2014 to 31 December 2014
	£	£
United Kingdom	627,832	-
Jordan	36,829,260	4,043,232
Kingdom of Saudi Arabia	9,192,132	1,631,665

## 3 Operating profit

Included in the operating profit are the following:

	1 January to 31 December 2015	16 May 2014 to 31 December 2014
	£	£
Depreciation of tangible assets	961,182	158,209
Amortisation of intangible assets	55,659	3,360
Audit fees – Group	79,293	65,000
Audit fees – Company	3,750	3,893

Fees to the auditor in respect of non-audit services in the year were £Nil (2014: £45,000).

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 4 Employees and directors' remuneration

Staff costs during the period amounted to:

	1 January to 31 December 2015	16 May 2014 to 31 December 2014
	£	£
Wages and salaries	8,478,899	590,807
Social security costs	521,407	41,810
Total wages and salaries	9,000,305	632,617

Directors remuneration amounted to £366,667 for the period. None of the directors are accruing benefits under a Group pension plan.

The highest paid director received remuneration of £250,000 (2014: £Nil). The value of the Company's pension contributions in respect of the highest paid director was £Nil (2014: £Nil).

The average monthly number of employees during the period was 302 (2014: 505).

### 5 Interest income

	1 January to 31 December 2015	16 May 2014 to 31 December 2014
	£	£
Bank interest income	437,134	34,022

### 6 Interest payable

	1 January to 31 December 2015	16 May 2014 to 31 December 2014
		£
Interest on bank loans, overdrafts and finance leases	1,395,805	80,608

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 7 Tax on profit on ordinary activities

#### a) Analysis of tax for the initial period

	1 January to 31 December 2015	16 May 2014 to 31 December 2014
	£	£
<b>Current tax</b>		
UK corporation tax	4,096	-
Foreign tax on profit in the initial period	247,206	15,334
<b>Tax on profit/(loss) on ordinary activities</b>	<b>251,302</b>	<b>15,334</b>

#### Reconciliation of effective tax rate

The tax assessed for the period is higher/(lower) than the standard rate of corporation tax in the UK. The differences are explained below:

Profit / (Loss) on ordinary activities before taxation	3,637,428	(235,615)
Theoretical tax at UK corporation tax rates 20%	727,487	(47,123)
Effects of:		
Expenses not deductible for tax purposes	7,647	
Unrelieved tax losses arising in the year	276,555	41,451
Capital allowances in excess of depreciation	(2,158)	(115)
Differences between UK and foreign tax	(758,229)	(73,125)
<b>Tax on profit / (loss) on ordinary activities</b>	<b>251,302</b>	<b>15,334</b>

The difference primarily relates to the 0.5% tax rate on profits earned in Aqaba.

### 8 Dividends

	1 January to 31 December 2015	16 May 2014 to 31 December 2014
	£	£
Dividends paid	3,535,000	-

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the period from 1 January to 31 December 2015

### 9 Parent Company Profit / (Loss)

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form a part of these approved financial statements. The Company's profit for the year ending 31 December 2015 was £3,647,108 (2014: £111,643 loss).

### 10 Intangible fixed assets

Group:	Goodwill	Computer software	Total
	£	£	£
Cost:			
At 1 January 2015 (as previously stated)	206,680	298,345	505,025
Prior year adjustment	(206,680)	-	(206,680)
At 1 January 2015 (as restated)	-	298,345	298,345
Additions	-	13,560	13,560
At 31 December 2015	-	311,905	311,905
Amortisation:			
At 1 January 2015	-	47,369	47,369
Charge	-	55,659	55,659
At 31 December 2015	-	103,028	103,028
Net book value:			
At 31 December 2015	-	208,877	208,877
At 31 December 2014	-	250,976	250,976
Company:		Computer software	Total
		£	£
Cost:			
Additions		13,559	13,560
At 31 December 2015		13,559	13,560
Amortisation:			
Charge		816	816
At 31 December 2015		816	816
Net book value			
At 31 December 2015		12,743	12,744

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 11 Tangible fixed assets

Group:	Land	Plant & Equipment	Office Equipment	Vehicles	Total
	£	£	£	£	£
<b>Cost:</b>					
At 1 January 2015	1,893,756	14,292,832	995,088	1,746,815	18,928,491
Additions	-	446,911	68,993	96,599	612,502
Disposals	-	(768,578)	(23,942)	(81,141)	(873,661)
At 31 December 2015	1,893,756	13,971,165	10,401,138	1,762,273	18,667,332
<b>Amortisation:</b>					
At 1 January 2015	-	10,226,370	727,889	1,128,798	12,083,057
Charge	-	632,692	92,227	236,262	961,182
Disposals	-	(678,371)	(7,811)	(64,815)	(750,998)
At 31 December 2015	-	10,180,691	812,306	1,300,245	12,293,241
<b>Net book value</b>					
At 31 December 2015	1,893,756	3,790,474	227,833	462,028	6,374,091
At 31 December 2014	1,893,756	4,066,462	267,199	618,017	6,845,434

The bank borrowings, as shown in note 14, are secured against the land

	Computer equipment	Total
Company:	£	£
<b>Cost:</b>		
At 31 Dec 14	2,532	2,532
Additions	14,090	14,090
At 31 December 2015	16,621	16,621
<b>Depreciation:</b>		
At 31 Dec 2014	201	201
Charge	3,301	3,301
At 31 December 2015	3,502	3,502
<b>Net book value</b>		
At 31 December 2015	13,120	13,120
At 31 December 2014	2,331	2,331



## Mid Holding Co UK Limited

### Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

#### 12 Investments

Group:	Associates & Joint Ventures	Unlisted investment	Total
	£	£	£
Cost:			
At 1 January 2015	5,770,499	141,359	5,911,858
Share of profit	468,067	-	468,067
At 31 December 2015	6,238,566	141,359	6,379,925
Net book value:			
At 31 December 2015	6,238,566	141,359	6,379,925
At 31 December 2014	5,770,499	141,359	5,911,858

#### Associates and joint ventures:

The Group has the following interests in associates and joint ventures as per the agreements with third parties:

	Interest	Objectives
Group Five Construction Limited and Mid-Contracting Company LLC (Jordan)	50%	Construction of Amman Ring Road, Phase 1
Masar United Contracting Company Limited, Mid Contracting Company LLC (Jordan) and Bab Al-Fayha'a Gulf Contracting and Construction Company	50%	Electro-mechanical works for Abdali Development project, the Boulevard, Phase 2
Masar United Contracting Company Limited, Mid Contracting Company LLC (Jordan)	50%	Construction of a pedestrian walkway for Abdali Development project, the Boulevard, Phase 2
OHL Industrial S.L. and Mid Contracting Company LLC (Jordan)	40%	Construction of an Amman strategic reserve terminal for petroleum products.

#### Unlisted investments:

The investment represents a minority shareholding in El Essra Hospital, a private hospital based in Jordan. The percentage held represents 0.67% of the ordinary share capital. This is a long term holding of the Group.

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 12 Investments (continued)

Company:	Shares in Subsidiary Undertakings £	Total £
Cost or valuation:		
At 1 January 2015	9,349,369	9,349,369
Additions	100	100
At 31 December 2015	9,349,469	9,349,469
<b>Net book value:</b>		
<b>At 31 December 2015</b>	<b>9,349,469</b>	<b>9,349,469</b>
At 31 December 2014	9,349,369	9,349,369

Subsidiary undertakings:

The Company owns the entire issued share capital of the following entities:

Subsidiary	Principal activity	Registration
Sterling Living Limited	Property developer	England & Wales
Sterling Living (Aynhoe) Limited <sup>1</sup>	Property developer	England & Wales
Mid Contracting and Consulting Ltd	Building contractor	England & Wales
Mid Global Investment Group PSC	Holding company	Jordan
Mid Contracting Company LLC <sup>2</sup>	Building contractor	Jordan
Finan Facility Management Company <sup>2</sup>	Facility management	Jordan
Group One for Telecommunication <sup>2</sup>	Communication services	Jordan
Arab Mid Contracting <sup>4</sup>	Building contractor	Kingdom of Saudi Arabia
Mid Information Technology <sup>3</sup>	Software developer	Jordan
Sterling Comfort Limited	Interior Fit Out	England & Wales

1. Sterling Living (Aynhoe) Ltd is a wholly owned subsidiary of Sterling Living Ltd.
2. Mid Contracting Company LLC ("MCC"), Finan Facility Management Company, and Group One for Telecommunication are wholly owned subsidiaries of Mid Global Investment Group.
3. Mid Information Technology is a wholly owned subsidiary of MCC.
4. Arab Mid Contracting operates as a branch of MCC, operating in the Kingdom of Saudi Arabia.

## Mid Holding Co UK Limited

### Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

#### 13 Debtors:

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Long-term cash deposits and margin deposits	9,785,375	13,854,532	-	-
Trade debtors	21,127,651	15,378,988	-	-
Retentions from customers	4,036,660	4,028,409	-	-
Advances to suppliers and subcontractors	1,413,713	2,010,442	-	-
Amounts recoverable on contracts	113,572	2,834,391	-	-
Amounts due from group undertakings	1,495,658	-	256,200	-
Amounts due from related parties	1,882,096	7,134,298	-	-
Other debtors and prepayments	6,421,842	488,553	20,936	23,514
<b>At 31 December</b>	<b>46,276,567</b>	<b>45,729,613</b>	<b>277,136</b>	<b>23,514</b>

As at 31 December 2015, the long-term cash deposits of £9,785,375 earned interest over the period at a rate of between 2.5% and 4.75%. These long-term cash deposits are held against direct bank facilities granted to the Group.

#### 14 Cash and short term deposits:

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Cash	868,598	1,924,940	-	-
Overdraft	(1,483,432)	(2,497,881)	-	-
<b>At 31 December</b>	<b>(614,834)</b>	<b>(572,942)</b>	<b>-</b>	<b>-</b>

## Mid Holding Co UK Limited

### Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

#### 15 Creditors: amounts falling due less than one year

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Bank borrowings	23,144,831	17,318,463	-	-
Bank overdraft	1,483,432	2,497,881	-	-
Finance lease	351,405	307,839	-	-
Trade creditors	15,856,300	11,285,531	32,578	8,700
Amounts owed to subcontractors	2,540,203	3,786,261	-	-
Amounts owed to related parties	3,549,330	5,914,700	136,657	32,980
Retentions for subcontractors	1,059,930	2,027,148	-	-
Advances received for contracts	10,464,348	9,968,835	-	-
Corporation tax	214,485	180,633	-	-
Taxation and social security	390,600	127,451	-	-
Other creditors	3,755,153	1,036,666	-	-
Accruals and deferred income	2,127,209	2,735,258	133,500	95,908
<b>At 31 December</b>	<b>64,937,226</b>	<b>57,186,666</b>	<b>302,734</b>	<b>137,588</b>

The bank borrowings were obtained to finance working capital and existing projects. These loans are subject to interest rates ranging between 5% - 9.5% and these loans are being repaid in monthly/quarterly instalments or all at once according to the loan agreement.

Bank borrowings are secured against land held by the group, on assignment of contract revenues and/or personal guarantees of the directors.

#### 16 Creditors: amounts falling due after more than year

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Finance lease	299,115	625,788	-	-
Other creditors	99,806	80,252	-	-
<b>At 31 December</b>	<b>398,921</b>	<b>706,040</b>	<b>-</b>	<b>-</b>

The obligations under finance leases are secured against the assets to which they relate.

## Mid Holding Co UK Limited

### Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

#### 17 Finance leases

Minimum lease payments fall due as follows:

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Within one year	351,405	307,839	-	-
After one year but not more than five years	299,115	625,788	-	-
<b>At 31 December</b>	<b>650,520</b>	<b>933,627</b>	<b>-</b>	<b>-</b>

#### 18 Called up share capital

	2015 £	2014 £
Allotted and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
<b>At 31 December</b>	<b>1,000</b>	<b>1,000</b>

#### 19 Reserves

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
At 1 January	9,348,269	-	9,348,269	-
Group reconstruction	-	9,348,269	-	9,348,269
<b>At 31 December</b>	<b>9,348,269</b>	<b>9,348,269</b>	<b>9,348,269</b>	<b>9,348,269</b>

On 7 November 2014 a group reconstruction took place whereby the Company acquired the entire issued share capital of Mid Global Investment Group by way of a share for share exchange. The ultimate controlling party remained and continues to remain the same. The conditions for the creation of a merger relief reserve were met and as such the excess over the fair value of the net assets acquired have been taken to a merger relief reserve.

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 20 Notes to the cash flow statement

#### Cash flows from operating activities:

	1 January to 31 December 2015 £	As restated 16 May to 31 December 2014 £
Profit/(Loss) for the period	3,637,428	(250,949)
<b>Adjustments for:</b>		
Share of results from joint ventures and associates	(468,067)	(52,238)
Depreciation of tangible fixed assets	961,182	158,209
Amortisation of intangible fixed assets	55,659	3,360
(Profit) / Loss on disposal of tangible fixed assets	(130,108)	-
Interest paid	1,395,805	80,608
Interest received	(437,134)	(34,022)
Taxation charge	251,302	15,334
<b>Movements in working capital:</b>		
Increase in inventories	(8,100,632)	(1,275,596)
Decrease / (Increase) in debtors	(546,955)	8,965,226
(Decrease) / Increase in creditors	2,880,776	(4,967,064)
Taxation paid	(217,450)	(241,295)
<b>Net cash generated from operating activities</b>	<b>(718,194)</b>	<b>2,401,573</b>

#### Cash flows from investing activities:

	1 January to 31 December 2015 £	As restated 16 May to 31 December 2014 £
Purchase of tangible fixed assets	(612,502)	(2,392)
Purchase of intangible fixed assets	(13,560)	(36,747)
Sale of tangible fixed assets	252,772	-
Interest received	437,134	34,022
Net cash outflow on acquisition of subsidiaries	-	1,677
Net overdrafts on merger	-	(2,361,687)
<b>Net cash flow from investing activities</b>	<b>63,844</b>	<b>(2,365,127)</b>

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 20 Notes to the cash flow statement (continued)

#### Cash flows from financing activities

	1 January to 31 December 2015 £	16 May to 31 December 2014 £
Proceeds from issue of equity shares	-	100
(Repayments of) / Increase of short term borrowings	5,826,368	(452,319)
(Repayment of) / New finance lease obligations	(283,106)	(76,560)
Dividends paid	(3,535,000)	-
Interest paid	(1,395,805)	(80,608)
<b>Net cash flow from financing activities</b>	<b>612,457</b>	<b>(609,387)</b>

### 21 Prior year adjustment

During the year the Company has identified a material error in that post acquisition trading expenditure of Mid Contracting and Consulting Limited had been incorrectly recognised within the consolidated financial statements as goodwill in the period ended 31 December 2014. As a result a prior year adjustment has been made to restate the prior period by increasing administrative expenses by £206,680.

### 22 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties by the Group in the financial period ending 31 December 2015.

	Sales to related parties £	Purchases from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
<i>Joint ventures and associates:</i>				
Group Five - MCC	60,326	-	-	1,257,794
Masar – MCC	1,955,401	-	-	990,635
Masar - Al-Fayha'a – MCC	1,588,891	-	104,549	-
OHL Industrial – MCC	1,174,578	-	14,818	-
<i>Companies connected to the directors:</i>				
Al Sahal Al Arabi Contracting	-	-	1,207,088	2,257,152
Al Qudrah Company	-	-	555,641	1,101,820
<i>Group companies:</i>	-	-	-	-
Mid Co Holdings Guernsey Limited	-	-	1,495,658	-
<i>Directors' loan accounts:</i>	-	-	-	-
Sahel Majali	-	-	-	190,358
<b>At 31 December</b>	<b>4,779,196</b>	<b>-</b>	<b>3,377,754</b>	<b>5,797,759</b>

# Mid Holding Co UK Limited

## Notes to the financial statements (continued) for the year from 1 January to 31 December 2015

### 22 Related party transactions (continued)

#### *Loan to associate*

Included in the table above, are amounts loaned to the ASTPP project vehicle to finance operations. The loan is unsecured and repayable in full. There is no interest charged on this loan and there is no set repayment date.

#### *Terms and conditions of transactions with related parties*

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the period ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment will be undertaken at the end of each financial period through examining the financial position of the related party and the market in which the related party operates.

#### *Transactions with key management personnel*

##### *Guarantees of bank loans/overdrafts to the group*

At 31 December 2015, the directors S Majali, A B O Al Masri and Abed Al Hadi (S Majali's father) had issued personal guarantees in respect of bank loans to the group with outstanding amounts of £23,144,831 (2014: £17,318,463) and in respect of bank overdrafts with outstanding amounts of £1,483,432 (2014: £2,497,881). No fees have been paid to the directors and their connected persons in respect of these guarantees.

##### *Rent-free accommodation*

During the year ended 31 December 2015, S Majali provided Mid Group with rent-free accommodation in the form of the principal operating premises of the Group's principal operating subsidiary (Mid Contracting Company LLC) based in Jordan.

##### *Other property-related transactions*

Key management personnel previously transferred the beneficial ownership of certain land to a subsidiary undertaking of the Group. Arrangements are currently being made to formally transfer this land into the legal ownership of the group. The carrying value of the land is disclosed in Note 11 to the financial statements.

##### *Transactions with connected companies*

Included in the table above, are amounts owed to/from companies that are under the control of the directors.

Al Sahal Al Arabi Contracting, a property development company, and Al Qudrah Company, a cement manufacturer, are wholly owned by Mrs S Majali. The amounts owed to/from the Group are interest free, unsecured and with no set repayment date.

##### *Loans from directors*

Included in the table above are amounts owed from directors. These amounts are interest free, unsecured and have no set repayment date.



## **Mid Holding Co UK Limited**

### **Notes to the financial statements (continued) for the year from 1 January to 31 December 2015**

#### **23 Ultimate controlling party**

The Company's immediate and ultimate parent company is Mid Co Holdings Guernsey Limited, a company incorporated in Guernsey. The financial statements of Mid Co Holdings Guernsey Limited are not publicly available. The smallest and largest group for which consolidated financial statements are prepared which include the Company is that headed by the Company.

The ultimate controlling party is S Majali.

#### **24 Amended financial statements**

These amended financial statements replace the financial statements for the year ended 31 December 2015 as originally filed. The amended financial statements are now the statutory accounts for the period, and are prepared as they were at the date of the original accounts.