

THIMAR Development Holding Co.

(Thimar National Agricultural Marketing Company - Formerly)



Board of directors' report

2019

Board of Directors

***Mr. Ibrahim Abdul Karim Al-
Mayouf
Chairman of Board of Directors***

***Eng. Sari Ibrahim Al-Mayouf
Managing Director***

***Mr. Ibrahim Mohammed Al-Shabib
Member of the Board of Directors***

***Mr. Abdul Karim Ibrahim Al-Mayouf
Member of the Board of Directors***

***Mr. Abdulaziz Ahmed Al-Ghanim
Member of the Board of Directors***

1) Introduction:

The Board of Directors of THIMAR Development Holding Co. (Thimar National Agricultural Marketing Company - Formerly) is pleased to present to its valued shareholders its annual report with the financial statements for the fiscal year ending on December 31, 2019, including a summary of the most important business results and developments that have been achieved during the year, thanks to God and then the efforts of the employees. And continuous follow-up to the directives of the Chairman and members of the Board of Directors.

2) About the company:

THIMAR Development Holding Co. (Thimar National Agricultural Marketing Company - Formerly) registered as a Saudi joint stock company under Ministerial Resolution No. (364) dated 18/5/1408 corresponding to 08/01/1988, The company is registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010068222, issued in Riyadh on 17/5/1408 corresponding to 07/01/1988.

3) Capital:

The capital of the company is 100,000,000 (only one hundred million SAR) and it consists of 10,000,000 shares, the value of each share is 10 SAR.

4) Brief about the main activity:

THIMAR Development Holding Co. (Thimar National Agricultural Marketing Company - Formerly) is engaged in the marketing of agricultural and animal products by selling through wholesale and supply outlets to major customers from palaces, hotels and hospitals in Riyadh and Jeddah, and other sales outlets in Azizia and Rabwah markets in Riyadh and the retail sector.

5) Company plan:

The company's management has developed an ambitious strategic plan for the advancement of the company's various sectors.

6) Associate companies:

Associate company name	Capital	Ownership percentage	Activity	The country of operation	Country of incorporation
<i>THIMAR and Wasmi Agricultural Markets Company</i>	<i>10,000,000</i>	<i>30,56%</i>	<i>Import, export, wholesale and retail trade in agricultural and food products</i>	<i>KSA</i>	<i>KSA</i>
<i>Fresh Fruits Company</i>	<i>500,000</i>	<i>50%</i>	<i>Wholesale and retail trade in vegetables and fruits</i>	<i>KSA</i>	<i>KSA</i>

7) Financial Affairs:

A) Summary of the income statement for the last five years

	<i>For the year ended December 31</i>				
	2015	2016	2017	2018	2019
<i>Sales</i>	134,626,528	143,196,197	136,612,212	71,052,175	41,887,332
<i>Sales cost</i>	(104,909,091)	(114,311,702)	(100,710,877)	(54,169,125)	(41,443,286)
Gross profit	29,717,437	28,884,495	35,901,335	16,883,050	444,046
<i>Company's share in profits (losses) of associates</i>	1,377,657	351,775	(1,471,641)	(1,194,844)	(2,974,588)
<i>Provision for expected credit losses</i>	-	-	-	-	(23,355,080)
<i>Losses for disposals of projects in progress</i>	-	-	-	-	(15,125,115)
<i>Operating expenses</i>	(22,995,884)	(28,802,649)	(25,040,703)	(18,153,178)	(14,567,752)
<i>Other income (expenses)</i>	1,660,999	(108,255)	373,987	203,309	665,774
Profit (loss) from operations	9,760,209	325,366	9,762,978	(2,261,663)	(54,912,715)
<i>Financing costs</i>	-	-	-	(791,644)	(557,550)
<i>Gain on sale of investments in associates</i>	35,186,331	-	-	-	-
Profit (loss) before Zakat	44,946,540	325,366	9,762,978	(3,053,307)	(55,470,265)
<i>Zakat provision</i>	(1,871,480)	-	(1,074,066)	(1,437,486)	(1,264,743)
Net profit (loss) for the year	43,075,060	325,366	8,688,912	(4,490,793)	(56,735,008)

B) Comparison of operating results for two years

	<i>For the year ended December 31</i>			
	2018	2019	Net variables	Percentage change
<i>Sales</i>	71,052,175	41,887,332	(29,164,843)	(41%)
<i>Sales cost</i>	(54,169,125)	(41,443,286)	12,725,839	24%
Gross profit	16,883,050	444,046	(16,439,004)	(97%)
<i>The company's share of losses of associates</i>	(1,194,844)	(2,974,588)	(1,779,744)	149%
<i>Provision for expected credit losses</i>	-	(23,355,080)	(23,355,080)	-
<i>Exclusion losses of projects in progress</i>	-	(15,125,115)	(15,125,115)	-
<i>Operating expenses</i>	(18,153,178)	(14,567,752)	3,585,426	(20%)
<i>Other income</i>	203,309	665,774	462,465	227%
Loss from Operations	(2,261,663)	(54,912,715)	(52,651,052)	2,328%
<i>Financing costs</i>	(791,644)	(557,550)	234,094	(30%)
Loss before Zakat	(3,053,307)	(55,470,265)	(52,416,958)	1,717%
<i>Zakat provision</i>	(1,437,486)	(1,264,743)	172,743	(12%)
Net loss for the year	(4,490,793)	(56,735,008)	(52,244,215)	1,163%

C) Summary of financial position:

	For the year ended December 31				
	2015	2016	2017	2018 restated	2019
Current assets	97,956,786	81,813,099	75,776,951	130,047,190	97,710,495
Non-current assets	75,178,162	112,471,299	108,535,393	51,274,421	29,634,090
Total assets	173,134,948	194,284,398	184,312,344	181,321,611	127,344,585
Current liabilities	35,893,520	45,292,134	34,393,280	51,197,514	76,798,399
Non-current liabilities	30,171,564	42,267,917	34,505,805	25,321,362	2,478,459
Total Liabilities	66,065,084	87,560,051	68,899,085	76,518,876	79,276,858
Shareholders' equity	107,069,864	106,724,347	115,413,259	104,802,735	48,067,727
Total liabilities & shareholders' equity	173,134,948	194,284,398	184,312,344	181,321,611	127,344,585

8) Geographical analysis of sales:

When preparing this report on 17/07/2022 and given that the majority of the current board of directors, their appointment was approved by the General Assembly, on 08/07/2021, In addition to the unavailability of some documents and information, all details could not be disclosed.

9) Zakat and other government payments:

THIMAR Development Holding Co. made a total provision of 1,264,743 SAR against the estimated Zakat for the year 2019 and the Zakat due until the year 2018 with an amount of 13,173,915 SAR. The following is a summary of the Zakat status:

- The company obtained a final assessment for the years ending on December 31, 2005
- The returns for the years 2006 to 2017 were submitted through the Department of Zakat website, and the company obtained a limited certificate.
- The company's management believes that the established provision is sufficient and there is no need to increase the provision, as the provision was calculated according to the Zakat base.
- On 16/12/2018, the installment plan for Zakat dues was started in 38 installments, with a total amount of 6,963,873 SAR, the value of the installment is 182.733 SAR, starting on 16/12/2018
- The financial statements ending on 31/12/2019 were issued to the company on 03/07/2022, and the Zakat provision amounted to 1,264,743 SAR, and the Zakat declaration was not submitted because the company did not issue the financial statements at the time, and the zakat declaration will be submitted for the year 2019.

Government Payments: The following are the details of government payments and dues:

	Paid	Accrued
Zakat	2,000,082	12,438,576
General Organization for Social Insurance	-	1,765,958
Total government expenses	2,000,082	14,204,534

10) Loans Summary

Details of loans on THIMAR Development Holding Co. (Thimar National Agricultural Marketing Company - Formerly)

Funding entity	Credit limit	Withdrawals	Advance payments	Outstanding balance	Paid in 2019
<i>Short-term loans and credit facilities</i>					
Saudi British Bank	-	-	-	32,685,686	-
Total	-	-	-	32,685,686	-

11) General Assemblies:

General Assembly meetings during the year:

The following table shows the number of general assembly meetings held during the year and the names of the attending board members:

SN	Member name	Ordinary General Assembly 14/05/2020
1	Ibrahim Abdul Karim Al-Mayouf	Did not attend
2	Sari Ibrahim Al-Mayouf	Attended
3	Abdul Karim Ibrahim Al-Mayouf	Attended
4	Ibrahim Mohammed Al-Shabib	Attended
5	Abdul Aziz Ahmed Al-Ghanim	Did not attend

12) Board of Directors:

A) Composition of the company's board of directors:

The company's board of directors is composed during the year as follows:

SN	Member name	Position
1	Ibrahim Abdul Karim Al-Mayouf	Chairman - Non-Executive
2	Sari Ibrahim Al-Mayouf	Managing Director - Executive
3	Abdul Karim Ibrahim Al-Mayouf	Member - Independent
4	Ibrahim Mohammed Al-Shabib	Member - Independent
5	Abdul Aziz Ahmed Al-Ghanim	Member - Independent

Note: The Council's session started on 06-03-2017 and will last for three years

B) The current and previous positions of the current members of the board of directors, members of committees and the executive management, their qualifications and experiences, and the names of the companies in which the board member is a member of their boards of directors:

When preparing this report on 17/07/2022, and given that the majority of the current board of directors approved their appointment by the General Assembly, on 08/07/2021, in addition to the lack of some documents and information, therefore, it was not possible to disclose all the details.

C) Board meetings:

When preparing this report on 17/07/2022, and given that the majority of the current board of directors approved their appointment by the General Assembly, on 08/07/2021, in addition to the lack of some documents and information, therefore, it was not possible to disclose all the details.

13) Board Committees: Board committees consist of three committees, namely:

A) Audit Committee:

Audit Committee Duties and Responsibilities:

- *Supervising the internal audit department to verify its effectiveness in carrying out the work and tasks assigned to it, determining the scope of its work, studying internal audit reports, and following up on the implementation of corrective actions for the notes contained therein.*
- *Recommending the appointment and dismissal of the internal auditor and determining his salary or reward and incentives.*
- *Verifying the independence of the internal auditors and approving the internal audit work plan.*
- *Verify the adequacy of the company's internal control system*
- *Studying the accounting policies used and expressing an opinion and making recommendations to the Board of Directors in this regard when needed*
- *Evaluating the effectiveness of the company's assessment of the important risks it may face and the steps taken by the General Secretariat to monitor and confront those risks.*
- *Recommending the appointment and dismissal of the external auditor and determining his fees. When recommending the appointment, it is taken into account to ensure his independence.*
- *Studying the internal control system in following up on the work of the external auditor, and approving any work outside the scope of work to review the one assigned to him while carrying out the audit work.*
- *Studying the audit plan with the external auditor and expressing its observations thereon.*
- *Studying the preliminary and annual financial statements before presenting them to the Board of Directors.*
- *Studying the external auditor's notes on the financial statements and following up on what was done in their regard.*
- *Supervising investigations related to breaches of trust (such as fraud, embezzlement or material errors) that occur, or any other matters that the committee deems important to investigate.*
- *Examine the reports submitted to the Committee on transactions with related parties that may lead to a conflict of interest*
- *The Committee has the right to request access to the information it deems necessary*
- *The Committee may, whenever necessary, seek the assistance of internal auditors or external or internal consultants to carry out specialized studies to assist the Committee in carrying out its tasks, and to suggest their fees.*

Audit Committee Report:

The Audit Committee would like to point out that the current members of the Committee, when preparing this report on 17/07/2022, were not present during 2019, as they were appointed by the General Assembly on 12/10/2021, and based on a statement from the company's management as well as the external auditor not The existence of some documents and financial and accounting information related to the year 2019, the Audit Committee was unable to prepare its annual report for the General Assembly for the year 2019.

Audit Committee Members:

Their session starts from 16/03/2017:

1. Eng. Abdulkarim Ibrahim Al-Mayouf (Committee Member)
2. Mr. Turki Al-Bakhit (Committee Member)

Audit Committee Meetings:

We would like to note that the company, when preparing this report on 17/07/2022, did not have any documents, minutes or reports to know the number of meetings, and therefore it was not possible to disclose this.

B) Nominations and Remunerations Committee:

Duties and Responsibilities of the Nomination and Remuneration Committee:

- *Determine the skills, capabilities, qualifications, background and nature of expertise required to strengthen the Board of Directors and enhance its balance, and nominate new members to fill current vacancies accordingly.*
- *Develop clear policies and ensure their compliance with the Corporate Governance Regulations and use performance-related standards.*
- *The committee takes into consideration many factors, including but not limited to the following: -*
 - *Integrity, honesty and responsibility*
 - *Successful leadership experiences in the same activity with the depth of the future vision and strategic focus.*
 - *The ability to work collectively within the council system.*
- *The ability to devote the time necessary to carry out the responsibilities dictated by his membership on the Committee*
- *Presenting its recommendations to the Council to nominate the members to be selected in the various committees emanating from the Council, taking into consideration the following:*
- *Qualifications required for membership of each of the committees, especially the audit committee, one of whose members should be an expert in financial and accounting affairs.*
- *The necessity of having a policy related to the rotation of members between committees periodically.*
- *Restrictions related to the number of consecutive years in which a committee member can retain his seat in any committee. The committee ensures that the term of membership of a board member does not exceed the upper limit of the specified term if the term of membership of any committee members is specified by the system or the corporate governance framework of the company.*
- *Presenting recommendations regarding the proposed board members to be appointed as chairmen of the various committees.*
- *Presenting its recommendations for the final nomination of potential members that the committee believes will enhance the board's ability to effectively manage and direct the company's affairs.*
- *Develop and present an induction program for new members of the Council.*

- *Providing a continuing education program for all council members.*
- *The Committee determines the time that each member must devote to performing the tasks related to his membership in the Board of Directors.*
- *Assist the Board in selecting and developing potential candidates for senior management positions in the company and plan long-term succession whenever necessary.*
- *The committee annually verifies the independence of the independent members and the absence of any conflict of interest in the event that the member is at the time a board member and a board member with another company.*
- *Ensure that the CEO has prepared the necessary procedures to transfer his responsibilities in a timely and effective manner in the event of his sudden incapacity or in the event of his departure from the company and review it with the CEO and also obtain his recommendations on long-term succession arrangements*
- *Ensure that the remuneration of the board members is in accordance with the company's articles of association*
- *Reviewing periodic reports submitted by the company's management on matters related to the nomination or selection of members of the company's board of directors*
- *Preparing an annual report for the Nominations and Remunerations Committee that includes the remunerations and compensations paid to the members of the Board of Directors and the five senior executives of the company to be included in the company's annual report in accordance with the applicable rules and regulations and in accordance with the company's articles of association.*
- *Annual review of the performance of the committee and these regulations.*
- *Preparing the committee's work manual that defines the responsibilities entrusted to it, reviewing this manual when necessary, updating it annually and recommending it to the Board of Directors for approval.*
- *Performing other tasks or responsibilities assigned to it by the Board of Directors.*

Members of the Nominations and Remunerations Committee:

1. *Mr. Abdulaziz Ahmed Al-Ghanim (Chairman of the Committee)*
2. *Mr. Nayef Muhammad Al-Salem (Committee Member)*
3. *Mr. Fayez Abdullah Al-Zaydi (Committee Member)*

Meetings of the Nomination and Remuneration Committee:

We would like to point out that the company, when preparing this report on 17/07/2022, did not have any documents, minutes or reports to know the number of meetings, and therefore it was not possible to disclose this.

C) Executive Committee:

Functions of the Executive Committee:

- *Provide support to the Board of Directors to oversee efficiency.*
- *Evaluation of the company's long-term productivity.*
- *Reviewing and approving strategic operational plans and policies.*
- *Approval of the company's operating budget.*
- *Approval of the appointment of key workers.*
- *Review performance development activities and efforts to increase profits.*
- *Evaluate, define and apply the scope of business, practice, and corporate governance in the company.*
- *Reviewing profits and making recommendations thereon.*
- *Reviewing the company's vertical and horizontal expansion and making the necessary recommendations, within the scope of the region, country and other countries*
- *Periodic review of capital expansion in comparison with established budgets.*
- *Recommend positive opportunities that will improve the company's results.*

Executive Committee Members:

1. *Mr. Ibrahim bin Abdulkarim Al-Ma'youf* (Chairman of the Committee)
2. *Mr. Ibrahim bin Muhammad Al-Shabib* (Committee Member)

Executive Committee Meetings:

We would like to note that the company does not have any documents, minutes or reports to know the number of meetings, and therefore it was not possible to disclose this.

14)A description of any interest belonging to the members of the Board of Directors, senior executives and their relatives

When preparing this report on 17/07/2022, and given that the majority of the current board of directors approved their appointment by the General Assembly, on 08/07/2021, in addition to the lack of some documents and information, therefore, it was not possible to disclose all the details.

15) Remuneration and remuneration for members of the Board of Directors, committees and senior executives

A) Remuneration of Board and Committee Members:

Article (20): of the company's articles of association, the remuneration of the chairman of the board of directors for the services he performs is an amount of 180,000 SAR, one hundred and eighty thousand SAR annually, and the remuneration of each member of the board of directors for the services he performs is an amount of (120,000 SAR) one hundred and twenty thousand SAR annually, and within the limits of what is stipulated in the Companies Law or any other complementary regulations, decisions or instructions, and after distributing a profit to shareholders of no less than (75) and paying each of the chairman and each member an amount of (3,000) Three thousand SAR for each of the board meetings he attends, and an amount of (1,500 SAR) one thousand five hundred SAR for each of the board committee meetings he attends. The company also pays each of the chairman and members of the board of directors the actual expenses they incur in order to attend the meetings of the board or the committees emanating from the board of directors, including travel, accommodation and accommodation expenses. The financial year includes salaries, a share in profits, attendance allowance, expenses and other benefits. The aforementioned report also includes a statement of what the board members received in their capacity as employees or administrators, or what they received in return for technical, administrative or advisory work, and the company must ensure that the general assembly approved the terms of remuneration Compensation in a general assembly of which members of the board of directors do not have the right to vote on these terms. The remuneration of the members of the Board of Directors may be amended with the approval of the Extraordinary General Assembly, taking into account the regulations and instructions contained in this regard.

B) Remunerations granted to members of the Board of Directors, members of committees and executive management

When preparing this report on 17/07/2022, and given that the majority of the current board of directors approved their appointment by the General Assembly, on 08/07/2021, in addition to the lack of some documents and information, therefore, it was not possible to disclose all the details.

16) Transactions with related parties:

- THIMAR and Wasmi Markets Co. 60,648,343 SAR as of 31/12/2019
- His Highness Prince / Faisal bin Turki bin Bandar bin Abdulaziz 22,184,085 SAR as of 31/12/2019

17) Dividend Distribution Policy:

- The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside 30% of the net profits to form a consensual reserve allocating support for the company's financial position.
- After that, a percentage of no less than 5% of the paid-up capital of the company shall be distributed to the shareholders.

18) Possible Business Risks:

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow risk, currency and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by senior management in accordance with policies approved by the Board of Directors.

19) Results of the annual review of the effectiveness of the company's internal control system:

The Audit Committee would like to point out that the current members of the Committee, when preparing this report on 17/07/2022, were not present during the year 2019, as they were appointed by the General Assembly on 12/10/2021 and based on the statement of the company's management as well as the external auditor that there are no The financial and accounting documents and information related to the year 2019, the Audit Committee was unable to prepare its annual report for the General Assembly for the year 2019.

20) External Auditor's Report

Disclaimer of Opinion

We were engaged to audit the financial statements of Thimar Development Holding Company (Thimar National Agricultural Marketing Company - Formerly) (A Saudi Joint Stock Company) (the Company), which comprise the statement of financial position as at 31 December 2019G, the statements of profits or losses and other comprehensive income, change in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

21) The provisions of the applicable and non-implemented Corporate Governance Regulations:

When preparing this report on 17/07/2022, and given that the majority of the current board of directors approved their appointment by the General Assembly, on 08/07/2021, in addition to the lack of some documents and information, therefore, it was not possible to disclose all the details.

22) The number of the company's requests for the shareholder register, and the dates and reasons for those requests:

When preparing this report on 17/07/2022, and given that the majority of the current board of directors approved their appointment by the General Assembly, on 08/07/2021, in addition to the lack of some documents and information, therefore, it was not possible to disclose all the details.

23) Board Declarations:

The Company's financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and there is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants and were audited by independent auditors as per International standards on auditing that are endorsed in the Kingdom of Saudi Arabia, and because of the company's inability to announce on the time about the financial results, the current board of directors, which was approved by the General Assembly on (08-07-2021), and the current committees, when preparing this report on 17/07/2022, and accordingly the Board decided to approve the publication of this report without any responsibility for the report's content.

In conclusion, *The Chairman and the Board of Directors express their appreciation and gratitude to the Custodian of the Two Holy Mosques King Salman Bin Abdul-Aziz Al-Saud; HRH Crown Prince Mohammad bin Salman bin Abdul-Aziz Al Saud, Deputy Prime Minister & Minister of Defense for their continued cooperation and support.*

Thanks also to the Shareholders for their continued support, and the Executive Management and the company's employees for their great efforts during the year 2019.

Board of Directors
