

**AI KATHIRI HOLDING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (UNAUDITED)  
FOR THE SIX-MONTHS PERIOD ENDED 30 June 2022  
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE Six-MONTHS PERIOD ENDED 30 June 2022  
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW  
 OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To the **Shareholders of AL KATHIRI HOLDING COMPANY**  
 (A Saudi Joint-Stock Company)

**Introduction:**

We have reviewed the accompanying condensed consolidated interim statement of the financial position of **AL KATHIRI Holding Company** (A Saudi joint stock Company) (the "Company") as of 30 June 2022 and its subsidiaries referred to together as the group the condensed consolidated interim statements of profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the Six- months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. condensed consolidated interim financial statements Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review:**

We conducted our review in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independents Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries primarily to persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion:**

Based on our review, nothing has come to the attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 endorsed in the Kingdom of Saudi Arabia.

**AlKharashi & Co.**



**Abdullah S Al Msned**  
 C.A. License No. (456)



**Riyadh at:**

August 15, 2022

Muharram 17, 1444

**AIKATHIRI HOLDING COMPANY**  
**SAUDI JOINT STOCK COMPANY**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**ALL AMOUNTS ARE IN SAUDI RIYALS**

	Notes	As at June 30	As at Decmeber 31
		2022	2021
		(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS :</b>			
Property and equipment (Net)	6	155,725,550	150,504,594
Right to use assets	7	940,822	1,083,184
<b>Total non-current assets</b>		<b>156,666,372</b>	<b>151,587,778</b>
<b>CURRENT ASSETS :</b>			
Trade receivables	8	11,223,313	8,495,871
Raw material inventory		4,445,942	3,171,847
Spare parts inventory		587,325	538,096
Due from related parties	9	-	148,162
Other debit balances	10	12,585,681	7,590,322
Cash and Cash Equivalents	11	2,159,096	9,684,217
<b>Total current assets</b>		<b>31,001,357</b>	<b>29,628,515</b>
<b>Total assets</b>		<b>187,667,729</b>	<b>181,216,293</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY:</b>			
Share Capital		113,022,000	113,022,000
Share premium		7,559,083	7,559,083
Statutory Reserve		4,756,378	4,756,378
Retained earnings		2,902,021	8,424,759
<b>Equity belonging to the parent company</b>		<b>128,239,482</b>	<b>133,762,220</b>
<b>Non-controlling equity</b>		<b>150,655</b>	<b>172,998</b>
<b>Total equity</b>		<b>128,390,137</b>	<b>133,935,218</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Non-current portion of the Industrial Development Fund loan	12	19,808,704	2,901,074
Non-current portion of Liabilities against capital contracts		7,271,764	1,742,248
Non-current portion of finance lease obligations		1,119,362	1,119,362
Provision for end of service benfits		1,680,425	1,519,203
<b>Total non-current liabilities</b>		<b>29,880,255</b>	<b>7,281,887</b>
<b>CURRENT LIABILITIES:</b>			
Trade payables		8,192,661	6,152,378
Short term loans	13	14,504,190	27,850,521
The current portion of the Industrial Development Fund loan	12	1,000,000	943,047
Current portion of Liabilities against capital contracts		2,440,112	1,830,209
Other credit balances	14	2,775,902	2,254,089
zakat	15	484,472	968,944
<b>Total current liabilities</b>		<b>29,397,337</b>	<b>39,999,188</b>
<b>Total liabilities</b>		<b>59,277,592</b>	<b>47,281,075</b>
<b>Total Shareholders' Equity And Liabilities</b>		<b>187,667,729</b>	<b>181,216,293</b>

Finance Manager

Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Notes	For the period from January 1 to June 30			
		2022		2021	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	16	20,731,309	40,191,145	46,005,532	75,400,786
Less: Cost of revenue	17	(18,093,126)	(28,383,754)	(39,047,727)	(53,697,895)
Gross profit		2,638,183	11,807,391	6,957,805	21,702,891
:Less					
Selling and Marketing expenses		(480,824)	(391,528)	(1,060,229)	(814,594)
General and administrative expenses	18	(1,750,690)	(6,133,669)	(3,944,174)	(9,665,785)
Depreciation of Property and equipment	6	(3,231,252)	(1,914,657)	(6,378,049)	(3,359,016)
<b>(Loss) profit From main operations</b>		<b>(2,824,583)</b>	<b>3,367,537</b>	<b>(4,424,647)</b>	<b>7,863,496</b>
Finance cost		(365,939)	(53,171)	(649,949)	(176,296)
Other Revenue		(40,239)	(4,661)	13,987	27,343
( Loss)\ profit before Zakat		(3,230,761)	3,309,705	(5,060,609)	7,714,543
Less : Estimated Zakat		(242,236)	(206,437)	(484,472)	(412,875)
Net (loss)\ profit for the period		<b>(3,472,997)</b>	<b>3,103,268</b>	<b>(5,545,081)</b>	<b>7,301,668</b>
Other comprehensive income		-	-	-	-
Total Comprehensive Income for the period		<b>(3,472,997)</b>	<b>3,103,268</b>	<b>(5,545,081)</b>	<b>7,301,668</b>
<b>Net (loss)\ profit attributable to:</b>					
Company shareholders		(3,461,893)	3,072,235	(5,522,738)	7,249,081
Non-controlling equity		(11,104)	31,033	(22,343)	52,587
<b>Total comprehensive income attributable to:</b>					
Company shareholders		(3,461,893)	3,072,235	(5,522,738)	7,249,081
Non-controlling equity		(11,104)	31,033	(22,343)	52,587
<b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR</b>					
Net profit attributable to company shareholders		(0.31)	0.27	(0.49)	0.64
Total comprehensive income attributable to company shareholders		(0.31)	0.27	(0.49)	0.64
Weighted average number of shares		11,302,200	11,302,200	11,302,200	11,302,200

Finance Manager

Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)  
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total equity belonging to the parent company	Non-controlling equity	Total
Balance at 1 January 2022 "audited"	113,022,000	-	7,559,083	4,756,378	8,424,759	133,762,220	172,998	133,935,218
Net Profit for the period	-	-	-	-	(5,522,738)	(5,522,738)	(22,343)	(5,545,081)
Balance at 30 June 2022 " Unaudited"	113,022,000	0	7,559,083	4,756,378	2,902,021	128,239,482	150,655	128,390,137
Balance at 1 January 2021 "audited"	90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242
Capital increase	22,604,400	-	-	-	(22,604,400)	-	-	-
Net Profit for the period	-	-	-	-	7,249,081	7,249,081	52,587	7,301,668
Net period transactions	-	-	-	-	(103,966)	(103,966)	103,966	-
Balance at 30 June 2021 " Unaudited"	113,022,000	251,838	7,559,083	3,889,764	7,922,672	132,645,357	156,553	132,801,910

Finance Manager

Chief Executive Officer




The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
ALL AMOUNTS ARE IN SAUDI RIYALS**

	For the period from January 1 to June 30	
	2022	2021
	(Unaudited)	(Unaudited)
Net (loss)\ profit for the period	(5,545,081)	7,301,668
<b><u>ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM USED IN OPERATIONS ACTIVITIES:</u></b>		
Depreciation	6,378,049	3,359,016
Amortization of right to use assets	142,362	133,555
Provision for credit losses expense, provided	-	5,500,000
Provision for end of service penefits provided	161,221	151,411
zakat provision provided	484,472	412,875
Trade receivables	(2,727,442)	4,112,182
Inventory	(1,323,324)	3,090,198
Other debit balances	(4,995,359)	(5,417,801)
Trade payables	2,040,283	2,041,811
related parties	148,163	5,094,491
Other credit balances	521,813	437,910
Zakat Paid	(968,944)	(825,750)
Net cash generated from (used in) operating activities	(5,683,787)	25,391,566
<b><u>CASH FLOWS FROM INVESTING ACTIVITES:</u></b>		
Additings to Property and equipment	(6,678,025)	(17,454,167)
Projects under progress	(4,920,980)	(20,245,931)
Net cash (used in) inesting activities	(11,599,005)	(37,700,098)
<b><u>CASH FLOWS FROM FINANCING ACTIVITES:</u></b>		
Industrial Development Fund loan	16,964,583	-
Short term loans	(13,346,331)	(2,430,612)
Capital lease obligations	6,139,419	3,057,295
Net cash generated from financing activites	9,757,671	626,683
Net change in cash and cash equivalents	(7,525,121)	(11,681,849)
Cash and cash equivalents at the beginning of the period	9,684,217	22,851,485
Cash and cash equivalents at the end of the period	2,159,096	11,169,636
<b>Non - Cash Flows</b>		
Increasing Capital through retained earnings	-	22,604,400

Finance Manager

Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**NOTE 1. INFORMATION ABOUT THE COMPANY:**

**a. Establishment of the Company**

Al Kathiri Holding Company (the Company), The Company is a Saudi joint stock Company registered in Riyadh the Kingdom of Saudi Arabia under Commercial Registration number 1010255690 on 29 Shaban 1429 H (30 Aug 2008 G).

**b. Company's Activity**

The main activities of the Company are managing its subsidiaries or participating in managing other companies in which it contributes and providing the necessary support for them and owning industrial property rights from patents, trademarks and industrial marks, concession rights, and other intangible rights, exploiting them and leasing them to its subsidiaries or others.

**c. The Company's share capital**

During the year 2017, the partners decided to convert the company from a limited liability company to a joint stock company, and Ministerial Resolution No. (Q / 171) was issued on 06/09/1438 H approving the license to convert the company, and on the date of 06/15/1438 AH Ministerial Decision No. (S) was issued / 181) by announcing the company's transformation into a joint stock company and increasing its capital from 5,000,000 SR to 27,300,000 SR by transferring an amount of 20,207,901 SR from the Retained Earnings and an amount of 2,092,099 SR from the statutory reserve based on the 2016 Consolidated financial statements.

On 17/5/2017 the Capital Market Authority announced the approval of the prospectus for the issuance of Al Kathiri Holding Company and offering 819,000 shares representing 26.1% of the capital to list in the Nomu - parallel market with a capital of 31,395,000 SR

The capital was raised by the resolution of the General Assembly on Dhu Al-Hijjah 5, 1439 AH corresponding to August 16, 2018 AD, to become 37,674,000, by granting free shares at the rate of (1) free share for each holder of (5) shares on the date of the meeting

On 18 Shaban 1440 AH corresponding to April 23, 2019 AD, the Ordinary General Assembly decided to increase the capital to 45,208,800 riyals, by granting free shares at the rate of (1) free share for each holder of (5) shares on the date of the meeting

On 10/28/2019, the Capital Market Authority issued a decision containing the approval of the Al Kathiri Holding Company's request to move from the Nomu - parallel market to the main market with a capital of 45,208,800 SR and 4,520,880 shares.

The extraordinary general assembly meeting held on 18/2/1442H corresponding to 5/10/2020 was approved on the recommendation of the Board of Directors to meet on 17/3/1441H corresponding to 11/14/2019 to increase the company capital from 45,208,800 riyals to 90,417,600 riyals by offering Shares for a public subscription while retaining the right of priority in the subscription of shares for shareholders attending the meeting of the shareholders' association.

The Extraordinary General Assembly held on 13/11/1442AH corresponding to 06/23/2021, agreed to increase the company's capital from 90,417,600 riyals to 113,022,000 riyals, through retained earnings by granting one free share to each shareholder who owns 4 shares of the company's shares.

**D. Fiscal year:**

The fiscal year of the Company is 12 months starting from the beginning of January and ending in December of each year.

**E. Presentation and activity currency**

The financial statements are prepared in Saudi riyals, which is the Company's activity and presentation currency. All numbers have been rounded to the nearest Riyal unless otherwise indicated.

**NOTE 2. INFORMATION ABOUT THE GROUP:**

The condensed interim consolidated financial statements include the financial statements of Al Kathiri Holding Company and the condensed interim financial statements of all companies controlled by the Company (its subsidiaries) that were established or acquired until 30 June 2022. They are as follows:



**NOTE 2. INFORMATION ABOUT THE GROUP (CONTINUED):**

Company's name	Country	Legal entity	30 June 2022	31 December 2021
Alian Industry Company	Kingdom of Saudi Arabia	Saudi Closed Joint Stock Company	99	99
Msandh Alemdad Company	Kingdom of Saudi Arabia	Limited liability Company	100	100

**NOTE 3. BASIS OF PREPARATION FOR CONDENSED CONSOLEED INTERIM FINANCIAL STATEMENT:**

**3.1 Applicable accounting standards:**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard No. (34): the condensed interim financial reports approved in the Kingdom of Saudi Arabia, and the other standards and publications approved by the Saudi Organization for Certified Public Accountants. These interim condensed consolidated financial statements do not include all the information and explanations required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read together with the Group's consolidated financial statements for the year ended 31 December 2021.

**2-3 basis of preparation**

these condensed consolidated interim financial statements have been prepared on the historical cost basis except for defined benefit plans for employees, which are measured at the present value of future obligation using the method of estimating the amounts Accrued by unit and excluding financing and investment in associates, which are accounted for by the equity method. In addition, these condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

**3-3 Use of estimates**

The preparation of these condensed consolidated interim financial statements requires management to use judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant areas of management judgment when applying accounting policies and the significant sources of estimates and uncertainties that have a material impact similar to those shown in the previous year's consolidated financial statements.

**3-4 Basis of consolidating the consolidated financial statements**

These condensed consolidated interim financial statements, including the condensed consolidated interim statement of financial position, the condensed consolidated interim profit or loss and comprehensive income statement, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows, and the notes to the condensed interim consolidated financial statements of the Group It includes the assets, liabilities, and results of the operations of the Company and its subsidiaries, as shown in Note (2). Subsidiaries are the entities that the group controls. In particular, the group controls the investee Company only when the group:

- Power over the investee Company (that is, the existence of rights that give the group the current ability to direct activities related to the investee Company).
- Exposure to risks, or rights to obtain different returns through its relationship with the investee Company.
- The ability to use its powers over the investee Company to influence its returns.

**NOTE 3. PRINCIPLES OF PREPARING THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED):**

**3-4 Basis of consolidating the consolidated financial statements (continued):**

In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the investee Company, the group takes into account all the facts and circumstances related to this when ascertaining whether it exercises control over the investee Company, and this includes:

- The contractual arrangement (arrangements) with other voting rights holders in the investee Company.
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The group accounts for the business combination using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as is the case for the net identifiable assets acquired. The excess of the cost of acquisition plus the fair value of the non-controlling interests over the fair value of the net identifiable assets acquired is recorded as goodwill in the consolidated statement of financial position. Non-controlling interest is measured by the proportion of its share of the net identifiable assets of the acquiree at the date of the acquisition. The share in profit or loss and net assets not controlled by the Group are presented as a separate item in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position. Both transactions, as well as unrealized balances and profits and losses resulting from inter-Company transactions, are eliminated. Accounting policies of subsidiaries are modified when necessary, to ensure compliance with the policies followed by the Group. The internal financial statements for the period ending on 30 June 2022 were approved by the management of the subsidiaries and are not approved due to the legal entity of the subsidiaries

**NOTE 4. SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies applied to these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements of past financial periods.

**NOTE 5. SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES:**

**5-1 Impairment in the value of non-current assets**

An evaluation is performed to ensure that there is any objective evidence of impairment in the value of any class or group of non-current assets. In the case of such evidence, the recoverable value of that asset is determined, and the decrease in the loss is recognized as the difference between the recoverable value and the recorded value in the books. The impairment losses are included in the income statement (if any).

**5-2 Provision for end-of-service benefits**

The service reward provision is calculated according to the Saudi Labor Law for the periods of service of the employees from the time they join the Company until the date of their financial position, and the entitlement of the employees is monitored for the estimated obligation of their entitlements from annual leave and travel tickets as a result of their services provided.

State-administered pension plan payments are treated as defined contribution plan payments where the Company's obligations under these plans are equal to those resulting under the defined contribution plans. Thus, the cost accrued for the contributions is charged to the statement of comprehensive income as incurred.

**NOTE 5. SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES (CONTINUED)**

**5-3 Provision of Zakat:**

The Zakat and tax provision is measured and recognized in the income statement and for each financial period by the regulations of the General Authority for Zakat and Income Tax in the Kingdom of Saudi Arabia.

Any difference between the provision and the final assessment is recorded when the final assessment is issued by the Authority, and differences are made over the period the linkage was issued.

**5-4 Cash and cash equivalent:**

To prepare the interim condensed cash flow statement, the item of cash and cash equivalents consists of cash balances in current accounts, whether in local currency or foreign currencies that are not listed with local banks, and short-term deposits with a maturity period of fewer than three months.

**5-5 transactions in foreign currencies**

Financial transactions in foreign currencies during the period are recorded in Saudi riyals according to the exchange rate prevailing at the date of the transaction occurring, and monetary assets and liabilities at the end of the financial period called foreign currencies are recorded in Saudi riyals according to the exchange rates prevailing on the date of the Financial position, as for the differences resulting from the change in exchange rates Foreign currencies are included in the income statement in the period in which these differences arose.

**5-6 measuring fair value:**

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. Fair value measurement assumes that the transaction to sell assets or to transfer the liabilities line occurs either:

1. In the main market of assets or liabilities. Or
2. In the absence of the main market, in the most preferred market for assets or liabilities.

The fair value of the asset or liability line is measured using assumptions that market participants will use when pricing the asset line or liabilities, assuming that market participants act based on their economic interests.

Measuring the fair value of non-financial assets takes into account the ability of the market participant to achieve economic advantages by using the asset line at its highest and best use of it or by selling it to another market participant who will use the asset line at the highest and best use.

All assets and liabilities for which fair value is measured or disclosed in financial statements are classified into the fair value hierarchy, described as follows, based on the minimum input needed to measure fair value as a whole:

Level 1. (unadjusted) market prices in active markets for similar assets or liabilities.

Level 2 - valuation techniques that use the minimum inputs required to measure fair value and directly or indirectly observe

Level 3 - other valuation techniques that use the minimum inputs required to measure fair value but are not based on observable market data.

With regard to the assets and liabilities recognized in the financial statements regularly, the Company determines whether the transfers were made between levels in the sequence by reassessing the classification (based on the minimum input needed to measure the fair value as a whole) at the end of each year to prepare the financial reports.

**AI KATHIRI HOLDING COMPANY**  
**SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2022**

**NOTE 6. PROPERTY AND EQUIPMENT (NET):**

	Lands	Buildings and constructions	Machinery and equipment	Vehicles and cars	Computers	Furniture and office equipment	Rented machinery and equipment	projects under progress	Total
<b><u>Book value:</u></b>									
Balance at 1 January 2022 "audited"	6,400,000	91,119,327	67,022,259	4,980,407	593,150	948,061	6,034,900	2,685,296	179,783,400
Additions	-	455,300	975,995	96,400	128,642	106,784	4,914,904	4,920,980	11,599,005
Transfer	-	-	-	-	-	-	2,685,296	(2,685,296)	-
Balance at 30 June 2022 "Unaudited"	6,400,000	91,574,627	67,998,254	5,076,807	721,792	1,054,845	13,635,100	4,920,980	191,382,405
<b><u>Accumulated depreciation:</u></b>									
Balance at 1 January 2022 "audited"	-	3,690,041	21,907,237	2,765,824	207,223	249,199	459,282	-	29,278,806
Depreciation of the Period	-	2,270,841	3,472,280	238,208	86,030	33,148	277,542	-	6,378,049
Balance at 30 June 2022 "Unaudited"	-	5,960,882	25,379,517	3,004,032	293,253	282,347	736,824	-	35,656,855
Net book value at 30 June 2022	6,400,000	85,613,745	42,618,737	2,072,775	428,539	772,498	12,898,276	4,920,980	155,725,550
Net book value at 31 Dec 2021	6,400,000	87,429,286	45,115,022	2,214,583	385,927	698,862	5,575,618	2,685,296	150,504,594

AI KATHIRI HOLDING COMPANY  
 SAUDI JOINT STOCK COMPANY  
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
 FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2022

**NOTE 7. RIGHT TO USE ASSETS**

	<u>As at June 30</u>	<u>As at Decmeber 31</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
<b>Long-term leases</b>		
right to use Melhem land	1,335,547	1,335,547
right to use Seder land	299,471	299,471
Total	<u>1,635,018</u>	<u>1,635,018</u>
<b>Accumulated amortization:</b>		
1 Jan. Balance	(551,834)	(267,109)
amortization of the Period	(142,362)	(284,725)
Total	<u>(694,196)</u>	<u>(551,834)</u>
Net	<u>940,822</u>	<u>1,083,184</u>

**NOTE 8. TRADE RECEIVABLES , NET:**

	<u>As at June 30</u>	<u>As at Decmeber 31</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Trade receivables	20,135,879	17,408,437
Less: Provision for credit losses	(8,912,566)	(8,912,566)
Total	<u>11,223,313</u>	<u>8,495,871</u>

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
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**NOTE 9. TRANSACTIONS WITH RELATED PARTIES :**

Related party	Relationship type	Nature of relationship	Balance at 1 January		Period movement		Balance at 30 June	
			2022 Debit	2022 Credit	2022 Debit	2022 Credit	2022 Debit	2022 Credit
Meshal AL-kathiri	shareholder	funding	148,162		2,100	150,262		-

Transactions with senior executives during the period ended on 30/6/2022 are represented as follows:

Meshal AL-kathiri	Managing Director / CEO	Salaries	162,375			162,000		
		Provision for end of service benefit	15,000			15,000		
			177,375			177,000		

**NOTE 10. OTHER DEBIT BALANCES:**

Accrued revenue						1,809,289		
Advances and loans						295,803		275,278
Prepaid expenses						4,319,496		1,713,388
Letters of guarantee						78,120		78,120
Letters of credit						0		150,000
VAT - debit						2,136,916		2,431,204
Advanced payments for suppliers						3,919,807		1,106,793
Others						26,250		26,250
<b>Total</b>						<b>12,585,681</b>		<b>7,590,322</b>

Letters of guarantee are withdrawn from the AI Kathiri Holding Company agreement and the full value of the liability for the insurance paid is against the insurance paid will be 520,800 riyals.

**NOTE 11. CASH AND CASH EQUIVALENTS**

Cash in hand								
Cash at Bank						2,159,096		9,684,217
<b>Total</b>						<b>2,159,096</b>		<b>9,684,217</b>

**AI KATHIRI HOLDING COMPANY**  
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**NOTE 12. THE INDUSTRIAL DEVELOPMENT FUND LOAN:**

Alian Industry Company "One of the subsidiaries" signed the loan agreement of the Unified Industrial Development Fund in 2019/10/2m for 23,200,000 riyals, of which 1,160,000 riyals will be deducted for studies and the cost of the industrial evaluation, and the loan was granted in exchange for the guarantee of a bond For the order and mortgage of all the assets of the factory for the benefit of the fund, the company has obtained 20,808,704 riyals of the loan, as 31 march 2022 including the costs of studies and the cost of evaluation in full, and the loan is repaid on 12 installments starting from 16/05/2022 and ending in 16/09/2027.

The loan was classified as on June 30, 2022, as follows:

	<u>As at June 30</u>	<u>As at Decmeber 31</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
The current portion of Saudi Industrial Development Fund loan	1,000,000	943,047
The non-current portion of Saudi Industrial Development Fund loan	19,808,704	2,901,074
Total	<u>20,808,704</u>	<u>3,844,121</u>

**NOTE 13. LOANS AND BANK FACILITIES:**

The company has signed several agreements with local banks with a credit ceiling of 14,521,000 riyals, with a guarantee of bonds for an executed Promissory to 15,021,000 riyals, and personal guarantees from the shareholder Meshaal Al-Kathiri for the facility ceiling and a guarantee of the Saudi Industrial Development Fund of 4,000,000 riyals .

Alian industry Co. signed a facility agreement with Riyad Bank on 24/06/2021 with a credit ceiling of 13,004,000 Saudi riyals and a guarantee of a promissory note amounting to 14,200,000 Saudi riyals. the Agreement was amended on 28/07/2021 by increasing the credit ceiling by 6.000.000 Saudi riyals with guaranteed payment from one of the shareholders of Al-Kathiri Holding Co. the Managing Director. Also, the signed facilities agreement is shariah-compliant, the total credit ceiling will be 19,004,000 Saudi riyals, and the agreement ends on 24/06/2024.

The balance of the facilities used on 30/6/2022 was as follows:

	<u>Company's name</u>	<u>As at June 30</u>	<u>As at Decmeber 31</u>
		<u>2022</u>	<u>2021</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
Short term loans	Al Kathiri Holding	11,946,092	12,086,835
Short term loans	Alian Industry	2,558,098	15,763,686
		<u>14,504,190</u>	<u>27,850,521</u>

**AI KATHIRI HOLDING COMPANY  
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**NOTE 14. OTHER CREDIT BALANCES :**

	<u>As at June 30</u>	<u>As at Decmeber 31</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Accrued expenses	807,867	1,179,115
Advance payments from clients	1,968,035	1,065,513
Others	-	9,461
<b>Total</b>	<b><u>2,775,902</u></b>	<b><u>2,254,089</u></b>

**NOTE 15. PROVISION FOR ZAKAT :**

The movement in zakat provision was as follows:

	<u>As at June 30</u>	<u>As at Decmeber 31</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at 1 January	968,944	825,750
provided	484,472	968,944
Paid	(968,944)	(825,750)
<b>Balance at the end of the period</b>	<b><u>484,472</u></b>	<b><u>968,944</u></b>

**NOTE 16. REVENUE:**

	<u>For the period from January 1 to June 30</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Cement sales	10,813,372	24,153,591
Concrete sales	31,256,591	28,707,619
Special projects	1,906,591	1,522,500.00
Sand and white Pebble sales	-	21,017,076
Other sales	2,028,978	-
<b>Total</b>	<b><u>46,005,532</u></b>	<b><u>75,400,786</u></b>

All revenues for the subsidiary companies according to the following:  
concrete sales for alian industry company.

cement sales government contracts, sand and white pebble sales and spesial projects are for Msandh alamdad company.

**NOTE 17. COST OF REVENUE:**

	<u>For the period from January 1 to June 30</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Raw materials	28,601,731	48,101,958
Salaries, wages and equivalents	6,497,116	3,272,842
Other operating expenses	3,948,880	2,323,095
<b>Total</b>	<b><u>39,047,727</u></b>	<b><u>53,697,895</u></b>



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**NOTE 18. GENERAL AND ADMINISTRATIVE EXPENSES:**

	<b>For the period from January 1 to June 30</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and wages	2,776,228	2,174,739
Provision for credit losses expense	-	5,500,000
Zakat differences	-	369,069
Professional and consultants fees	386,850	535,000
Right to use assets expense	142,362	133,555
Donations	-	500,000
Others	638,734	453,422
<b>Total</b>	<b>3,944,174</b>	<b>9,665,785</b>

**NOTE 19. EARNINGS PER SHARE:**

The calculation of basic/diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share as of June 30, 2022, have been calculated based on the weighted average number of shares outstanding at the end of the year, the adjusted earnings per share are the same as the basic earnings per share as the group has neither convertible securities nor dilutive financial instruments to exercise.

**NOTE 20. RISK MANAGEMENT:**

**Credit risk**

Credit risk represents the inability of a counterparty to meet its obligations, causing the other party to incur a financial loss. The Company is committed to managing customer credit risk by setting credit limits for each customer and monitoring existing receivables.

**Interest rate risk**

Interest rate risk relates to changes in current interest rates when negotiating renegotiation of financial instruments that are affected by current financial conditions in the domestic and global markets. The Company did not have assets of significant value bearing interest during the current and comparative periods.

**Liquidity risk**

Liquidity risk represents the difficulties faced by the Company in providing the necessary funds to meet the financial instrument commitments. Liquidity risk arises from the inability to sell a financial asset quickly in an amount equal to its fair value. The Company manages liquidity risks by maintaining cash balances with banks and ensuring that adequate facilities are available, if necessary, to cover their short-term liabilities on an ongoing basis.

**Currency risk**

Currency risk arising from fluctuations in the value of financial instruments is the result of reserve changes in exchange rates. The Corporation is subject to fluctuations in foreign exchange rates during its normal course of business.

**NOTE 21. BUSINESS RESULTS FOR THE INTERIM PERIOD:**

The business results for the initial financial period may not be an accurate indication of the actual results of the whole year's business.

**NOTE 22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:**

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on 12 Muharram 1444 corresponding to (10 August 2022)