Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

Contents

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Al Kharashi & Co.
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Independent Auditor's Report

To the **Shareholders of AL KATHIRI Holding Company**
(A Saudi Joint Stock Company)
Riyadh - Saudi Arabia

Report on the Audit of the Consolidated financial statements

Opinion:

We have audited the consolidated financial statements of **AL KATHIRI Holding Group** (the Company) and its subsidiaries referred to together as the "Group", which comprise the Consolidated statement of financial position as at December 31, 2020, and the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in shareholders' equity and Consolidated statement of cash flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Consolidated financial statements in Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current year. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
Revenue recognition: During the year ended 31 December 2020, Group's revenue amounted to SAR 104 million (2019: SAR 89 million). The Group continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.	We have performed the following procedures regarding revenue recognition: - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Evaluating the design, implementation and testing of the operational effectiveness of the Group's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Group's policy. - Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period.

Report on the Audit of the Consolidated financial statements (continued)
Key Audit Matters (continued)

Revenue recognition (continued):	- Testing revenue transactions, on a sample basis, and verify supporting documents, which included receipt notices signed by clients, to ensure the accuracy and validity of revenue recognition.
Property, machinery, equipment and projects under construction The property, plant and equipment and projects under construction balances are considered of the high relative importance, as the value of property, plant and equipment amounted to SAR 45 million (2019: SAR 45 million) and projects under construction amounted to SAR 44 million (2019: SAR 7 million) as at 31 December 2020. There are also matters that require management to use some important estimates and assumptions that affect its balances by determining the productive ages and periodically reviewing those ages and the consequent assessment of depreciation periods and the impact of that on the result of the activity. Projects under construction balances represented mainly in costs of of the 3D concrete panels factory in Elian Industry Group " subsidiary company" as its cost, up to the reporting date, that exceeded 26% of Group's total assets and the special procedures required to verify the validity of contracts, proof, timing and conditions for their conversion into property, plant and equipment. Accordingly, property, plant, equipment and projects under construction represented a key audit matter.	We have performed the following procedures regarding existence and valuation of property, plant, equipment and projects under construction balances: - Evaluating the design and effectiveness of internal control procedures over the accounting cycle for property, plant and equipment and projects under construction. We assessed the adequacy of the capitalization policies and undertook sample-based verification procedures and verified the depreciation policy for the year. We discussed with the management their professional judgment about the nature of items that have been capitalized and the appropriateness of useful lives and related policies in this regard. Property, plant and equipment, and projects under construction were disclosed in note no. (8) respectively in the Consolidated financial statements, and the accounting policy for property, plant and equipment of the Group and projects under construction were disclosed in note no. (6) in the Consolidated financial statements .

Other information included in the Group's annual report for the year ended 31 December 2020

Other information consists of other information included in the Group's annual report for the year ended 31 December 2020, other than the consolidated financial statements and the auditor's report thereon. We obtained the report of Board of Directors, prior to the date of our auditors' report and we expect to obtain the remaining section of the 2020 Annual Report after the date of this auditor's report. The Group's management is responsible for the other information mentioned in its annual report .

Our opinion on the consolidated financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the Consolidated financial statements , it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the consolidated financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Responsibilities of Management and those charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation for the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements , management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements , whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Auditor's Responsibilities for the Audit of the Consolidated financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

During our audit of the consolidated financial statements , we did not find the Company's violation of the provisions of the Companies Law or the provisions of the Company's Articles of Association.

For Al-Kharashi Co.

Sulieman A. Al-Kharashi
License No. (91)

الخراشي وشركاه
محاسبون ومراجعون قانونيون
ترخيص : ٥٣٦ Lic.: 536
Certified Accountants
& Auditors
AL-Kharashi Co.

Riyadh: Sha'ban 1,1442H
March 14, 2021G

Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS

	Notes	As at 31 December	
		2020	**2019**
ASSETS			
Non-current assets:			
Property, plant and equipment, Net	8	89,122,840	52,837,575
Right to use assets	9	1,068,438	-
Total non-current assets		**90,191,278**	**52,837,575**
CURRENT ASSETS :			
Trade receivables, Net	10	30,461,672	29,193,167
Raw material stock		13,801,484	9,864,820
Spare parts stock		419,325	350,418
Due from related parties	11	5,094,491	-
Other debit balances	12	3,659,653	13,214,592
Cash at banks	13	22,851,485	4,823,041
Total current assets		**76,288,110**	**57,446,038**
Total assets		**166,479,388**	**110,283,613**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share Capital	14	90,417,600	45,208,800
Additional capital		251,838	251,838
Share premium		7,559,083	7,559,083
Statutory Reserve	15	3,889,764	2,923,789
Retained earnings		23,381,957	15,253,400
Total shareholders' equity		**125,500,242**	**71,196,910**
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion of the Industrial Development Fund	16	3,363,352	4,408,000
Liabilities against long-term leases		1,088,969	-
Provision for end of service		922,329	434,228
Total non-current liabilities		**5,374,650**	**4,842,228**
CURRENT LIABILITIES:			
Trade payables		6,590,955	9,742,615
Short term loans	17	25,838,820	10,204,311
The current portion of the Industrial Development Fund loan	16	480,769	-
Current portion of capital contract obligations		264,280	7,752,944
Due to related parties	11	-	3,776,075
Other credit balances	18	1,603,922	2,308,157
Zakat	19	825,750	460,373
Total current liabilities		**35,604,496**	**34,244,475**
Total liabilities		**40,979,146**	**39,086,703**
Total Shareholders' Equity And Liabilities		**166,479,388**	**110,283,613**

Finance Manager

Chief Executive Officer

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

Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS

	Note	For the year ending December 31	
		2020	**2019**
Revenue	20	104,438,855	89,465,820
Less:			
Cost of revenue	21	(77,472,448)	(61,565,554)
Gross profit		**26,966,407**	**27,900,266**
Less:			
Selling and Marketing expenses		(1,768,703)	(1,295,013)
General and administrative expenses	22	(9,637,238)	(3,616,124)
Depreciation fixed Assets	8	(5,202,197)	(5,139,895)
Net Profit From main operations		**10,358,269**	**17,849,234**
Capital Losses		(73,121)	-
Finance cost		(103,320)	(1,458,417)
Other Revenue	23	303,674	85,531
Net Profit beforer Zakat		**10,485,502**	**16,476,348**
Less:			
Zakat	19	(825,750)	(460,373)
Net profit for the year		**9,659,752**	**16,015,975**
Other comprehensive income			
Actuarial revaluation of employee benefits		(113,840)	-
Total other comprehensive income		**9,545,912**	**16,015,975**
BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR	24		
From profit of main operations		1.98	4.16
from Net profit		1.84	3.74
Weighted average number of shares		5,237,304	4,287,611

Finance Manager

Chief Executive Officer

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

Al KATHIRI HOLDING COMPANY

SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

ALL AMOUNTS ARE IN SAUDI RIYALS

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total
Balance at 1 January 2020	45,208,800	251,838	7,559,083	2,923,789	15,253,400	71,196,910
Share capital increase	45,208,800	-	-	-	-	45,208,800
Adjustments	-	-	-	-	(451,380)	(451,380)
Net profit for the year	-	-	-	-	9,659,752	9,659,752
Other comprehensive income	-				(113,840)	(113,840)
Transfer to statutory reserve	-	-	-	965,975	(965,975)	-
Balance at 31 December 2020	90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242
Balance at 1 January 2019	37,674,000	251,838	7,559,083	1,322,191	8,373,823	55,180,935
Share capital increase	7,534,800	-	-	-	(7,534,800)	-
Net profit for the year	-	-	-	-	16,015,975	16,015,975
Transfer to statutory reserve	-	-	-	1,601,598	(1,601,598)	-
Balance at 31 December 2019	45,208,800	251,838	7,559,083	2,923,789	15,253,400	71,196,910

Finance Manager

Chief Executive Officer

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

Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS

	For the year ending December 31	
	2020	**2019**
CASH FLOWS FROM OPERATIONS ACTIVITIES:		
Net profit for the year	9,659,752	16,015,975
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM(USED IN)OPERATIONS ACTIVITIES:		
Depreciation	5,202,197	5,139,895
Gains on disposal of fixed assets	73,121	-
zakat provision provided	825,750	460,373
Zakat differences adjustments	(17,184)	-
Amortization of right to use assets	267,109	-
end of service provision provided	385,059	132,333
	16,395,804	21,748,576
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Trade receivables	(1,268,505)	(3,119,306)
Raw material stock	(3,936,664)	(302,330)
Spare parts stock	(68,905)	(136,844)
Other debit balances	9,554,939	(8,236,955)
Right to use assets	(1,335,547)	-
Trade payables	(3,151,660)	118,339
Related parties	(8,870,566)	3,776,075
Other credit balances	(704,235)	(189,785)
Liabilities against long-term leases	1,088,969	-
Zakat paid	(443,189)	(242,357)
Provision for end of service Paid	(10,800)	-
Net cash generated from operating activities	**7,249,641**	**13,415,413**
CASH FLOWS FROM INVESTING ACTIVITES:		
Added property and equipment	(6,177,419)	(42,336)
Proceeds from the sale of fixed assets	223,000	-
Adjustments to property and equipment	507,259	-
Projects under process	(36,113,423)	(7,098,083)
Net cash (used in) investing activities	**(41,560,583)**	**(7,140,419)**
CASH FLOWS FROM FINANCING ACTIVITES:		
Short term loans	15,634,509	(236,730)
Industrial Development Fund loan	(563,879)	4,408,000
Capital contract obligations	(7,488,664)	(6,497,387)
Adjustments	(451,380)	-
Share capital increase	45,208,800	-
Net cash generated from /(used in) financing activites	**52,339,386**	**(2,326,117)**
Net change in cash and cash equivalents	18,028,444	3,948,877
Cash and cash equivalents at the beginning of the year	4,823,041	874,164
Cash and cash equivalents at the end of the year	**22,851,485**	**4,823,041**

Finance Manager

Chief Executive Officer

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

1. THE COMPANY AND NATURE OF ITS BUSINESS:

a) The Establishing of The Company

Al KATHIRI HOLDING COMPANY is a Saudi joint stock Company and registered in Riyadh city the Kingdom of Saudi Arabia under Commercial Registration NO. 1010255690 dated 29-8-1429H (30 Aug 2008).

b) The Nature of The 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 made a decision 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 05/17/2017 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 for the purpose of listing in the Nomu - parallel market with a capital of 31,395,000 SR

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 / 2019G to increase the company capital from 45,208,800 riyals to 90,417,600 riyals by offering Shares for public subscription while retaining the right of priority in the subscription of shares for shareholders attending the meeting of the shareholders' association.

d) Fiscal year

The company's financial year is twelve months starts from first January to end of December every year .

e) Functional and presentation currency

The consolidated financial statements are prepared in Saudi Riyals, which is the functional and presentation currency for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

2. THE FAOUNDATIONS OF PREPARATION:

2-1 Statement of commitment

The company's Consolidated financial statements were prepared in accordance with the international standards of the financial report adopted in Saudi Arabia and other standards and issues issued by the Saudi Association of Chartered Accountants.

(ALL AMOUNTS ARE IN SAUDI RIYALS)

New standards and new modifications implemented as of January 1, 2019:
International Financial Reporting Standard 16 "Leases":
International Financial Reporting Standard No. (16) leases determine how to recognize, measure the offer and disclose leases. The standard provides a single accounting form, requiring tenants to recognize the assets and liabilities of all leases unless the lease period is 12 months or less or the asset subject to the contract is of low value. Lessors continue to classify leases as operational or financing under the IAS No. (16) concept of accounting for the leaseper without fundamentally changing the IAS No.(17). This standard is effective from the beginning of January 1, 2019.

2.2 Accounting basis

Consolidated financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, excluding financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and investments in Islamic murabaha that are proven at fair value through the statement of profits or losses and investments in associate companies which are recorded in accordance with the method of equity.

3. INFORMATION A BOUT THE GROUP:

The consolidated financial statements include of Al Kathiri Holding Company and the Consolidated financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired until 31 December 2020. They are as follows:

Ownership Ratio(%)		Legal entity	Country	Company's name
100	100	Limited liability company	Saudi Arabia	Alian Industry Company
100	100	Limited liability company	Saudi Arabia	Supply Support Company Ltd

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS:

These consolidated financial statements , which include the consolidated statement of financial position, the consolidated profit or loss and comprehensive income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated 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 (**3**). Subsidiaries are the entities that the group controls. In particular, the group controls the investee company only when the group has:

- 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.
- 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.

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED):

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.

5. USE OF ESTIMATES:

The preparation of these consolidated 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. 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 .

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

The policies used to prepare the consolidated financial statements for the year ended December 31, 2019 are the same as those applied in the consolidated financial statements for the year ended December 31, 2020, in addition to the international financial reporting standards that have become effective.

6-1 Financial assets - recognition and measurement

At the initial recognition, all financial assets are proven at the price of their transactions, which represents fair value, unless the arrangement actually consists of a financing transaction. If the arrangement consists of a financing transaction, the item is measured initially at the current value of future flows discounted at the market interest rate of a similar debt instrument.

After initial recognition, the extinguished cost model (or in some cases the cost model by nature and purpose of the financial asset) is applied to measure the underlying financial instruments.

Loans and debt

Receivable loans are non-derivative financial assets with fixed or identifiable payments that are not listed on an active market. They are part of current assets except those with a maturity date of more than 12 months after the end of the reporting period and are classified as non-urrent assets. Loans and receivables include accounts of commercial debtors and other debtor assets owed by related parties and cash in the fund and at banks.

Trade Receivables

The amounts due from customers for goods sold or services performed in the normal business context are represented. Debtors are proven to be the value of the original invoice minus the amount of doubtful amounts. An estimate of doubtful debts is made when there are fundamental doubts that the full amount cannot be collected. Bad debts are written off when there is no possibility of recovery.

(ALL AMOUNTS ARE IN SAUDI RIYALS)

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Decrease in the value of financial assets

At the end of the fiscal year, an assessment is made to ensure that there is no objective evidence of a decrease in the value of any financial asset measured in cost or amortized cost. If there is such evidence of depreciation, the loss of depreciation is recognized by the profit or loss and other comprehensive income statement for that year. The value of the decline in value is determined as follows:

A) For fair-value assets, the depreciation represents the difference between cost and fair value, minus any loss of value previously demonstrated in the consolidated statement of profit or loss and other comprehensive income.

B) For cost-included assets, the depreciation represents the difference between the amount listed and the present value of future cash flows discounted by the current market rate of return from a similar financial asset line.

C) For assets listed at the amortized cost, the decrease in value represents the difference between the amount listed and the present value of future cash flows discounted by the original actual commission rate.

6.2 Financial obligations - recognition and measurement

Financial obligations are classified according to contractual arrangements and include creditors, amounts payable and loans. All financial obligations are initially recognized at fair value, after the first proof of direct transaction costs are proven based on the cost extinguished using the actual commission rate over the life of the instrument and are included in the consolidated statement of profit or loss and other comprehensive income

Loans are classified as current liabilities unless the company has an unconditional right to postpone payment for at least 12 months after the date of the financial position statement.

6.3 Creditors and amounts payable

Commercial creditors are reimbursed for future payments for goods and services received, whether or not they are invoiced by suppliers.

6.4 Cash and cash equivalents

For the purposes of preparing the consolidated cash flow statement, cash and equivalent cash consists of the Fund, banks.

6.5 Inventory

The inventory of raw materials and spare parts is assessed on the basis of cost and the moving weighted average.The inventory is reduced by the value of stagnant and slow-moving items according to management estimates and inventory movement.

6.6 Property, machinery and equipment

Property, machinery and equipment appear at cost minus accumulated depreciation and any decrease in value. The cost is consumed minus the residual estimated value of property, machinery and equipment (excluding land where it is not consumed) in a fixed-installment manner over its projected production life span using the following annual depreciation ratios:

• Buildings	%15
• machinery and equipment	%10
• Vehicles and cars	%20
• Computers	%15
• Furniture and office equipment	%15

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.6 Property, machinery and equipment (continued)

The book value of property, machinery and equipment is audited to ensure a decrease in its value when events or changes in circumstances indicate that the book value cannot be recovered. If such evidence exists and the book value is greater than the recoverable value, the value of property, machinery and equipment is reduced to the recoverable value, which represents the greater value of the equitable value of the asset minus the sale costs or the present value of cash flows for the estimated future benefits of that asset.

The profit or loss resulting from the exclusion or disposal of an asset is determined on the basis of the difference between the net extracted from the exclusion and the book value of the asset and recognizes it in the consolidated statement of profits or losses and other comprehensive income.

Carry repair and maintenance expenses it in the consolidated statement of profits or losses and other comprehensive income. Improvements that substantially increase the value or age of the asset in question are capitalized.

The remaining values, age of use and method of consumption are reviewed at the end of each fiscal year and the impact of any changes in estimate is calculated on the future basis.
Gains or losses resulting from the exclusion of property and equipment, calculated on the basis of the difference between net sales intake and the book value of the asset, are recognized inthe consolidated statement of profit or loss and other comprehensive income when the asset is excluded.

At the end of each reporting period, the Company reviews the book values of its assets to determine whether there is any indication that those assets have suffered impairment losses. If such indicators exist, the recoverable value of the asset is estimated in order to determine the extent of loss of depreciation (if any). When it is not possible to estimate the refundable amount for a single asset, the company estimates the refundable amount for the cash generating unit to which the asset belongs. When a reasonable and consistent basis for distribution can be established, the company's assets are also distributed to individual cash generating units, or otherwise distributed to the smallest set of cash units for which a reasonable and consistent basis can be determined.

The refundable amount exceeds the fair value minus the sale cost and the value generated by the use. When estimating the value of use, estimated future cash flows are deducted from their current value using the pre-tax discount rate that reflects current market assessments of the time value of the money and the specific risks of the asset for which future cash flows have not been adjusted.

If the refundable amount (cash generating unit) is less than its book value, the book value (cash generating unit) of the asset is reduced to its refundable amount. A loss of depreciation is listed directly in the consolidated statement of profit or loss and other comprehensive income.

If the loss of value is subsequently reversed, the book value of the asset (or cash generating unit) must be increased to the adjusted estimates of the recoverable amount, but so that the increased book value does not exceed the book value that could have been determined if the loss of value of the asset (or cash generating unit) was not acknowledged in previous years. The loss of impairment is recognized directly in the consolidated statement of profit or loss and other comprehensive income.

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.7 Capital works in progress

The capital works under implementation include all assets that are capitalized for incompleteness as well as existing projects and are proven at cost, including all costs from contractors' dues, material value and consultant fees.

6.8 Borrowing costs

Borrowing costs directly related to the creation of eligible assets, which require a long period of time to be ready for the required use, are capitalized upon completion of all necessary activities related to the preparation of the eligible asset for the purpose for which it was created. All other borrowing costs are established as an allowance and are placed on the consolidated of profits or losses other comprehensive income in the period in which they occurred.

6.9 Provision End-of-Service indemnities

The company provides severance pay compensation to its employees in accordance with the provisions of the labor and workers' system in Saudi Arabia, which is entitled on the basis of the employee's final wage, length of service and completion of the minimum period of service.
The end-of-service obligation is calculated by estimating the value of future benefits that are due to employees in current and previous periods and the value is deducted to reach the current value.
The Company makes assumptions that are used when determining key elements of costs in order to meet these future liabilities. These assumptions are made after
Consulting the company's actuarial expert and include those used to determine the cost of the normal service as well as the financing elements of liabilities. A qualified actuary calculates the commitment to the specified benefits using the amounts due by unit method.
A reassessment of specific benefit obligations consisting of actuarial profits and losses is recognized directly in the list of other comprehensive income. The Group determines the interest expense on the specific benefit obligations for the year by applying the discount rate used to measure the specific benefit obligations at the beginning of the year after taking into account any change in net benefit obligations specified during the year as a result of contributions and payments for liabilities. Net interest and other expenses related to the benefit plans specified in the consolidated of profits or losses and other comprehensive income statement are recognized.

6.10 Regular Reserve

In line with the requirements of the Saudi Arabian Company's corporate system and the company's statutes, the company builds a regular reserve of 10% of the annual net profit until this reserve reaches 30% of the capital. The reserve is not available for distribution as dividends.

6.11 Zakat

- The company is subject to zakat in accordance with the instructions of the General Authority for Zakat and Income in Saudi Arabia and is formed a provision for the estimated zakat.
- Zakat due is calculated on the basis of 2.5% of the zakat or adjusted net income whichever is more.

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.12 Revenue generated

The revenue is measured on the basis of the corresponding that the Company expects to be entitled through the contract with the customer where the amounts collected on
behalf of third parties are excluded, the revenue is recognized when control of the goods or service is transferred to the customer.

Selling goods

For the sales of goods to the market, the revenue is recognized when the control of the goods is transferred, and when the goods are shipped to the specified customer's location (delivery) the receivables are recognized by the company when the goods are delivered to the customer where it represents the point of time at which the right to collect the outstanding amounts becomes unconditional, which means that those amounts are due directly when the purchase is made. Revenue is recognized when the control of the goods is transferred, being at the point of purchase of the goods at the point of sale and the agreed value is paid immediately when the customer purchases the goods

Other income

Other income is recognized in accordance with the principle of entitlement.

6.13 Expenses

Production costs and direct and indirect production-related expenses are classified as sales costs. All other expenses are classified as general and administrative expenses or sales and distribution expenses.

6.14 Foreign Exchange Translation

Transactions made during the period in foreign currencies are transferred to Saudi riyals at the prevailing transfer rates at the date of the transactions.

6.15 Transactions with related parties

Parties are related parties because of their ability to exercise control over the company or to exert significant influence or joint control over the company's financial and operational decisions. Also, companies are related
parties when the company can exert influence, or jointly control the financial and operational decisions of these parties.

Transactions with related parties usually involve the transfer of resources, services, or obligations between the parties.

7. MEASURING FAIR VALUE:

A) 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 asset or liabilities. Or
2. In the absence of the main market, in the most preferred market for asset 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 on the basis of their economic interest.

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 the 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.

7. MEASURING FAIR VALUE (CONTINUED):

All assets and liabilities for which fair value is measured or disclosed in Consolidated 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 Consolidated financial statements on a recurring basis, 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.

ALL AMOUNTS ARE IN SAUDI RIYALS

8. PROPERTY, PLANT AND EQUIPMENT,(NET):

	Buildings and constructions	Machines and equipment	Vehicles and cars	Computers	Furniture and office equipment	Rented machinery and equipment	Work in Progress (1/8)	Total
Book Value:								
Balance at 1 January 2020	16,702,382	38,982,003	2,838,680	284,496	317,269	2,289,236	7,557,617	68,971,683
Additions	1,400,000	4,660,320	-	84,967	32,132	-	36,113,423	42,290,842
Disposals	-	(409,344)	-	-	-	-	-	(409,344)
Adjustments	(61,000)	(464,153)	(1,600)	(2,491)	(8,439)	-	-	(537,683)
Balance at 31 December 2020	18,041,382	42,768,826	2,837,080	366,972	340,962	2,289,236	43,671,040	110,315,498
Accumulated depreciation:								
Balance at 1 January 2020	1,095,568	12,686,018	1,738,663	102,505	129,815	381,539	-	16,134,108
Depreciation of the year	408,686	3,912,722	559,989	43,400	48,476	228,924	-	5,202,197
Disposals	-	113,223-	-	-	-	-	-	(113,223)
Adjustments	(4,472)	(25,854)	-	694	(792)	-	-	(30,424)
Balance at 31 December 2020	1,499,782	16,459,663	2,298,652	146,599	177,499	610,463	-	21,192,658
Net book value at 31 December 2020	**16,541,600**	**26,309,163**	**538,428**	**220,373**	**163,463**	**1,678,773**	**43,671,040**	**89,122,840**
Net book value at 31 December 2019	**15,606,814**	**26,295,985**	**1,100,017**	**181,991**	**187,454**	**1,907,697**	**7,557,617**	**52,837,575**

Projects under process represent the construction works of the 3D concrete panels factory in Elian Industry Company "one of the subsidiary companies".

ALL AMOUNTS ARE IN SAUDI RIYALS

8/1. WORK IN PROGRESS

	As at 31 December	
	2020	2019
Elian building panels factory	41,631,844	7,557,617
Ice factory	768,660	-
Fire systems	120,420	-
Paid for capital contracts	1,150,116	-
Total	**43,671,040**	**7,557,617**

9. RIGHT TO USE ASSETS

	As at 31 December	
	2020	2019
Long-term leases		
right to use the land of the panels factory	1,335,547	-
Accumulated amortization:		
amortization of the year	(267,109)	-
Net	**1,068,438**	-

10. TRADE RECEIVABLS , NET:

	As at 31 December	
	2020	2019
Trade receivables	31,874,238	29,193,167
Less: Provision for discontinued credit losses	(1,412,566)	-
Net	**30,461,672**	**29,193,167**

ALL AMOUNTS ARE IN SAUDI RIYALS

11.TRANSACTIONS WITH RELATED PARTIES

Authority	Relationship type	Nature of relationship	Balance 1/1	Period movement		Balance at 31 December
			Credit	Debit	Credit	Debit
Meshaal AL-kathiri	Shareholder / Managing Director / CEO	inter-company transactions	3,776,075	29,894,669	21,024,103	(5,094,491)

Transactions with senior executives during the period ending on 31/12/2020 are represented as follows:

			As at 31 December	
			2020	2019
Meshaal AL-kathiri	Shareholder / Managing Director / CEO	Salaries	360,000	360,000
		Provision for end of service	25,000	15,167
		Board of director bonus	48,000	48,000
			433,000	**423,167**

12. OTHER DEBIT BALANCES:

	As at 31 December	
	2020	2019
Accrued revenue	1,809,289	-
Advances and loans	278,125	375,882
Prepaid expenses	582,628	398,112
Letters of guarantee	78,120	78,120
cost of unfinished projects	-	7,521,953
Accounts receivable of unfinished projects	-	2,312,500
Advanced payments for suppliers	911,491	2,495,918
Others	-	32,107
Total	**3,659,653**	**13,214,592**

ALL AMOUNTS ARE IN SAUDI RIYALS

13. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	**2019**
Cash at Bank	**22,851,485**	**4,823,041**

14.SHARE CAPITAL:

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 / 2019G to increase the company capital from 45,208,800 riyals to 90,417,600 riyals by offering Shares for public subscription while retaining the right of priority in the subscription of shares for shareholders attending the meeting of the shareholders' association.

Article (7) has been modified From the company basic system where the company's capital has been set at an amount (90,417,600) riyals divided into (9,041,760) shares, Each one of them worth (10) riyals, all of them are ordinary shares.

15. STATUTORY RESERVE:

In line with the requirements of the Saudi Arabian Company's corporate system and the company's statutes, the company builds a regular reserve of 10% of the annual net profit until this reserve reaches 30% of the capital.

16.THE INDUSTRIAL DEVELOPMENT FUND LOAN:

On 5/24/2018 Elian Company for Industry signed an agreement with the Industrial Development Fund to obtain a loan in the amount of 20,500,000 riyals, from which 1,540,000 riyals will be deducted for studies and the cost of industrial evaluation. The loan was granted in exchange for a bond guarantee for an order and a mortgage of all the company assets for the benefit of the fund. The company has an amount of 9,971,125 riyals from the loan, including the costs of studies and the cost of all evaluation , and the loan is repaid in 11 installments starting from 7/6/2020 AD and ending on 14/4/2025 AD, and on 31/5/2020 AD the loan was restructured to be paid in 10 installments starting From 1/28/2021 and ending on 4/4/14 AD.

The loan was classified as on December 31, 2020, as follows:

	As at 31 December	
	2020	**2019**
The current portion of Saudi Industrial Development Fund loan	480,769	-
The non-current portion of Saudi Industrial Development Fund loan	3,363,352	4,408,000
Total	**3,844,121**	**4,408,000**

ALL AMOUNTS ARE IN SAUDI RIYALS

17. LOANS AND BANK FACILITIES:

The company has signed several agreements with local banks with a credit ceiling of 12,700,000 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 and assignment of dues for supply contracts to customers.

Elian Industry, a "subsidiary company," signed a facility agreement with Riyad Bank on of 18,000,000 riyals and guaranteed from one of the shareholders of Al Kathiri Holding Company,15/12/2019 for a period of one year, with a credit ceiling who holds the position of General Manager and an executed Promissory in the amount of 19,221,000 riyals.

The balance of the facilities used on 31/12/2020 was as follows:

	Company's name	As at December 31	
		2020	2019
Short term loans	Al Kathiri Holding	11,926,687	10,204,311
Short term loans	Alian Industry	13,912,133	-
		25,838,820	**10,204,311**

18. OTHER CREDIT BALANCES :

	As at December 31	
	2020	2019
Accrued expenses	702,134	398,445
VAT	241,777	-
Advance payments from clients	650,550	1,909,712
Others	9,461	-
Total	**1,603,922**	**2,308,157**

ALL AMOUNTS ARE IN SAUDI RIYALS

19. Zakat:

	As at 31 December	
	2020	**2019**
Zakat Calculation:		
Book profit	10,485,502	16,476,348
adjustment	1,423,078	132,333
Adjusted net profit	11,908,580	16,608,681
Additions:		
Share Capital	52,373,036	45,208,800
Retained earnings	14,802,020	-
Reserves	2,923,789	1,322,191
Debts and their equivalents	40,097,926	7,810,921
Provisions	423,428	301,895
Total additions	110,620,199	54,643,807
Discounts		
Property, plant and equipment	(89,122,840)	(52,837,575)
Other	(1,068,438)	-
Total Deductions	(90,191,278)	(52,837,575)
Zakat base	**32,337,501**	**18,414,913**
Zakat due	**825,750**	**460,373**

The movement in zakat provision was as follows:

	As at 31 December	
	2020	**2019**
Balance at beginning of the year	460,373	242,357
Adjustments for zakat differences	(17,184)	-
provided	825,750	460,373
Paid	(443,189)	(242,357)
Balance at the end of the year	**825,750**	**460,373**

During the year 2020 AD, the Zakat and Income Authority approved the company's request to provide unified accounts for the company and its subsidiaries starting from 2020 AD, provided that an independent information declaration is submitted for each subsidiary separately.

During the year 2020 AD, a link was received from the Zakat and Income Authority in the amount of 648,473 riyals, and the company paid an amount of 279,405 riyals, and the rest of the amount was paid in 2021.

ALL AMOUNTS ARE IN SAUDI RIYALS

20.REVENUE:

	For the year ending December 31	
	2020	2019
Cement sales	34,176,305	39,452,021
Concrete sales	39,384,595	36,066,966
Government contracts	38,135	7,323,337
Special projects	-	3,552,500
transportation revenue	1,809,289	-
Sand and white Pebble sales	29,030,531	3,070,996
Total	104,438,855	89,465,820

21. COST OF REVENUE:

	For the year ending December 31	
	2020	2019
Raw materials	66,368,827	51,310,569
Salaries, wages and equivalents	6,241,534	6,428,888
Other operating expenses	4,862,087	3,826,097
Total	77,472,448	61,565,554

22. GENERAL AND ADMINISTRATIVE EXPENSES:

	For the year ending December 31	
	2020	2019
Salaries and wages	2,503,178	1,550,578
Capital Market Authority expenses	1,065,094	216,159
Provision for credit losses expense	1,412,566	-
Professinal and consultants fees	2,178,900	862,000
Right to use assets expense	267,109	-
Allowances for attending board and committee meetings	492,000	176,000
Zakat differences	488,387	-
Others	1,230,004	811,387
Total	9,637,238	3,616,124

ALL AMOUNTS ARE IN SAUDI RIYALS

23.: OTHER REVENUES:

	For the year ending December 31	
	2020	**2019**
Profits from currency differences	234,367	-
Others	69,307	85,531
Total	**303,674**	**85,531**

24. EARNING PER SHARE:

Earnings per share from major operations and dividends per share from net profit are calculated by dividing profit from major operations and net profit on the weighted average number of shares at the end of the year.

25. OUTSTANDING CAPITAL CONTRACT COMMITMENTS:

	The purpose of the contract	Contract Value	Paid from the contract	Remaining amount
Ajil Financial Services Company	Supplying trucks	**6,242,322**	**1,150,116**	**5,092,206**

26. CONTINGENT LIABILITIES:

Potential liabilities for a letter of guarantee presented to the Ministry of Defense for supplies as on 31/12/220 AD amounted to 520,800 riyals and the insurance paid for this letter on 31/12/2020 was 78,120 riyals.

27. RECLASSIFICATION:

	Balance at December 2019		**Balance at December 2019**
	Before reclassification	Reclassification	After reclassification
STATEMENT OF FINANCIAL POSITION			
The non-current portion of the Industrial Development Fund loan	-	(4,408,000)	4,408,000
The current portion of the Industrial Development Fund loan	4,408,000	4,408,000	-
	4,408,000	-	4,408,000
Trade payables	11,652,327	1,909,712	9,742,615
Other credit balances	398,445	(1,909,712)	2,308,157
	12,050,772	-	12,050,772
STATEMENT OF PROFIT OR LOSS			
Cost of revenue	62,860,567	1,295,013	61,565,554
Selling and distribution expenses	-	(1,295,013)	1,295,013
	62,860,567	-	62,860,567
General and administrative expenses	4,714,953	1,098,829	3,616,124
Financing expenses	359,588	(1,098,829)	1,458,417
	5,074,541	-	5,074,541

28. FAIR VALUE OF FINANCIAL TOOLS:

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. The company's financial instruments consist of financial assets and financial liabilities.

The company's financial assets consist of cash and its judgment, commercial debtors and payments to suppliers and other debtor assets due from related parties.

Financial liabilities consist of credit suppositions and receivables to related parties and other credit balances.

The fair value of financial instruments is not fundamentally different from their listed value, unless otherwise indicated.

29. RISK MANAGMENT:

Credit risk

Credit risk represents one party's inability to meet its obligations, resulting in the other party incurring financial loss. The Company is committed to managing customer-related credit risk by setting credit limits for each customer and monitoring existing debits.

Special commission price risk

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the company is subject to the risk of special commission rates on its assets associated with special commissions such as murabaha deposits and credit facilities.

Liquidity risk

Liquidity risks represent the company's difficulties in providing funds to meet financial instrument obligations. Liquidity risk results from the inability to sell a financial asset quickly at an amount equivalent to its fair value. The Company manages liquidity risks by maintaining cash balances with banks and ensuring that adequate facilities can be obtained, if necessary, to continuously cover its short-term obligations.

The terms of collection include the collection of the value of the sales within a period of 30 to 60 days from the date of sale and that the purchases are paid within a period of 30 to 60 days from the date of purchase.

Currency risk

Currency risk resulting from fluctuating value of financial instruments is the result of changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates during its normal business cycle. The company did not conduct any significant transactions in currencies other than the Saudi riyal, US dollar and euro during the year.

30. MAIN EVENTS:

The outbreak of the new Corona virus (Covid-19) in early 2020 and spread worldwide, including the Kingdom of Saudi Arabia, caused the disruption of many companies and economic activities. The company's management believes that this pandemic has no material impact on the balance sheet as of December 31, 2020. Given the current uncertainty about the future, management will continue to assess the impact based on future developments.

31. APPROVAL THE CONSOLIDATED FINACIAL STATEMENTS:

These consolidated financial statements were approved by the Company's Board of Directors on 8 March 2021, 24/7/1442H.