

**THIMAR DEVELOPMENT HOLDING COMPANY**  
**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**  
(A Saudi Joint Stock Company)  
RIYADH, SAUDI ARABIA  
FINANCIAL STATEMENTS With INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER **2022**

**THIMAR DEVELOPMENT HOLDING COMPANY**  
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## **Independent Auditors' Report** **To the Shareholders of**

### **Thimar Development Holding Company** **SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE** **(A Saudi Joint Stock Company)** **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the financial statements of Thimar Development Holding Company ((A Saudi Joint Stock Company) (the Company)), which comprise the statement of financial position as at 31 December 2022G, the statements of profits or losses and other comprehensive income, change in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the qualifications described in qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by (SOCPA), and other standards and pronouncements issued by (SOCPA).

#### **Basis for Qualified Opinion:**

1. We were not provided with the financial statements of one of the investee companies (National company for Fresh Fruit Products) as at 31 December 2022G whose balance at the same date amounted to Zero Saudi riyals (2021G: Zero Saudi riyals) also, We did not receive the confirmation for this investment at the same date and the current situation of this investment. taking into consideration what was mentioned in the note no. (7) where the Bankruptcy Committee opened the administrative liquidation procedures for the investee company. We were unable to perform alternative audit procedures to verify the accuracy of the evaluation, existence, and completeness of the balance of those investment, and related transactions and accounts.
2. We were not provided with the confirmations of some balances of trade accounts payable as at 31 December 2022G (also, we were not provided with them as at 31 December 2021G), which amounting to SR 2,318,021. We were unable to perform alternative audit procedures to verify the accuracy, existence, and completeness of these balances and to determine whether there is a need to make any adjustments to the balances of trade payables and the related transactions and accounts.

## Independent Auditors' Report (continued) To the Shareholders of

### Thimar Development Holding Company SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE (A Saudi Joint Stock Company)

#### Basis for Qualified Opinion(continued):

3. We were not provided with a certificate from the General Organization for Social Insurance as at 31 December 2022G, and we were not provided with any data or information about the company's outstanding dues in favor of the General Organization for Social Insurance during the year 2022G, whose credit balance according to the books as at 31 December 2022G amounted to SR 1,765,958 .We were unable to perform alternative audit procedures to verify the accuracy, existence and completeness of this balance and to determine whether there is a need to make any adjustments to the balance owed to the General Organization for Social Insurance and related transactions and accounts.
4. The accumulated losses as at 31 December 2022G include an amount of SR 40,817,863 which are transactions that were settled on the statement of profit or loss and other comprehensive income in year 2021,2020 and 2019, and we were not provided with sufficient supporting documents at the time (please refer to our report on the financial statements as at 31 December 2021G { qualification No. (3) and No. (5) within the basis for disclaimer of opinion section}and our report as at 31 December 2020G { qualification no. (8), and No. (21) within the basis for disclaimer of opinion section} and our report as at 31 December 2019G {qualification no. (8), No. (9) and No. (26) within the basis for disclaimer of opinion section} to find out the details of the amount and the reasons for the qualification). We were unable to perform alternative audit procedures to verify the completeness and accuracy of the balance of accumulated losses.

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditors' Report (continued)

### To the Shareholders of

### Thimar Development Holding Company

### SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

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Key audit matters are as follows:

#### **Key audit matter**

##### **Land Evaluation**

The lands represent a substantial percentage of the company's total assets as at the date of the financial statements, where the book value of the lands amounted to SR37,890,337 (2021 amount of SR 6,231,776 ). The lands are measured using the fair value model by re-evaluation to measure the lands owned by the company, and the company's management determines the fair value of its lands for evaluation purposes at fair value on the date of the financial report.

The evaluations were conducted by independent external evaluators appointed by the company's management, and the lowest evaluation was taken according to the regular instructions issued in this regard. Land valuation depends to a large extent on estimates and assumptions such as market comparison, similar properties, knowledge of the market, historical transactions, information sources from government platforms and websites, and other reliable sources.

In view of the importance and complexity of the land valuation process and its dependence heavily on a set of assumptions and estimates, we consider this matter as a key audit matter.

##### **How the matter was addressed in our audit**

We have done the following procedures regarding lands.

- Evaluate the policies and reasonableness of accounting estimates adopted by the company's management
- Evaluate the accuracy of the inputs used by the external evaluators.
- Evaluate the objectivity, independence, and expertise of the external evaluators, review the assumptions used and evaluate the valuation methodology applied.
- We evaluated the appropriateness of the disclosures related to the revaluation of lands as shown in Notes No. (5) and (14) of the supplementary notes to the financial statements.

## Independent Auditors' Report (continued)

### To the Shareholders of

#### Thimar Development Holding Company

#### SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

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### Emphasis of Matter

1. We draw attention to note No. (37) of the notes supplementing the financial statements, which indicates that the company incurred a loss of an amount during the financial year ending as at 31 December 2022G amounting to SR 233,652,138, which exceeded the entire capital (at the end of 2021G the losses exceeded the entire capital and the end of year 2020G and 2019G, the losses exceeded 50% of the capital, and this was referred to with attention in our reports on the company's financial statements), which requires, in implementation of Article No. (132) of The Regulations for the Companies, that the extraordinary general assembly to meet Within one hundred and eighty days from the date of knowledge of this, to consider the continuity of the company and take any of the necessary measures to deal with or resolve these losses; However, due to the company's entry into the financial reorganization proposal and procedures and in application of Article No. (45) of Chapter Four of the Bankruptcy Law and its implementing regulations, the company is exempted from applying the provisions of the Companies Law with regard to the company's losses reaching the percentage specified in the Law, and our opinion is not modified in respect of this matter.
2. We would like to draw attention to note no. (38) of the supplementary notes to the financial statements, which indicates that the company's continuity as a going concern is related to the implementation of the company's financial reorganization proposal, which depends mainly on increasing the company's capital, and the company's board of directors during the fiscal year recommended an increase in the company's capital by offering initial rights at a value of 200 million Saudi riyals, so that the capital after the increase becomes 300 million Saudi riyals in order to maximize the company's expansion capacity in investments and provide the necessary liquidity to pay part of the financial obligations due according to the announced financial reorganization plan .Until the date of approval of these financial statements, this increase has not occurred, and our opinion has not modified in respect of this matter.
3. We would like to draw attention to note No. (39) of the supplementary notes to the financial statements, which refers to the purpose of disclosing the amounts of current and non-current liabilities related to accepted claims in the financial reorganization proposal of the company, and our opinion has not been modified in this regard.



## Independent Auditors' Report (continued)

### To the Shareholders of

#### Thimar Development Holding Company

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#### Other Matter

We have reviewed the company's condensed Interim financial statements for the financial period ending as at September 30, 2019G, and audited the company's financial statements for the financial years ending as at December 31, 2019G, 2020G, and 2021G, in addition to reviewing the condensed Interim financial statements for the quarter periods for the years 2020G and 2021G, and we have issued our reports on them, including our disclaimer of conclusion regarding the condensed Interim financial statements or our disclaimer to express an opinion regarding the annual financial statements (and you can refer to these financial statements and our reports on them to understand the reasons for disclaimer of conclusion or disclaimer to expressing an opinion), but due to the treatments carried out by the company's management specially in the annual financial statements for the year 2021G and the regular procedures it has taken during the year 2022G (please you can refer to the financial statements and their complementary notes in order to understand this). Many of the items of the company's financial statements for the financial year ending as at December 31, 2022G can be validated, except for what has been qualified which are included in the paragraph (the basis for the qualification opinion), also in relation to the continuity of the company and according to what was stated in a paragraph (Emphasis matter item no. 2), and the possibility of applying the financial reorganization proposal to pay the company's obligations as mentioned in note no. (38) of the notes supplementing the financial statements, and accordingly we issued a qualification opinion on the financial statements for the year ending as at December 31, 2022G.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

## Independent Auditors' Report (continued) To the Shareholders of

### Thimar Development Holding Company SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE (A Saudi Joint Stock Company)

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal controls 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 financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

Board of Directors members are responsible for overseeing the company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing (IASs) that are endorsed in the Kingdom of Saudi Arabia 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 financial statements.

As part of an audit in accordance with International Standards on Auditing (IASs) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We are also:



## Independent Auditors' Report (continued) To the Shareholders of

### Thimar Development Holding Company SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE (A Saudi Joint Stock Company)

#### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

## Independent Auditors' Report (continued)

### To the Shareholders of

### Thimar Development Holding Company

### SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A Saudi Joint Stock Company)

### Report on Other Legal and Regulatory Requirements

- The Regulations for the Companies requires the auditor to include in his report any violations of the provisions of the Regulation or the provisions of the Company's Articles of Association. In the course of our current audit of the financial statements, we found that the company has violated the provisions of the Regulations for the Companies and related regulations which have no material impact on the financial statements, represented in that the company did not keep the accounting books and records within the minimum period specified by law (10 years at least) which is a violation of the Commercial Books Law applied in Kingdom of Saudi Arabia.
- The company's accumulated losses as at 31 December 2022G exceeded of the entire capital, which requires,, in implementation of Article No. (132) of The Regulations for the Companies, that the extraordinary general assembly to meet within one hundred and eighty days from the date of knowledge, but the general assembly was not called the extraordinary meeting within the period specified by law (taking into consideration what was stated in note No. (37) of the notes supplementing the financial statements, as due to the company entering into a proposal and procedures for financial reorganization and in application of article no. (45) of Chapter Four of the Bankruptcy Law and its regulations, the company is exempted from applying the provisions of the Regulations for the Companies with regard to the company losses reaching the percentage specified in the Regulation).
- The Company maintains computerized accounting records and the financial statements are in accordance therewith.

For / OSAMA A. ELKHEREIJI  
& PARTNERS CO.

Osama A. Elkhareiji  
License No. 154  
Dated 23/04/1405H.



Jeddah  
06/09/1444H.  
28/03/2023G.

**THIMAR DEVELOPMENT HOLDING COMPANY**  
**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	<u>Note</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b><u>Assets</u></b>			
<b><u>Non-Current Assets</u></b>			
Investment in associate company and unconsolidated subsidiary	(7)	-	-
Property, plant and equipment, net	(5)	43,318,376	11,713,391
Intangible assets, net	(6)	-	-
<b>Total Non-Current Assets</b>		<b>43,318,376</b>	<b>11,713,391</b>
<b><u>Current Assets</u></b>			
Assets and Property available for sale	(8)	580,000	780,000
Accounts Receivable, net	(9)	-	-
Prepaid expenses and other debit balances, net	(10)	35,743	930,227
Due from related parties, net	(11/a)	-	-
Cash and cash equivalents	(12)	212,201	623,303
<b>Total Current Assets</b>		<b>827,944</b>	<b>2,333,530</b>
<b>Total Assets</b>		<b>44,146,320</b>	<b>14,046,921</b>
<b><u>Equity and Liabilities</u></b>			
<b><u>Equity</u></b>			
Share capital	(1)	100,000,000	100,000,000
Statutory reserve	(13)	2,883,376	2,883,376
Other Statutory	(21)	(34,303)	(155,283)
Revaluation Surplus	(14)	31,658,561	-
Accumulated (losses)		(233,652,138)	(228,946,726)
<b>Total Equity (minus)</b>		<b>(99,144,504)</b>	<b>(126,218,633)</b>
<b><u>Non-Current Liabilities</u></b>			
Employees' End of Service Benefits	(20)	64,025	856,066
<b>Total Non-Current Liabilities</b>		<b>64,025</b>	<b>856,066</b>
<b><u>Current Liabilities</u></b>			
Short term loans	(15)	32,033,389	32,024,465
Accounts payable	(16)	66,380,936	66,483,175
Accruals and other credit balances	(17)	23,533,384	20,558,049
Due to related parties	(11/b)	1,570,078	1,379,078
Claims provision	(18)	3,932,071	3,187,780
Zakat provision	(19)	15,776,941	15,776,941
Provision for losses of investment in associate companies	(7)	-	-
<b>Total Current Liabilities</b>		<b>143,226,799</b>	<b>139,409,488</b>
<b>Total Liabilities</b>		<b>143,290,824</b>	<b>140,265,554</b>
<b>Total liabilities and equity</b>		<b>44,146,320</b>	<b>14,046,921</b>

\* The accompanying notes (1) to (43) form an integral part of these financial statements.

Chairman

Managing Director

Finance Manager

**THIMAR DEVELOPMENT HOLDING COMPANY**  
**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**  
**(A SAUDI JOINT-STOCK COMPANY)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

		2022	2021
	Note		
Activity Revenues	(22)	-	425,304
Activity costs	(23)	-	(410,643)
<b>Gross Profit</b>		<b>-</b>	<b>14,661</b>
<b><u>Main Operating Expenses</u></b>			
Selling and marketing expenses	(24)	-	(1,326,944)
General and administrative expenses	(25)	(7,122,001)	(77,829,444)
General and administrative expenses-financial restructuring procedure	(26)	(550,000)	(275,000)
<b>Operational (loss) from operations</b>		<b>(7,672,001)</b>	<b>(79,416,727)</b>
(Formation) provision for expected credit losses	(27/a)	(256,988)	(22,210,602)
Reversal provision for expected credit losses	(27/b)	107,969	
Provision for debit balances - Court of Execution	(28)	(196,824)	(4,015,027)
Provision for contingent liabilities	(29)	(843,720)	
Reverse / Impairment losses in the value of property and machinery	(5)	341,652	(12,672,951)
Cases and financial claims	(30)	-	(45,508,738)
Other revenues and (expenses) - (Net)	(31)	3,814,500	1,390,947
<b>Operations Income</b>		<b>(4,705,412)</b>	<b>(162,433,098)</b>
Finance cost	(32)	-	(18,296)
<b>Net (Loss) before Zakat</b>		<b>(4,705,412)</b>	<b>(162,451,394)</b>
Zakat	(19)	-	-
<b>Net (Loss) for the year</b>		<b>(4,705,412)</b>	<b>(162,451,394)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not subsequently be reclassified to profit or loss</b>			
Actuarial profit / (losses) from Employees' defined benefit plan obligations	(21)	120,980	(155,283)
Revaluation Surplus	(14)	31,658,561	-
<b>Total Other comprehensive income</b>		<b>31,779,541</b>	<b>(155,283)</b>
<b>Total comprehensive profit for the year</b>		<b>27,074,129</b>	<b>(162,606,677)</b>
<b>( Losses) per share for the year:</b>			
<b>Basic and diluted earning share in Operational (loss)</b>	(34)	<b>(0.77)</b>	<b>(7.94)</b>
<b>Basic and diluted earning share in net (Loss)</b>	(34)	<b>(0.47)</b>	<b>(16.25)</b>

\* The accompanying notes (1) to (43) form an integral part of these financial statements.

Chairman

Managing Director

Finance Manager

**THIMAR DEVELOPMENT HOLDING COMPANY**  
**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Other reserve</u>	<u>Revaluation Surplus</u>	<u>Accumulated (losses)</u>	<u>Total equity</u> <u>(minus)</u>
<b>Balance at January 1, 2021</b>	<b>100,000,000</b>	<b>2,883,376</b>	<b>-</b>	<b>-</b>	<b>(66,495,332)</b>	<b>36,388,044</b>
Net (Losses) for the year	-	-	-	-	(162,451,394)	(162,451,394)
Other comprehensive income for the year	-	-	(155,283)	-	-	(155,283)
<b>Balance as at December 31, 2021</b>	<b>100,000,000</b>	<b>2,883,376</b>	<b>(155,283)</b>	<b>-</b>	<b>(228,946,726)</b>	<b>(126,218,633)</b>
<b>Balance at January 1, 2022</b>	<b>100,000,000</b>	<b>2,883,376</b>	<b>(155,283)</b>	<b>-</b>	<b>(228,946,726)</b>	<b>(126,218,633)</b>
Net (Losses) for the year	-	-	-	-	(4,705,412)	(4,705,412)
Other comprehensive income for the year	-	-	120,980	31,658,561	-	31,779,541
<b>Balance as at December 31, 2022</b>	<b>100,000,000</b>	<b>2,883,376</b>	<b>(34,303)</b>	<b>31,658,561</b>	<b>(233,652,138)</b>	<b>(99,144,504)</b>

\* The accompanying notes (1) to (43) form an integral part of these financial statements.

Chairman

Managing Director

Finance Manager

**THIMAR DEVELOPMENT HOLDING COMPANY**  
**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

		2022	2021
<b><u>Operating Activities</u></b>			
Net (Loss) before Zakat		(4,705,412)	(162,451,394)
<b><u>Adjustments</u></b>			
Depreciation of Property, plant and equipment	(5)	421,576	1,100,552
Bad debt		-	60,497,450
Provision for expected credit loss - formed	(27)	256,988	22,210,602
(Reverse) provision for expected credit losses	(27)	(107,969)	-
Provision for debit balances - Court of Execution	(28)	196,824	4,015,027
Formed provision for contingent liabilities	(18)	843,720	-
Reversal of provision for investment losses in associate companies		-	(920,258)
Reverse / Impairment losses in the value of property and machinery	(5)	(341,652)	12,672,951
(Profit) /Losses on disposal of property, plant and equipment	(31)	(14,500)	1,548,629
Losses on disposal of intangible assets	(31)	-	25,974
Closing Inventory differences		-	20,653
Closing letter of guarantee margin		-	570,000
Employees end of service benefits - formed		38,191	62,276
Revenue from adjustments to previous balances		-	(1,023,280)
Settlements, financial claims and fines	(33)	-	54,977,682
Finance cost		-	18,296
		<b>(3,412,234)</b>	<b>(6,674,840)</b>
<b><u>Changes in assets and liabilities:</u></b>			
Due from related parties		-	150,893
Accounts Receivable		107,969	-
prepaid expenses and other debit balances		440,672	790,695
Accounts payable		(102,239)	(774)
Accruals and other credit balances		2,923,212	3,680,676
Due to related parties		191,000	211,910
<b>Cash provided by/ (used in) operating activities</b>		<b>148,380</b>	<b>(1,841,440)</b>
Used from Claims provision		(99,429)	-
Employees end of service benefits paid		(657,129)	-
<b>Net Cash (used in) operating activities</b>		<b>(608,178)</b>	<b>(1,841,440)</b>
<b><u>Investing Activities</u></b>			
Purchase of property and equipment		(26,348)	(1,840)
Collection from sale property and equipment		14,500	7,000
Collection from sale assets and property available for sale		200,000	-
<b>Net cash provided by investing activities</b>		<b>188,152</b>	<b>5,160</b>
<b><u>Cash Flows from Financing Activities</u></b>			
Net movement in Loans		8,924	-
<b>Net Cash Provided By Financing Activities</b>		<b>8,924</b>	<b>-</b>
<b>Net cash flow</b>		<b>(411,102)</b>	<b>(1,836,280)</b>
<b>Cash and bank balances at the beginning of the year</b>		<b>623,303</b>	<b>2,459,583</b>
<b>Cash and bank balances at the end of the year</b>	(12)	<b>212,201</b>	<b>623,303</b>
<b><u>The most important non-cash transactions</u></b>			
Revaluation Surplus	(14)	31,658,561	-
		<b>31,658,561</b>	<b>-</b>

\* The accompanying notes (1) to (43) form an integral part of these financial statements.

Chairman

Managing Director

Finance Manager



**THIMAR DEVELOPMENT HOLDING COMPANY**

**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**

**(A SAUDI JOINT STOCK COMPANY)**

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**1- SUMMARY FOR THE COMPANY**

- Thimar Development Holding Company (Thimar National Agricultural Marketing Company - Formerly) was registered as a Saudi joint-stock company with Commercial Registration number 1010068222 issued in Riyadh on 17 Jumada al-Awwal 1408 H (corresponding to 07 January 1988 G). The Share Capital of the Company is SAR 100,000,000 divided into 10,000,000 shares with a nominal value of SAR 10.
- Based on extraordinary general assembly meeting dated on 12 October 2021, It has been approved on changing the company name to become Thimar Development Holding Company.
- The activities of the company in marketing, wholesale and retail trade of agricultural products, foodstuffs and all kinds of meat, fresh, chilled and frozen. Also providing services in marketing, maintenance and management of agricultural projects, management and operation of central wholesale markets.
- The address of the company's head office is in Riyadh, Al Olaya District, Building No 3549, Al Oroba road, Kingdom of Saudi Arabia.

**Financial reorganization procedures**

In accordance with the ruling issued on Wednesday 25/08/1442H corresponding to 07/04/2021G in Case No. 1970 of 1442H, which judged the financial reorganization of Themar Development Holding Company and appoint Hani bin Saleh Al-Aqili as the company's financial reorganization trustee, and the company was given a period of 150 days to prepare the proposal from the date of opening the procedures, and the deadline was extended at the company's request for a period of 100 days, starting from the date of 25/01/1443H corresponding to 05/10/2021G, and then the court agreed to extend the deadline for 60 days, starting from the date of 06/056/1443H corresponding to 10/12/2021G during the subsequent period of the date of the financial statements, the company submitted the proposal (the financial reorganization plan) to the court through the financial reorganization trustee. The uploading of the proposal was accepted by the court, and the dates for the owners and creditors to vote on the proposal were approved. which the shareholders approved the proposal with a percentage of 99.57% of the attendees, as well as the creditors. With a rate of 99.73% of the attendance, the proposal was approved by the court.

Company Financial Reorganization Trustee Information:

Name: Hani bin Saleh bin Abdullah Al-Aqili - the city of Riyadh - license number 142126 - hanialogaili@gmail.com.

**2- BASIS OF PREPARATION THE FINANCIAL STATEMENTS**

**2-1 ACCOUNTING STANDARDS APPLIED**

- These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA including the Standard of Financial Reporting during the Bankruptcy Procedure: Preventive Settlement or Financial Reorganization approved in the Kingdom of Saudi Arabia, which requires a presentation of the impact Conducting financial

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reorganization on the financial statements and disclosing additional information due to entering into the procedure. The financial statements show the impact of transactions and events directly related to the financial reorganization procedures, independently of the company's current activities.

- The Capital Market Authority has allowed listed companies to use the fair value model or continue used cost model to measure the property, and investment property Starting from 1 January 2022. It also obligated listed companies to continue to use the cost model to measure the property, plant and equipment, and intangible assets.

**2-2 ACCOUNTING CONVENTION / BASIS OF MEASUREMENT**

The financial statements have been prepared in accordance with the accrual principle and going concern and on a historical cost convention unless IFRS requires the use of another measurement basis, as indicated in the applied accounting policies (Note 3).

**2-3 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency, unless otherwise noted. All figures have been rounded to the nearest riyal, unless otherwise noted.

**3- SIGNIFICANT ACCOUNTING POLICIES**

**3-1 New IFRS standards, amendments to standards and interpretations not yet adopted**

- The Company has applied the following amendments to the standards for the first time for their reporting periods commencing on 1 January 2022:

**• Amendments to International Financial Reporting Standard No.3 and International Accounting Standards No. 16 and 37**

- IFRS 3, "Business Combinations" Updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for a business combination.

- IAS 16, "Property, plant and equipment" prohibits a company from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the company is preparing the asset for its intended use. Instead, the Company will recognize such sales proceeds and related costs in the statement of profit or loss.

- IAS 37, "Provisions, Liabilities and Contingent Assets" specifies costs that a company includes when assessing whether a contract will cause a loss.

**The application of these amendments does not have any material impact on the financial statements during the year.**

**3-2 Standards issued that have not yet been applied**

The following are the amendments to the unapplied standards that have been issued and are effective for annual periods starting on or after January 1, 2023G, with early application permitted, but the Company did not apply them when preparing these financial statements. The company does not expect a material impact on the financial statements if the following standards and amendments are applied:

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**•Classification of Liabilities (Amendments to International Standard 1 “Presentation of Financial Statements”).**

These narrow scope amendments to IAS 1, Presentation of Financial Statements, clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The rating is not affected by the entity's expectations or by events after the reporting date (for example, receipt of a waiver or breach of a covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of an obligation.

**•Amendments to International Accounting Standard No. 1, Practice Statement No. 2 and International Accounting Standard No. 8**

The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

**• Classification of an amendment to IAS 12 - Deferred Tax relating to assets and liabilities arising from a single transaction**

These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences.

**3-2 CHANGES IN ACCOUNTING POLICIES**

- During this year of the financial statements, the company applied the International Accounting Standard 16 by using the revaluation model to measure the lands owned by it and which are included in the item of property, machinery and equipment, as the Capital Market Authority in the Kingdom of Saudi Arabia decided to allow the listed companies to use the fair value or revaluation model option to measure real estate And investment properties, starting from January 1, 2022G, and continuing to oblige them to use the cost model option to measure property, machinery, equipment, and intangible assets.
  - Whereas, the policy amendment in International Accounting Standard 8 stipulates that the initial application of a policy for revaluation of assets in accordance with International Accounting Standard 16 “Property, Plant and Equipment” is a change in an accounting policy that is treated as a revaluation in accordance with International Accounting Standard 16 and not in accordance with International Accounting Standard 8 .
- Note No. (3-4) includes the applicable accounting policies regarding the application of the revaluation model for land measurement, and note No. (5) and No. (14) include details of the application of the revaluation model for land measurement.

**3-4 SIGNIFICANT ACCOUNTING POLICIES APPLIED**

The following are the significant accounting policies applied by the Company in preparing its financial statements to all accounting periods presented except as mentioned in paragraph (3-3) above.

**A- Classification of assets and liabilities into current / non-current:**

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- **Assets:**

The Company presents assets and liabilities in the financial statements based on their classification into current / noncurrent items. The asset is current when:

- It is expected to be realized or there is an intention to be sold or consumed it in a normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is expected to be realized within twelve months after the financial reporting's period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least – twelve months after the financial reporting period.

The Company classifies all other assets as non-current assets.

- **Liabilities:**

A liability is current when:

- It is expected to be settled in a normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the financial reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting period.

The Company classifies all other liabilities as non-current assets.

**B- Cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of balances with banks, cash on hand and short-term deposits with an original maturities of three months or less and other short-term highly liquid investments, if any, whose original maturity is three months or Less than the date of its creation and are available to the Company without any restrictions. It also includes overdraft accounts that are an integral part of the Company's cash management and are expected to be changed from overdrafts to current accounts.

**C- Time Murabaha deposits with banks**

Time Murabaha deposits with banks include deposits with bank with an original maturities of more than three months and less a year from deposit date .

**D- Inventory**

Inventory is stated at cost or net realizable value whichever is lower Cost is determined as following:

- Raw materials, consumables and spare parts: Purchase cost on a weighted average basis Cost of purchase includes the purchase price, custom duties, and the other taxes otherwise, those which refundable, later, from tax authorities and the costs of transportation and handling and other costs attributable directly to the acquisition and deduct the trade discounts and the reductions and other similar items when determines the cost of purchase.
- The net realizable value consists of the estimated selling price less incremental completion costs and an appropriate share of selling and distribution expenses. Any decrease in the cost

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of inventories to the net realizable value should be recognized as an expense in the period in which the reduction occurs. Any reversal of impairment should be recognized in the statement of profit or loss in the period in which the reversal occurs.

- Provision is made, where necessary, for any slow moving or defective inventory and the cost of the inventory is recognized as an expense and recognized in the cost of revenue.

**E- Property, plant and equipment**

**Recognition and measurement**

- Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of acquisition of the asset includes all costs related to the acquisition of the asset.
- An item of property, plant and equipment is derecognized when it is disposal or no future economic benefits are expected from its use or disposal.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing net disposal proceeds with the carrying amounts of property, plant and equipment and are recognized net of other income (expense) in profits or losses.
- Subsequent expenditure is capitalized only when it results in increase in the future economic benefits and can be reliably measured.
- Loan financing costs are capitalized to finance the creation of qualifying assets during the year required to complete and process the assets for the purpose.
- Where significant portions of property, plant and equipment have different useful lives, they are then accounted for as items of property, plant and equipment.
- The cost of replacing an important part of the item of property, plant and equipment is recognized in the carrying amount of the item if potential future economic benefits are probable to flow to the Company and these costs can be measured reliably. The carrying amount of the item being derecognized is eliminated when significant parts of the property, plant and equipment are required to be replaced over time. The Company recognizes such items as individual assets with specific useful lives and is depreciated accordingly. Similarly, when performing a major examination, its cost is included in the carrying amount of the property and equipment as a replacement if the inclusion criteria are met. Other repair and maintenance costs are included in the profits or losses as incurred.

**Subsequent measurement of items that are measured according to the revaluation model.**

- The company chose to use the revaluation model for the real estate (land) category of property, plant and equipment items.
- The re-evaluation model is applied to the entire real estate category.
- According to the revaluation model, after the initial recognition of the land category at cost, the subsequent measurement and recording of it is at its revaluation amount, which is its fair value on the date of revaluation minus any accumulated subsequent depreciation (if any) and any accumulated subsequent impairment losses. Upon revaluation, the book amount of the asset is adjusted and re-presented to the revalued amount on the date of revaluation in a proportional manner.

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- The annual re-evaluation takes place on the date of preparing the annual financial statements, and this is done at one time.
- When the book amount of an asset increases as a result of a revaluation, the increase is recognized within other comprehensive income and collected within equity under the heading of revaluation surplus, provided that the increase is recognized within profit or loss to the extent that reflects a revaluation decrease previously recognized in profit or loss.
- If the book amount decreases as a result of a revaluation, the decrease is recognized in profit or loss. Provided that the decrease is recorded in other comprehensive income to the extent of any credit balance found in the revaluation surplus related to that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.
- Revaluation surplus included in equity in respect of land is transferred - directly - to retained earnings when the asset is derecognised. Also, some of the surplus during the use of the asset is transferred from the equivalent of the difference (if any) between depreciation based on the recalibrated book amount of the asset and depreciation based on the original cost of the asset. No transfers from the revaluation surplus to retained earnings are made through profit or loss.
- The effects of taxes on income arising from the re-valuation of real estate, machinery and equipment are recognized and disclosed, if any, in accordance with International Accounting Standard 12 "Income Taxes".

**Capital spare parts**

- Capital spare parts represent that the spare parts for factories and equipment that are necessary to support routine maintenance and overhaul of plants and equipment or to be used in emergency repair cases.
- These spare parts are capitalized if the conditions and capitalization standards are met, and are depreciated over the estimated useful life.

**Depreciation**

- The cost less estimated residual value is depreciated on a straight-line basis over the useful lives of the assets as follows.

<b>Item</b>	<b>Useful lives</b>
Buildings	33,3 years
Wells	25 years
Computer and electrical equipments	5-13.3 years
Leasehold improvement and Furniture & fixtures	4-40 years
Machinery and equipment	4-10 years
Vehicles	5-13.3 years

- The residual value and useful lives of the asset are reviewed in case there are indications of significant changes since the date of the last annual report and adjusted for future impact, when necessary.



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**Capital works in progress**

- Capital work in progress at the end of the year includes certain assets that have been acquired but are not ready for the intended use. Capital work is carried at cost less any impairment recorded in value. These assets are transferred to related asset classes and depreciated when they are ready for use.

**F- Intangible Assets**

- Intangible assets (excluding goodwill) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.
- Assets produced internally (excluding capitalized development costs) are not capitalized and related expenses are recognized in the statement of profit or loss in the period in which they are incurred.
- The useful lives of intangible assets are assessed to be either specific or indefinite.
- Intangible assets with finite useful lives are amortized over the useful economic life as following:

Item	Years
Softwares	5

- The residual values of intangible assets with finite lives, their useful lives and impairment indicators at the end of each financial year are reviewed for impairment if there is an indication that the intangible asset may have been impaired.
- Changes in the expected useful life or expected pattern of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively, if necessary.
- Amortization expense for intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income under expenses category in line with the function of intangible assets.
- Subsequent expenditure is capitalized only when the future economic benefits associated with the expenditure are likely to flow to the Company and the expenditure can be measured reliably.
- For intangible assets with an indefinite useful life are not amortized, but are tested to measure impairment annually, either individually or at the level of cash-generating units. The assessment of indefinite life is reviewed annually to determine whether it will continue to be classified as indefinitely. If not, the change in the assessment of the useful life from indefinite to finite is on a prospective basis.
- Gains or losses arising on derecognition of an intangible asset are measured as the difference between net sales proceeds and the carrying amount of the asset and are included in the statement of profit or loss and other comprehensive income when the asset is disposed of.

**G- Non-current assets held for sale (if any)**

- Non-current assets are classified as held for sale if there is a high probability of recover it through sale rather than using.

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- The requirements for classification as held for sale can only be met when it is high likely to be disposed of and the asset is available for immediate sale in its present condition. The procedures required to complete the sale should be clear that there have been no material changes and the decision will be taken to discontinue the sale.
- These assets are usually measured at book value or fair value less selling cost which is lower. Impairment losses are recognized on the initial classification as assets held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss.
- If the asset classified as held for sale, will not amortized or depreciated after that, and the investment in the investee company is not calculated after that by using the equity method.

**H- Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

- Borrowing costs directly attributable to the establishment of an asset are capitalized using the capitalization rate up to the stage in which the work necessary to prepare the qualifying asset for the intended purpose is effectively completed and are then charged to profit or loss. In the case of specific loans, all such costs directly attributable to the acquisition, construction or production of an asset that require a substantial period of time for its intended preparation or sale, such costs are capitalized as part of the cost of the related asset. All other borrowing costs are expensed in the period in which they occur.
- The incomes from the investment that earned from the temporary investment of specific loans will be deducted until they are spent on qualifying assets from borrowing costs eligible for capitalization.

**I- Associate companies investment and joint ventures**

- Associate companies are those companies over which the Company exercises significant influence. Significant influence is the Company's ability to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.
- A joint venture is a joint arrangement whereby the Company has joint control of that arrangement and has a right to the net assets of the joint arrangement.
- Joint control is a jointly controlled contractual arrangement that exists when decisions about activities require the unanimous consent of the parties sharing control. The considerations in determining significant influence and joint control are retaining, directly or indirectly, a percentage of the voting power of the investee, representation on the board of directors or similar governance bodies of the investee, participation in policy-making, including participation in decisions relating to dividends or other distributions, material transactions between the Company and the investee, the exchange of administrative personnel or the provision of basic technical information.
- The Company's investment in the associate or joint venture is accounted for using the equity method.
- According to the equity method, the investment in the associate or joint venture is initially recorded at cost in the statement of financial position, and this cost is subsequently adjusted to

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recognize the Company's share of profits or losses and other comprehensive income of the associate or joint venture minus any decrease in the value of the net investment.

- When the Company's share of losses in the associate or joint venture exceeds its ownership in the associate or joint venture (which includes any long-term equity interests that substantially form part of the Company's net investment in the associate or joint venture), the Company ceases to recognize its share of the additional losses. Additional losses are recognized and recognized as liabilities only to the extent that the Company has legal or contractual obligations or has made payments on behalf of the associate or joint venture.
- If, in a subsequent period, the associate or joint venture records profits, the Company shall resume recording its share of such profits only when its share of profits equals its share of unrecognized losses.
- The Company's investment in the associate or joint venture is accounted for using the equity method, starting from the date on which the investee becomes an associate or a joint venture.
- Upon acquiring the investment in the associate or joint venture, any excess of the investment cost over the Company's share in the net fair value of the identifiable assets and liabilities of the investee is recorded as goodwill and included in the book value of the investment, and is not depreciated or tested in its value independently.
- Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of the investment after reassessment is recognized directly in the statement of profit or loss in the year in which the investment is acquired.
- The Company discontinues using the equity method from the date the investment ceases to be an associate or joint venture, or when the investment is designated as held for sale. In this case, the investment is recorded at fair value, and any difference between the book value of the associate or joint venture and the fair value after it is converted to investment and the disposal proceeds are recognized in the income statement.
- When the Company reduces its interest in an associate or a joint venture and the Company continues to apply the equity method, the company must reclassify the gain and loss previously recognized in other comprehensive income and related to that decrease in the statement of profit and loss, if this classification is for gain and loss. Includes derecognition of related assets or liabilities.
- After applying the equity method, the Company determines, on the date of preparing the financial statements, the extent to which there is objective evidence of a decline in the value of the investment in an associate or a joint venture, and in the case of such evidence, the company estimates the recoverable amount of the investment value. The recoverable amount of the investment value is the fair value of the investment or the cash-generating unit less costs to sell the investment or its value in use - whichever is higher.
- Unrealized gains or losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's interest in the associate or joint venture. The Company's share of the results of the associate or joint venture is presented in the income statement after operating profits or losses
- The financial statements of the associate or joint venture are prepared for the same financial period as the Company. Adjustments are made, if necessary, to bring the accounting policie.

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**J- Investing in subsidiaries**

Subsidiaries are all entities (including special purpose entities) that are under the company's control.

The company controls an entity when the company has rights or variable returns as a result of its participation in the entity, in addition to its ability to influence those returns through its right to direct the activities of the entity.

The accounts of subsidiaries are fully consolidated from the date of transfer of control to the company, and the consolidation is discontinued when control ceases.

The acquisition method is used in accounting to record the purchase of subsidiaries by the company. The cost of an acquisition is measured as the fair value of the assets acquired or liabilities incurred or assumed as at the acquisition date.

The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. The goodwill resulting from the acquisition of subsidiaries is recorded in the statement of financial position under the "Intangible Assets" item. Goodwill is annually tested for impairment and recorded at net cost after deducting any impairment loss.

Non-controlling interests in the results and equity of subsidiaries appear separately in the statement of financial position and the statement of profit or loss, comprehensive income and changes in equity.

Transactions, balances, unrealized profits and losses are excluded from those transactions between the companies of the company.

The company's investment in the subsidiary is accounted for using the equity method.

- According to the equity method, the investment in the subsidiary is initially recorded at cost in the statement of financial position, and this cost is subsequently adjusted to recognize the company's share in the company's other comprehensive income, minus any decrease in the value of the net investment.

- When acquiring the investment in the subsidiary, any increase in the investment cost over the company's share in the net fair value of the assets and liabilities of the investee is recorded as goodwill and included in the book value of the investment.

Unrealized gains or losses resulting from transactions between the company and the subsidiary are eliminated to the extent of the company's share in the subsidiary. The company's share in the subsidiary's results is presented in the income statement after operating profits or losses.

The financial statements of the subsidiary are prepared for the same financial period as the company. Adjustments are made when necessary to make the accounting policies of the subsidiary consistent with the accounting policies of the company.

**K- Lease**

The determination of whether the arrangements are (or its substance) is a lease based on the substance of the agreement of the beginning of the contract. An arrangement is assessed to determine whether its performance depends on the user of assets or that the arrangements transfer the right to use the asset even if the asset is not explicitly identified in the arrangement.

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▪ **The Company as a lessee**

- The Company recognises a right-of-use asset and a corresponding lease liability related to the lease contracts which the requirements of IFRS (16) apply where:
  - Each a rental payment is distributed between the liabilities and the finance cost.
  - The finance cost is charged to profit and loss over a lease term where be achieved a static periodical commission rate on the remaining balance of the liability for each period.
  - The right of use assets was amortized with the cost that involving the following:
    - The amount of initial measurement for lease liabilities.
    - Any lease payments which were paid at or before the commencement date of the contract less any received rental incentives.
    - The costs of renewal. (if any)
  - The lease liabilities comprise the following net present values of payments:
    - The fixed payments (including the fixed payments in its substance) less any debit incentives.
    - The variable lease payments which based on an indicator or rate. (if any)
    - The amounts which expected to be paid pursuant to the guarantees of the residual value.
    - The price of exercising of the option of purchasing if a lessee sure reasonably from exercise that option if any.
    - Payments of the fines related to terminate a lease contract, if the lease term reflects reasonably of exercising the lessee for that option (if any).
  - The payments of a lease contract are discounted by using an incremental borrowing rate which represents the price that would pay by the lessee to borrow the necessary funds to obtain an asset in a similar value in a similar economic environment with similar conditions and terms.
  - The payments related to short-term leases and low-value leases are recognised as an expense in profit and loss. The short-term leases are the leases that have a lease period 12month or less.
  - Renegotiation on the lease contract's terms is made on an individual basis and contains a large of conditions and different terms. The arrangements of the lease contracts do not impose any pledges but the right-of-use assets do not use as a guarantee for the purposes of borrowing.
  - And since the existing lease contracts in the company are currently considered short-term lease contracts with lease periods of 12 months or less, and therefore, there was no significant impact on the company's financial statements as a result of applying International Financial Reporting Standard No. (16) - Lease Contracts regarding lease contracts.

**The Company as a lessor**

- The determination of whether the agreements are (or its substance) is a lease based on the substance of the agreement of the beginning of the contract.
- Each lease (if any) are classified as a finance lease or an operating lease, where the regard of a lease is a finance lease or an operating lease depends on the substance of a transaction, not on the form of the contract.
- A lease is classified as a finance lease if a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.
- A lease is classified as an operating lease that does not transfer substantially all the risks and rewards incidental to the owner ship of an underlying asset.

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- The lease incentives or any increase in the lease contracts are included as part of the total liability from the lease contract and are calculated on a straight line basis over the period of the contract. Contingent rentals are included as revenue in the period in which they are calculated.

**L- Impairment of non-financial assets**

- At each reporting date, the Company reviews non-financial assets (other than inventories) to determine whether there is any indication or circumstances that indicate an impairment loss or reversal of impairment loss. If this indicator exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss or reversal of the impairment loss, if any.
- When over it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis for allocation can be determined, the joint assets are allocated to individual cash-generating units or otherwise distributed to the smaller Company of cash-generating units for which a reasonable and consistent basis of allocation can be determined.
- The recoverable amount of the asset is the fair value of the asset or cash generating unit less costs to sell or value in use - whichever is higher,
  - The recoverable amount of an individual asset is determined unless the asset generates cash flows that are substantially independent of the expenditure generated from other assets or Companies of assets.
  - When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.
  - In assessing the value in use, estimated future cash flows are discounted to their present value using the pre-tax discount rate, reflecting current market assessments of the time value of money and the specific risks of assets for which future cash flow estimates have not been adjusted.
  - When determining the fair value less costs to complete the sale, recent market transactions are taken into consideration and, if such transactions can't be identified, an appropriate valuation model is used.
- An impairment loss is recognized directly in profits or losses unless the relevant assets are carried at their revaluated amount. The impairment loss is treated in this case as a revaluation decrease.
- Where the impairment loss is reversed subsequently, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the carrying amount does not exceed the carrying amount that would have been determined had the impairment loss been recognized value of assets (or cash-generating unit) in prior years. An impairment loss is recognized directly in the profits or losses unless the relevant assets are carried at their revaluated amount. The impairment loss is recognized in this case as an increase arising from revaluation.
- Intangible assets with indefinite useful lives and intangible assets that are not available for use after being reviewed for impairment at least annually and whenever there is an indication of impairment.



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**M- Fair value measurement**

- The company disclose the fair value for the non-financial assets as part of the annual financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction for to sell the asset or transfer the liability take place either:
  - Through the principal market of the asset or liability, or
  - Through the market most beneficial to the asset or liability in the absence of a principal market.
- The principal market or market must be the most accessible by the Company.
- The fair value of an asset or liability is measured using the assumptions used by market participants when pricing the asset or liability on the assumption that the parties in the market act in the best economic interest.
- The measurement of the fair value of a non-financial asset takes in consideration the ability of the parties in the market to provide economic benefits by using the asset to obtain the best benefit from it or to sell it to another party in the market for the best benefit.
- The Company uses valuation techniques that are appropriate to the circumstances and have sufficient data to measure fair value, maximize the use of observable data and reduce the use of non-observable related data, where:
  - The responsibility to supervise all important fair value measurements is the responsibility of management, including the third level of fair values.
  - The management reviews significant non-observable inputs and valuation adjustments periodically.
  - The management evaluates the evidence obtained from a third party to support the conclusion that these valuations meet the requirements of the IFRS adopted in Saudi Arabia, including the level in the hierarchy of fair value for which such assessments should be classified if information is used by a third party, such as brokers' prices or pricing services, are used to measure fair values.
- The Company uses observable market data to the extent possible when measuring the fair value of an asset or liability. The fair values are classified at different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:
  - Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
  - Level 2 : Inputs other than prices listed in level 1 for identical assets and liabilities that could be observed for the assets or liabilities other than direct or indirect ( as derivative of the price of the adjustment)
  - Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable input and inactive market)
- If the inputs used to measure the fair value of an asset or liability are at different levels of the fair value hierarchy, the fair value measurement is fully classified at the same level of the fair value hierarchy as the lowest level of inputs is essential for full measurement.

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- Transfers are recognized between the levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

**N- STATUTORY RESERVE:**

- In accordance with the Regulations for the Kingdom of Saudi Arabia and the Company's Articles of Association, the Company shall transfer 10% of the net profit for the year to statutory reserve until such reserve reaches 30% of its capital.
- This statutory reserve is not available for distribution to shareholders. However, its can be used to cover the company's losses or increasing the company capital.

**O- Financial instruments**

Financial instruments are recognized and measured in accordance with the requirements of IFRS (9) "Financial Instruments", which defines and addresses the classification, measurement and de-recognition of financial assets and financial liabilities and certain contracts for the purchase or sale of non-financial items. The details of the relevant accounting policies are set out below.

- **Initial recognition – financial assets and financial liabilities**

Financial assets and liabilities are recognized when the entity becomes a party to the contractual of the instrument.

- **Financial assets**

The company Financial assets that measured by the amortised cost is the most appropriate category for the company.

- **Initial measurement**

On initial measurement, except for trade receivables that do not include a material financing component, the financial asset is measured at fair value through profit or loss. The transaction costs directly attributable to the acquisition of the financial asset are recognized in profit or loss.

If the financial asset is not at fair value through profit or loss, the financial asset is measured at its fair value plus transaction costs directly attributable to the acquisition of the financial asset. Trade receivables that do not have a material financing component or which are less than 12 months old are measured at the transaction price in accordance with IFRS (15).

- **Classification and subsequent measurement**

The subsequent measurement of non-derivative financial assets depends on their classification into the following measurement categories based on the business model in which the financial assets are managed as well as the contractual terms of cash flows:

**A) Financial assets at fair value through profit or loss:**

Financial assets at fair value through statement of profit or loss are measured at the end of each reporting period without any transaction costs that the Company may incur when selling or disposing of any financial asset in the future.

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All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income and will be described below are measured at fair value through profit or loss. This includes all other derivative financial assets. On initial recognition, the Company is entitled to finalize financial assets that otherwise meet the measurement requirements at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss.

If the Company does so, it omits the accounting mismatch that may arise in one way or another or significantly reduces mismatches.

**B) Financial assets at fair value through other comprehensive income:**

They are either (debt instruments at fair value through other comprehensive income) or (equity instruments at fair value through other comprehensive income)

Financial assets at fair value through other comprehensive income are measured at the end of each reporting period and the transaction costs incurred by the Company are derecognized when the asset is disposed of in the future.

Investments in debt instruments are measured at fair value through other comprehensive income if the following two conditions are met and are not measured at fair value through profit or loss:

- ✓ It is maintained within a business model that is verified by collecting contractual cash flows and selling financial assets. And
- ✓ Their contractual periods are established on specific cash flow dates that represent only payments of principal and interest on the principal of the amount outstanding.

Upon derecognition of financial assets, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the statement of profit or loss. However, the fair value gains or losses are not reclassified to profit or loss in the case of equity instruments.

**C) Financial assets measured at amortized cost:**

The financial asset should be measured at amortized cost using the effective interest method if the following conditions are met:

- 1) The financial asset is retained within the business model, which is intended to hold financial assets from the collection of contractual cash flows; and
- 2) The contractual terms of the financial asset on specific dates result in cash flows that are principal and interest payments on the principal outstanding.

Financial assets measured at amortized cost include trade receivables, other receivables and time Murabaha deposits, Time Murabaha deposits with banks include deposits with bank with an original maturities of more than three months and less a year from deposit date, and including the loans that included in the other non current financial liabilities

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate method less impairment (if any). Amortized cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Effective interest rate amortization is included in financing revenue in profit or loss. Impairment losses are recognized in profit or loss.

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**The method of recognizing and presenting the profits or losses resulting from classifying the above categories is as follows:**

<b>Measurement class</b>	<b>Recognizing and presenting the profits or losses</b>
Financial assets at amortized cost	<ul style="list-style-type: none"><li>– The following items are included in statement of profit or loss:<ul style="list-style-type: none"><li>▪ Interest income using the effective interest rate method.</li><li>▪ Expected credit losses (or reversal of losses) (impairment and reversal)</li><li>▪ Foreign exchange gains or losses</li></ul></li><li>– When the financial asset is derecognized (Derecognition), the resulting gain or loss is recognized in profit or loss.</li></ul>
Debt instruments at fair value through other comprehensive income	<ul style="list-style-type: none"><li>– Gains and losses are recognized in other comprehensive income <b><u>except for the following items</u></b> which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:<ul style="list-style-type: none"><li>▪ Interest income using the effective interest method.</li><li>▪ Expected credit losses (or reversal of losses). (Impairment and reversal)</li><li>▪ Foreign exchange gains or losses</li></ul></li><li>– When the financial asset is de-recognized (Derecognition), the cumulative gain or loss in the other comprehensive income is reclassified to profit or loss</li></ul>
Investment in equity instruments at fair value through other comprehensive income	<ul style="list-style-type: none"><li>– Gains or losses are recognized in other comprehensive income</li><li>– Dividends from these investments must be recognized as income in profit or loss unless they clearly represent the payment of part of the cost of the investment.</li><li>– The amounts recognized in other comprehensive income are not reclassified to profit or loss under any circumstances.</li></ul>
Investment at fair value through profit or loss	<ul style="list-style-type: none"><li>– Gains or losses arising either from subsequent measurement or from de-recognition are recognized in profit or loss.</li></ul>

- **Reclassification**

When \_and only when \_ an entity changes its business model in the managing of financial assets, it must reclassify all its affected financial assets in accordance with the above classification requirements.

- **Cancellation of recognition of financial assets**

The de-recognition of a financial asset (or, as appropriate, a part of a financial asset or a part of a Company of similar financial assets) (which mean its disposal from the financial position statement) when the cash flow rights commented of the asset is done or when the financial asset

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is transfer the financial assets or all its risks and benefits to another party. The difference in carrying amount is recognized in the profit or loss.

- **Impairment of financial assets**

At each reporting date, the Company assesses the probability of objective evidence that the financial asset measured at cost or amortized cost may be impaired. Impairment arises when one or more events occur, if the initial recognition of an asset has an impact on the estimated future cash flows of a financial asset or a Company of financial assets that can be reliably measured.

IFRS (9) requires the Company to apply a model to measure expected credit losses in respect of impairment of financial assets. Credit event occurrence is not necessary to include credit losses. Instead, using the expected credit loss model, the entity calculates the expected credit losses and changes as of each reporting date.

The expected credit loss should be measured and made a provision to it either in the amount equivalent to:

(a) 12 months of expected losses or

(b) Long term expected losses.

- If the credit risk of the financial instrument is not substantially increased from the beginning, then a provision equal to the expected loss of 12 months is created.
  - In other cases, provision should be made for long-term credit losses.
- ❖ For trade receivables and other receivables, the Company has applied the simplified method in accordance with the Standard and calculates credit losses according to credit loss forecasts over the life of the financial assets where:
- The Company has established a matrix of provisions based on the Company's past experience with respect to credit losses, and adjusted for future factors relating to debtors and the economic environment.
  - The company considers the financial asset to be in default when the contractual payments are defaulted and their due date exceeds 90 days. However, in some cases, the company may consider a financial asset defaulted when internal or external information indicates that the company is not likely to receive the full existing contractual amounts before taking into account the credit supporting held by the company.

Except for investments in debt instruments measured through other comprehensive income, the book value of the asset is reduced through the use of the provision account and the amount of the loss is recognized in profit or loss. Interest income continues to be depreciated using the interest rate used to discount future cash flows to measure impairment loss. Loans are written off with the loan-related provision when there is no realistic prospect of future recovery and all guarantees are realized or transferred to the Company.

- In respect of investments in debt instruments measured through other comprehensive income, the provision for the loss of other comprehensive income accumulated in the investment revaluation reserve is recognized and does not reduce the book value of the financial asset in the statement of financial position.

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- In any case, if in a subsequent year, the amount of the impairment loss increased or decreased because of an event occurring after the impairment was recorded, the previously recognized impairment loss is increased or reduced by adjusting the provision account. If a subsequent write-down is reversed, the reversal is recognized in profit or loss.

- **Financial liabilities**

The Company's financial liabilities include accounts payables, accruals amount, loans.

- **Initial measurement**

Financial liabilities are initially recognized as financial liabilities at fair value through profit or loss and other comprehensive income and as loans, advances and payables as appropriate.

All financial liabilities are initially measured at fair value and in the case of long-term loans, advances and accounts payable, net of direct costs related to the transaction. (I.e. except for financial liabilities at fair value where transaction costs directly related to the acquisition of financial liabilities are recognized directly in profit or loss).

- **Classification and subsequent measurement**

- A) At amortized cost**

The company must classify all financial liabilities at amortized cost and subsequently measured, except for:

- 1) Financial liabilities at fair value through profit or loss.
- 2) Financial liabilities that arise when a financial asset that is unqualified for de-recognition is derecognized or when the method of continuing involvement is applied (the continuing correlation method).
- 3) Financial guarantee contracts.
- 4) Obligations or commitments to provide a loan at an interest rate lower than the market price and not measured at fair value through profit or loss.
- 5) The potential price (consideration) recognized by the acquirer in a business combination that is in accordance with IFRS (3). This potential price is subsequently measured at fair value with changes recognized in profit or loss.

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss and other comprehensive income when the liability is derecognized through the amortization of the effective interest rate.

Amortized cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. Effective interest rate amortization is included as finance costs in the statement of profit or loss. Gains or losses on financial liabilities measured at fair value (which are not part of the overall hedging relationship) are recognized in profit or loss. Except for gains or losses on certain financial liabilities that are designated at fair value through profit or loss when the Company is required to assess the effects of changes in credit risk associated with liabilities in other comprehensive income.

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**B) Financial liabilities at fair value through profit or loss**

Financial liabilities included in this category include:

1. Liabilities held for trading.
2. Liabilities derivatives not designated as hedging instruments.
3. Liabilities designated at fair value through profit or loss.

After initial recognition, the Company measures financial liabilities at fair value and recognizes changes in profit or loss.

Usually Gains and losses on financial liabilities designated at fair value are recognized in profit or loss as follows:

1. The amount of the change in the fair value of a financial liability that is attributable to changes in credit risk is recognized in other comprehensive income.
2. The residual value of the change in the fair value of the financial liability is recognized in profit or loss.

**C) Financial liabilities other than financial liabilities at fair value through profit or loss**

Financial liabilities are measured at amortized cost using the effective interest rate.

- **Reclassification**

The Company cannot reclassify any financial liability.

- **Derecognition of financial liabilities**

A financial liability is de-recognized when it is fulfilled, cancelled or terminated. When an existing financial liability is replaced by another from the same lender on substantially different terms or when the terms of an existing obligation are substantially modified, such a replacement or modification is treated as a derecognition of the original financial liability while recognizing the new obligation. The difference between the relevant book values is recognized in profit or loss.

- **Set-off of financial instruments (set-off between financial assets and liabilities).**

Financial assets and financial liabilities are offset and recorded net in the statement of financial position only when the following conditions are met:

- 1- The Company has a statutory legal right to set-off the amounts recognized in assets and liabilities.
- 2- The intention of the Company to settle on a net basis or to recognize the asset and settle the obligation simultaneously.

**P- Revenues recognition**

- Revenues arising from contracts are recognized and measured in accordance with the requirements of IFRS (15), unless they are within the scope of other standards. Revenue arising from contracts with customers is recognized based on the five steps model, whereby revenue is recognized at an amount that reflects the price the entity expects to receive for transferring goods or services to the customer. Revenue is measured based on the identified amount in the contract with the customer.

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- Revenue is measured on the basis of the compensation specified in the contract with the customer, with the exception of amounts collected on behalf of other parties. The Company recognizes revenue when transferring control over the products or services provided to the customer.
- The company recognizes revenue when it transfers control of a product or services to the customer and when the criterias for each of the company's activity are met, as mentioed below. and it is either at a point in time or over a period of time dependent on the performance of the obligation being fulfilled by transferring control of the goods or services to Client.
- Where the Company records revenue from contracts with clients based on the following five steps:
  - Step (1): Determining the contract with the client: A contract is an agreement between two or more parties that results in mandatory rights and obligations and clarifies the criteria that must be met for each contract.
  - Step (2): Defining performance obligations in the contract: A performance obligation is a promise to the customer according to the contract in order to transport goods or provide services to the customer.
  - Step (3): Determining the transaction price: The transaction price is the price expected from the Company in exchange for the transfer of goods or services agreed upon with the customer, excluding the amounts collected on behalf of third parties.
  - Step (4): Distributing the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the Company distributes the transaction price to each performance obligation by an estimated amount of the price expected to be collected from the goods or services in exchange for the performance of the performance obligation.
  - Step (5): Revenue is recognized when (or when) the Company fulfills the performance obligation.
- The Company fulfills the performance obligation and recognizes revenue over the term of the contract if it fulfills any of the following requirements:
  - 1) The client obtains the benefits resulting from the performance of the Company and the consumption of those benefits at the same time, or
  - 2) The Company's performance leads to the creation or improvement of an asset that is under the customer's control at the time of improvement or creation, or
  - 3) The Company's performance of the obligation is not originally for other uses of the Company, and the Company has the right to collect the amount for the completed performance to date that is enforceable.
  - For performance obligations where one of the above conditions are not met, revenue is recognized at the time the performance obligation is satisfied.
  - When the Company fulfills a performance obligation by providing the promised goods or services, then the Company creates an asset based on the contract in exchange for the price it received as a result of the performance. If the amount of the billed price to the customer exceeds the amount of the listed revenues, this increases the commitment of the contract.



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- Revenue is measured at the fair value of the price received or receivable, taking into account the contractual payment terms specified.
- Revenue is included in profit or loss to the extent of the expected flow of economic benefits to the Company, with revenues and costs - where applicable - being able to be measured reliably.

- **Revenue from Products Sales:**

Revenues are recognized in accordance with what mentioned above, where the benefits and risks of the sold products are transferred directly to the customer as soon as he receives them and acknowledges that, and accordingly, invoices are issued and the revenue is recorded at that point in time by the net value, after deducting any of the discounts that customers has received in accordance with the contracts concluded and to fulfill those obligations.

In the company revenue resulting when invoice is issued and goods has delivered

**Q- Costs Of Revenue**

- Cost of revenue represented in the the cost of purchasing and the direct expenses that related to revenue

**R- Expenses**

- Selling and marketing expenses and general and administrative expenses include direct and indirect costs that are not specifically considered part of the cost of revenues .
- Selling and marketing expenses in those expenses arising from the Company's underlying sales and marketing functions .
- All expenses except for financial charges, amortization, depreciation and impairment losses are classified as general and administrative expenses .

**S- Income Tax and Zakat**

**S-1 Zakat**

- Zakat is calculated in accordance with zakat regulations issued by the General Authority for Zakat and Income in the Kingdom of Saudi Arabia ("the Authority")
- Zakat is charged to the profit or loss.
- Any additional obligations and settlement of adjustments resulting from the Zakat, if any, that may become due upon completion of the assessment are recorded in the same fiscal year in which the zakat assessment is recognized.

**S-2 Withholding tax**

- The Company deducts taxes on certain transactions with non-resident entities in Saudi Arabia as required in accordance with the applicable tax regulations in the Kingdom of Saudi Arabia. The withholding tax relating to foreign payments is recognized as a liability

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**S-3 Transaction tax**

- Income, expenses and assets are recognized net of transaction tax (including VAT), except for:
  - Where the transaction tax incurred in the purchase of an asset or service is not recoverable from the tax authority, in which case the transaction tax is recognized as part of the cost of the asset or as part of the expense, where applicable.
  - Accounts receivable and payables that have been included with the transaction tax amount.
- The net amount of the transaction tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables in the statement of financial position.

**T- Foreign currency transactions and balances**

- Foreign currency transactions are translated into Saudi Riyals (functional currency) at the rates of exchange ruling at the date of the financial statements. Gains and losses arising from changes in exchange rates are recognized in profit or loss.
- Non-monetary items that are measured at the historical cost of a foreign currency are retranslated using the exchange rates at the date of the initial transactions and are not subsequently adjusted. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was determined. The gain or loss arising on the translation of non-monetary items measured at fair value is accounted for in accordance with the recognition of profit or loss from changes in the fair value of the related item.

**U- Provisions**

- Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event and there is a possibility that the Company will be required to settle this obligation through cash flows from outside the Company that reflect economic benefits and a significant estimate of the amount of the obligation can be made. Where the Company expects to repay some or all of the provision - for example - under an insurance contract, the payment is recognized as an independent asset but only when the payment is actually confirmed. The expense for the provision is presented in to profit or loss after any payment.
- If the effect of the time value of money is significant, the provisions is determined by discounting the expected future cash flows at the current discount rate before the tax that reflects current market assessments of the time value of money and the risks related to the obligation. When the discount is used, the excess of the provision is recognized as a result of the passage of time as the cost of financing in the profit or loss.
- Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If a flow of required external resources with economic benefits to settle the obligation is no longer probable, the provision is reversed.
- **Cessation of operations costs (assets related to the removal of assets)**

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A provision to suspend operations is recognized when the Company is responsible for the restoration or rehabilitation of the land. The degree of suspension of the required operations and related costs depends on the requirements of current laws and regulations.

Costs included and included in the provision include all expected cessation liabilities over the life of the assets. The provision for suspending operations is discounted to its present value and capitalized as part of the assets under property, plant and equipment and is amortized over the life of the asset.

Adjustments to the estimated amount and time of cash flows to discontinue operations are normal in light of the significant judgments and estimates involved. These adjustments are recorded as an increase in liabilities offset by an increase in the related assets. Factors affecting these adjustments include:

- Technology development.
- Regulatory requirements and environmental management strategies.
- Changes in the estimated threshold and expected costs of activities, including the effects of inflation.
- Changes in economic sustainability.

**V- Employee benefits**

**– Defined Benefit Programs**

The Company provides a defined benefit plan to its employees in accordance with the Saudi Labor Law, as its defined in the Kingdom of Saudi Arabia laws.

**Short-term employee benefits**

A liability is recognized for benefits to employees relating to wages and salaries including non-monetary benefits, annual leave, sick leave and travel tickets during the period in which the service is provided, as well as the undiscounted amount of the benefits expected to be paid for that service on the basis that the related service may Performed. Recognized liabilities relating to short-term employee benefits are measured at the amount that is not deductible and is expected to be paid for the service rendered.

**– Employee benefits after end of service**

The Company pays retirement contributions to its Saudi employees to the Social Insurance Institution and represents a specific contribution plan and the payments are considered as expenses when incurred.

**W- Liabilities and contingent assets**

- Contingent liabilities are obligations that are likely to arise from past events and are confirmed to exist only through the occurrence or absence of one or more uncertain future events that are not within the overall control of the Company. or an existing obligation that is not proved because it is unlikely that there will be a need for the flow of resources to settle the obligation. In the event that the amount of the obligation cannot be measured reliably enough, the Company does not demonstrate the contingent liabilities but discloses them in the financial statements.

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- The potential assets are not recognized in the financial statements but are disclosed when economic benefits are probable.

**X- Earnings per Share**

- Basic earnings per share is calculated by dividing the net income attributable to the Company's shareholders by the weighted average number of shares outstanding during the year.
- Since the Company does not have any convertible shares, the basic earnings per share equals the reduced earnings per share.

**Y- Cash dividends of the Company's Shareholders**

- The Company recognizes the obligations related to the payment of cash dividends to the Company's shareholders when the distribution is approved, The distribution is no longer happen according to the company's desire.
- In accordance with the Companies Law in Saudi Arabia, dividends are approved by the shareholders.
- Initial dividends, if any, are recorded upon approval by the Board of Directors. The amount of the consideration is recognized directly in equity.

**Z- Discontinued Operations**

This is one of the company's business components, whose operations and cash flows can be clearly distinguished from the remaining of the company, which are:

- Represents a separate major line of business or geographic area of separate operations.
- Part of a single coordinated plan to exclude a separate major line of business or geographic area of operations. or
- A subsidiary company acquired exclusively for the purpose of resale.

**AA- Prepaid expenses**

Prepaid long-term expenses (if any) are recognized at cost less any accumulated impairment losses.

**BB- Segments Reports**

- The business segment is a Company of assets, operations, or facilities:
  - 1) Conducts its business in commercial activities through which it is possible to generate revenues and incur expenses including revenues and expenses related to transactions with other components of the Company;
  - 2) The results of its operations are analyzed on an ongoing basis by the Chief Operating Officer in order to make decisions related to resource allocation and performance evaluation; and
  - 3) On which accurate information is available separately.
- The geographical segment provides products or services within a specific economic environment that is exposed to risks and returns that differ from operating sectors in other economic environments. Since the compnay's ctivities only in the kingdom of Saudi Arabia, so no geographical segments are presented in these financial statements.

**THIMAR DEVELOPMENT HOLDING COMPANY**

**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**

**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**4- SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities disclosed and disclosure of contingent liabilities as at the reporting date. Uncertainty about these assumptions and estimates may result in results that may require a material adjustment to the carrying amount of the assets or liabilities that will be affected in future periods.

These estimates and assumptions are based on experience and other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are difficult to obtain from other sources. Core estimates and assumptions are reviewed on an on-going basis. An audit of the accounting estimates is recorded in the period in which the estimates are revised or in the period of the revision and future periods if the revised estimates affect current and future periods.

Significant accounting judgments, estimates and assumptions have been made which have a material impact on the financial statements as following:

**4-1 Judgments**

**Compliance with performance obligations**

The Company must assess each of its contracts with customers to determine whether performance obligations have been met over time or at a specific time in order to determine the appropriate method of income recognition. The Company assessed this based on the sales and purchase agreements it had entered into with the customers and the provisions of the relevant laws and regulations .

**Determine transaction prices**

The Company shall determine transaction prices in respect of each of its contracts with customers. In making such judgment, the Company assesses the impact of any variable price in the contract as a result of discounts or fines, the presence of any material element of the contract and any non-monetary price in the contract.

**4-2 Assumptions and estimates**

**Expected credit losses**

Expected credit losses are measured as financial assets measured at amortized cost and requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

There are a number of important judgments that are also required in applying the accounting requirements for measuring expected credit losses, such as: -

Define criteria for substantial increase in credit risk

- 1- Selecting appropriate formats and assumptions to measure expected credit losses
- 2- Determine the number and relative weight of future assumptions for each type of product and market
- 3- Create a pool of potential financial assets to measure air credit losses.

The Company recognizes a provision for expected credit losses on financial instruments that are measured at amortized cost.

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The Company measures the loss allowance at an amount equal to the expected credit losses over the useful life of the financial instrument, except for:

- The following financial instruments for which the provision for expected credit losses is measured over a period of 12 months:
- Financial assets with low credit risk at the reporting date and financial instruments where credit risk has not increased significantly since its initial recognition.

**Provision for slow moving inventory**

Management form provision for slow moving and obsolete inventory items. Inventories are measured at cost or net realizable value, estimates of net realizable value are based on the most reliable evidence at the time the estimates are made. These estimates take into account price fluctuations or costs directly related to events that occur after the date of the financial statements to the extent that those events confirm conditions that exist at the end of the year.

**Productive useful life of property, plant and equipment**

The Company determines the estimated useful lives of property, equipment and investment properties for depreciation. This estimate is determined after taking into account the expected period of use of the asset and the natural damage. The management examines the estimated useful lives and the method of depreciation periodically to ensure that the method and duration of depreciation are consistent with the expected model of the economic benefits of these assets. and changes in depreciation expense are adjusted in current and future periods, if any,

**Impairment of non-financial assets.**

The Company assesses at each reporting date whether there are indications of impairment of the non-financial assets at each reporting date. Non-financial assets are selected to determine impairment in the event of indications that the carrying amounts cannot be recovered .

When the value in use is calculated, the management estimates the future cash flows of the asset or unit of cash and selects the appropriate discount rate to calculate the present value of these cash flows.

**Going concern**

The management of the Company has assessed its ability to continue on the basis of the going concern and has concluded that it has the resources to continue its activity in the foreseeable future. In addition, The company is subject to Bankruptcy Regulations and its executive regulations, where the court approved the financial reorganization suggestion that provided by the company, and both shareholders and creditors approved the proposal (note 37). Consequently, the financial statements have been prepared on the basis of the going concern.

**THIMAR DEVELOPMENT HOLDING COMPANY**  
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**5- Property, plant and equipment(net)**  
**5-1 Property, plant and equipment for year 2022G**

Description	<u>Land</u>	<u>Building</u>	<u>Vehicles</u>	<u>Furniture, Fixtures,Office equipment and Decoration</u>	<u>Wells</u>	<u>Electrical and computer equipment</u>	Total
Balance as at 1/1/2022	6,231,776	25,300,697	312,193	-	100,359	-	31,945,025
Revaluation Surplus for lands*	31,658,561						31,658,561
Additions during the year	-	-	-	24,218	-	2,130	26,348
Disposals during the year	-	-	(112,860)	-	-	-	(112,860)
<b>Cost as at 31/12/2022</b>	<b>37,890,337</b>	<b>25,300,697</b>	<b>199,333</b>	<b>24,218</b>	<b>100,359</b>	<b>2,130</b>	<b>63,517,074</b>
<b>Accumulated Impairment &amp; Depreciation as at 1/1/2022</b>							
Accumulated Impairment as at 1/1/2022	-	12,672,951	-	-	-	-	12,672,951
Accumulated Depreciation as at 1/1/2022	-	7,208,136	250,188	-	100,359	-	7,558,683
Year's depreciation ***	-	378,832	40,424	2,142	-	178	421,576
Accumulated Depreciation of disposal during the year	-	-	(112,860)	-	-	-	(112,860)
Reverse Impairment during the year**	-	(341,652)	-	-	-	-	(341,652)
<b>Accumulated as at 31/12/2022</b>	<b>-</b>	<b>19,918,267</b>	<b>177,752</b>	<b>2,142</b>	<b>100,359</b>	<b>178</b>	<b>20,198,698</b>
<b>Net book value as at 31/12/2022</b>	<b>37,890,337</b>	<b>5,382,430</b>	<b>21,581</b>	<b>22,076</b>	<b>-</b>	<b>1,952</b>	<b>43,318,376</b>
<b>Net book value as at 31/12/2021</b>	<b>6,231,776</b>	<b>5,419,610</b>	<b>62,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,713,391</b>

\* During the fiscal year, the fair value model was used by re-evaluation to measure the lands owned by the company, and based on the results of that evaluation, an increase in the value of the lands owned by the company was proven with a total amount of 31,658,561 Saudi riyals, and it was recorded within the items of other comprehensive income under the name of revaluation surplus, based on the evaluations The company carried out the lands by 2 certified evaluators, and the lowest value valuation was taken (Note No. 14).

\*\* The reverse of decrease of SR 341,652 is represented in the company comparing the total value of the buildings appraisal for the number of 3 sites owned by it on December 31, 2022G, with the total net balances of the cost of those items and their accumulated book depreciation. Based on the results of those evaluations, part of the value of the decline in value was reversed The buildings that were registered in the last year, based on the evaluations that the company made for the buildings by the number of 2 certificated evaluators, and the evaluation with the lowest value was taken into account (5-3).

\*\*\* Depreciation expenses have been fully distributed on the item of general and administrative expenses, note No. (25).

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5-2 Property, plant and equipment for year 2021G

Description	<u>Land</u>	<u>Building</u>	<u>Machines &amp; Equipment</u>	<u>Vehicles</u>	<u>Furniture, Fixtures, Office equipment and Decoration</u>	<u>Wells</u>	<u>Electrical and computer equipment</u>	<u>Leasehold improvements</u>	Total
Balance as at 1/1/2021	6,231,776	25,300,697	1,081,196	794,433	6,420,396	100,359	2,505,291	41,875	42,476,023
Additions during the year	-	-	-	11	-	-	1,840	-	1,851
Disposals during the year*	-	-	(1,081,196)	(482,251)	(6,420,396)	-	(2,507,131)	(41,875)	(10,532,849)
Cost as at 31/12/2021	<u>6,231,776</u>	<u>25,300,697</u>	<u>-</u>	<u>312,193</u>	<u>-</u>	<u>100,359</u>	<u>-</u>	<u>-</u>	<u>31,945,025</u>
Accumulated Impairment & Depreciation as at 1/1/2021	-	-	-	-	-	-	-	-	-
Accumulated Impairment as at 1/1/2021	-	-	-	-	-	-	-	-	-
Accumulated Depreciation as at 1/1/2021	-	6,449,115	1,059,463	661,634	3,891,270	100,359	2,493,499	-	14,655,340
Year's depreciation ***	-	759,021	21,734	40,425	267,319	-	12,053	-	1,100,552
Accumulated Depreciation of disposal during the year	-	-	(1,081,197)	(451,871)	(4,158,589)	-	(2,505,552)	-	(8,197,209)
Impairment during the year**	-	12,672,951	-	-	-	-	-	-	12,672,951
Accumulated as at 31/12/2021	<u>-</u>	<u>19,881,087</u>	<u>-</u>	<u>250,188</u>	<u>-</u>	<u>100,359</u>	<u>-</u>	<u>-</u>	<u>20,231,634</u>
Net book value as at 31/12/2021	<u>6,231,776</u>	<u>5,419,610</u>	<u>-</u>	<u>62,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,713,391</u>
Net book value as at 31/12/2020	<u>6,231,776</u>	<u>18,851,582</u>	<u>21,733</u>	<u>132,799</u>	<u>2,529,126</u>	<u>-</u>	<u>11,792</u>	<u>41,875</u>	<u>27,820,683</u>

\* Based on the results of the actual count of property, machinery and equipment, part of the property, machinery and equipment was excluded, and as a result, capital losses amounted to SR 1,548,629, which are included in note No. (31), and assets and property available for sale amounted to SR780,000, note No. (8), and were recorded For the fiscal year ending on December 31, 2021G, based on the decision of the Board of Directors.

\*\* At the end of the fiscal year, an evaluation was made for the items (land - buildings) included in property, machinery and equipment, and due to the lack of detailed data for those lands and buildings, the total evaluation value of 3 sites owned by the company was compared with the total balances of the cost of those items and their accumulated book depreciation, based on The results of those evaluations proved a decrease in the value of the buildings in the amount of 12,672,951 Saudi riyals, and it was recorded on the fiscal year ending on December 31, 2021G, based on the Board of Directors' resolution and the evaluation was carried out by the Middle East Real Estate Appraisal Company.

\*\*\* Depreciation expenses have been fully distributed on the item of general and administrative expenses, note No. (25).



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At the end of the fiscal year, the company made an evaluation of the buildings built on the lands owned by it, and based on the results of those evaluations, an amount of SR 341,652 was refunded from the decrease recorded in the previous year amounting to SR 12,672,951, as the company approved the lowest value evaluations.

The following are the evaluators' data:

1- Middle East Real Estate Appraisal Company: License of the Saudi Authority for certified evaluator No. 1210001207 represented by:

- Mr. Abdullah Fahd Al-Huraish, Membership No. 1210001207.
- Mr. Osama Mohammed Al-Ruwais, Membership No. 1210001052.

2- Adaa Management Company for Real Estate Appraisal: License of the Saudi Authority for certified Residents No. 1210000876 represented by:

- Mr. Saud and Nadi Al-Enezi, Membership No. 1210000876.
- Mr. Muhammad Jamal Al-Rifai, Membership No. 1220003039.

**6- INTANGIBLE ASSETS, NET**

The movement of the intangible assets during the year as following:

<b><u>Description</u></b>	<b><u>Programmes</u></b>	<b><u>Total</u></b>
<b><u>Cost as at</u></b>		
As at 01 January 2022	-	-
<b>As at 31 December 2022</b>	-	-
<b><u>Accumulated depreciation</u></b>		
As at 01 January 2022	-	-
Disposal amortization	-	-
<b>As at 31 December 2022</b>	-	-
<b><u>Net book value</u></b>		
<b>As at 31 December 2022</b>	-	-
<b>As at 31 December 2021</b>	-	-

\* During the year 2021G, the programs were excluded, and as a result, capital losses amounted to SR 25,973, which are included in Note No. (31).

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-The movement of intangible assets during the comparative year is as follows:

<b><u>Description</u></b>	<b><u>Programmes</u></b>	<b><u>Total</u></b>
<b><u>Cost as at</u></b>		
As at 01 January 2021	40,000	40,000
	(40,000)	(40,000)
<b>As at 31 December 2021</b>	<b>-</b>	<b>-</b>
<b><u>Accumulated depreciation</u></b>		
As at 01 January 2021	14,027	14,027
Amortization	-	-
Disposal amortization	(14,027)	(14,027)
<b>As at 31 December 2021</b>	<b>-</b>	<b>-</b>
<b><u>Net book value</u></b>		
<b>As at 31 December 2021</b>	<b>-</b>	<b>-</b>
<b>As at 31 December 2020</b>	<b>25,973</b>	<b>25,973</b>

**7- INVESTMENT IN ASSOCIATE COMPANY AND UNCONSOLIDATED SUBSIDIARY /  
PROVISION FOR LOSSES OF INVESTMENT IN ASSOCIATE COMPANY**
**7-a- INVESTMENTS IN ASSOCIATES COMPANIES**

Investments in associate companies consist of the following:

<b>Company</b>	<b>Legal entity</b>	<b>Country</b>	<b>Ownership percentage</b>	<b>31 December 2022 SAR</b>	<b>31 December 2021 SAR</b>
* Thimaar and Wasmi Markets Company	Limited liability company	Saudi Arabia	% 30.56	-	-
** Thimar Fresh Company	Limited liability company	Saudi Arabia	% 50	-	-
				-	-

\* Thimaar and Wasmi Markets Company is a limited liability company established in the Kingdom of Saudi Arabia in accordance with the Companies regulation. The main activities of the company are wholesale and retail trade in agricultural, industrial and food products, chilled meats, cleaning and consumer items and all household items. During the year 2021G, a ruling was issued by the department the ninth in the Commercial Court in Riyadh, ruling opening the liquidation procedure for Thimaar Wasmi Agricultural Markets Company, and based on the result of the liquidation, which showed the bankruptcy of the associate company, the management of the company decided to reverse and close the provision for investment losses in the associate company and write off the balance of indebtedness

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owed by the associate company and there are no outstanding balances for it in the current financial statements.

\*\* Thimar Fresh Company is a limited liability company established in the Kingdom of Saudi Arabia in accordance with the Companies regulation. The company's accumulated losses reached to 100% of its capital since previous years, and the company's management decided to stop calculating equity method due to existing a lawsuit to liquidate the company, but it has not yet been decided. And during the period following the date of the financial statements, the Bankruptcy Committee announced the opening of the administrative liquidation procedure for the National Company for Fresh Fruit Products (the associate company). Previously, during the year 2021G, write off the debt balance owed by the associate company , and there are no existing balances for it in the current financial statements.

**7-b-Investment in unconsolidated subsidiary**

Investments in subsidry companies consist of the following:

<b>Company</b>	<b>Legal entity</b>	<b>Country</b>	<b>Ownership percentage</b>	<b>31 December 2022 SAR</b>	<b>31 December 2021 SAR</b>
Wasmi and Thimaar for meat Company (A single shareholder company)	Limited liability company	Saudi Arabia	100%	-	-
				-	-

Wasmi and Themar Meat Company (a single shareholder company) is a limited liability company established in the Kingdom of Saudi Arabia in accordance with the Companies Law under company registration certificate No. 101084794 dated 05/27/1444H corresponding to 21/12/2022G, and the authorized capital amounted to SR 100,000 . Its activity is in the production of fresh meat and the wholesale and retail sale of meat and meat products. Some activities require obtaining licenses from the Ministry of Industry and Mineral Resources. The first fiscal year of the company begins from the date of its registration in the commercial register and ends on 31/12/2023G. Each fiscal year thereafter is twelve. Gregorian months, **and the capital has not been deposited up to date, and the company has not carried out any activities to date, and there are no outstanding balances for it in the current financial statements.**

**8- ASSETS AND PROPERTIES AVAILABLE FOR SALE:**

	<b>31 December 2022 SAR</b>	<b>31 December 2021 SAR</b>
Iron piles and scraps*	580,000	780,000
	<b>580,000</b>	<b>780,000</b>

\*it represent in unusable piles of iron and scrap and they are available for sale. It was estimated at 780,000 Saudi riyals, as part of it was sold for SR200,000 during this year, and a several of price quotations were obtained for the rest, amounting to an average of SR580,000.

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	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>SAR</b>	<b>SAR</b>
Accounts receivable**	13,109,019	13,216,988
Deduct : provision for credit losses*	(13,109,019)	(13,216,988)
	<b>-</b>	<b>-</b>

**\*Movement in provision for credit losses on trade receivables**

	<b>2022</b>	<b>2021</b>
Balance at the beginning of the year	13,216,988	13,190,471
Used during the year*	(107,969)	-
Formed during the year	-	26,517
	<b>13,109,019</b>	<b>13,216,988</b>

\*Part of the provision has been used against the amount collected in execution from one of the previous clients.

\*\* The aging for trade receivables during the fiscal year ending on December 31, 2022G exceed 360 days (on December 31, 2021G: exceed 360 days).

**10- PREPAID EXPENSES AND OTHER DEBIT BALANCES, NET**

	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
Receivables staff	3,065	127,504
Prepaid expenses	32,488	32,573
Advance payments to suppliers	190	507
Other debit balances	4,468,839	4,784,670
	<b>4,504,582</b>	<b>4,945,254</b>
Deduct : Credit losses provsion *	(256,988)	-
Deduct : Provision for debit balances - Court of Execution **	(4,211,851)	(4,015,027)
	<b>35,743</b>	<b>930,227</b>

**\*Movement in credit loss provision for other debit balances:**

	<b>2022</b>	<b>2021</b>
Balance at the beginning of the year	-	11,302,209
Used during the year	-	(11,302,209)
Formed during the year	(256,988)	-
	<b>(256,988)</b>	<b>-</b>

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	2022	2021
Balance at the beginning of the year	4,015,027	-
Used during the year	-	-
Formed during the year	196,824	4,015,027
	<b>4,211,851</b>	<b>4,015,027</b>

The formed is represented in made a provsion for the sum of the amounts recorded as debit balances in the Execution Court, which the court withdrew from the company's bank accounts against the cases issued by the company, due to the lack of sufficient data with the current management for these cases, and it is being followed up with the legal department.

**11- RELATED PARTIES TRANSACTIONS:**

- The related parties represent the main shareholders and top management members in the company and the companies that owned or managed by them, Also the companies that have a control over those entities or influence effect.
- Transactions with related parties are carried out during the regular business cycle. on terms similar to those between other parties through contracts approved by the management.
- Following the main transactions with the related parties and the balances:

**12-A Due from related party:**

	Relationship	The nature of the transactions	01/01/2022	Total debit transactions	Total credit transactions	31/12/2022
Thimaar and Wasmi Markets Company**	Associate company	Refund Payments on behalf	-	151,000	151,000	-
Prince / Faisal bin Turki	Partner in Associate company	Receivable	22,184,085	-	-	22,184,085
<b>Total</b>			<b>22,184,085</b>			<b>22,184,085</b>
Provision for doubtful debts*			(22,184,085)			(22,184,085)
<b>Total</b>			<b>-</b>			<b>-</b>

**\*Movement in credit losses provision for related parties:**

	2022	2021
Balance at the beginning of the year	22,184,085	3,920,195
Used during the year	-	(3,920,195)
Formed during the year	-	22,184,085
Balance at the end of the year	<b>22,184,085</b>	<b>22,184,085</b>

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During **last** year the provision for credit losses for related parties has been formed by an amount of SR 22,184,085, based on the decision of the Board of Directors.

During the last year the company's management decided year to write off the balance of the National Company for Fresh Fruit Products, using the provision for credit losses for related parties in the amount of SR 3,920,195, due to the lack of inference on the associate company for a long time.

**\*\***During the **last** year the management of the company decided to write off the balance owed by the associate company, Themar Wasmi Agricultural Markets Company amounting to SR 60,497,450 due to the liquidation and bankruptcy of the associate.

**12-B Due to related party\*\*\*:**

	Relationship	The nature of the transactions	01/01/2022	Total debit transactions	Total credit transactions	31/12/2022
Mr. Sari AL Mayouf	Managing Director (previous)	Funding	827,194	-	9,000	836,194
Mr. Ibrahim Al Mayouf	Chariman (previous)	Funding	551,884	-	182,000	733,884
<b>Total</b>			<b>1,379,078</b>			<b>1,379,078</b>

**\*\*\*** As part of the financial reorganization procedure, the related parties submitted their claims to the company's financial reorganization trustee with a total amount of SR 1,379,078, and they were fully accepted. 22/07/1443H corresponding to February 23, 2022G and the list of claims was matched with what was recorded in the books.

**\*\*\*** The credit movement during the year 2022 for the above-mentioned gentlemen is represented in fees due to attend the meetings of the Board of Directors during the year 2021/2022, which were not included at the time when submitting the list of claims related to the financial reorganization.

**12-C- Compensation for key management personnel**

According to the company's policy, the senior executives including the president are those who have the authorities and responsibilities for planning and directing the company's operations directly and indirectly. During the year, the basic salaries, commissions and other benefits of the Executive Director amounted to SR 550,000 (2021: SR 2,310,000).

Also, the total approved bonuses for the Chairman and members of the Board of Directors and committees during the year 2022G amounted to SR 3,808,500 (2021G: SR zero).

Also, the balance of the item salaries and employee benefits due on December 31, 2022G includes an amount of SR 4,381,760 (on December 31, 2021G, the amount of SR 3,538,260) in favor of the former Managing Director and the current member (Note No. 17).

Also, the balance of the bonus item due on December 31, 2022G includes an amount of 2,865,500 Saudi riyals (on December 31, 2021G, the amount of zero Saudi riyals) for the benefit of members of the Board of Directors and committees (Note No. 17).

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****12- CASH AND CASH EQUIVALENTS:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>SAR</b>	<b>SAR</b>
Petty cash	697	17,675
Cash at Banks	211,504	605,628
	<b>212,201</b>	<b>623,303</b>

**13- STATUTORY RESERVE:**

In accordance with the Company's Articles of Association and the Companies Law in the Kingdom of Saudi Arabia, the Company must annually transfer 10% of its net income to a statutory reserve until this statutory reserve reaches 30% of its capital. This reserve is not distributable to shareholders.

**14- REVALUATION SURPLUS:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>SAR</b>	<b>SAR</b>
Surplus of revaluation of land on Al-Kharj Road, Riyadh	27,331,561	-
Surplus of revaluation of Al-Kharj land	3,704,250	-
Surplus of revaluation of the industrial city land	622,750	-
	<b>31,685,561</b>	<b>-</b>

During the year 2022, the fair value model was used by re-evaluation to measure the lands owned by the company, and based on the results of that evaluation, an increase in the value of the lands owned by the company was proven, with a total amount of SR 31,685,561 and it was recorded within the items of other comprehensive income under the name of revaluation surplus, based on the evaluation What the company has done for its real estate.

- The following is a breakdown of the revaluation evaluator:

	<b>Book Value</b>	<b>Revaluation(selected)</b>	<b>Surplus Revaluation</b>
land on Al-Kharj Road, Riyadh (1)	1,477,426	28,808,987	27,331,561
Al-Kharj land (2)	768,750	4,473,000	3,704,250
The industrial city land (3)	3,985,600	4,608,350	622,750
<b>Total</b>	<b>6,231,776</b>	<b>37,890,337</b>	<b>31,685,561</b>

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

- The following is a breakdown of the evaluators:

	<b>First evaluator (The Middle East company)</b>	<b>Second evaluator (Adaa Management Company for Real Estate Appraisal)</b>	<b>Selected Revaluation (less)</b>
land on Al-Kharj Road, Riyadh (1)	28,808,987	29,770,266	28,808,987
Al-Kharj land (2)	4,473,000	4,634,000	4,473,000
The industrial city land (3)	4,608,350	4,819,338	4,608,350
<b>Total</b>	<b>37,890,337</b>	<b>39,223,604</b>	<b>37,890,337</b>

- The lands were evaluated taking into account a number of factors, including the area of the land, its location, and evaluation methods using the comparison method to determine the market value of each land.

**Additional information about the appraised lands:**

1. A land located in Al-Kharj Road, Riyadh, owned by the company under Deed No. 09/20/1402, with a total area of 58,793.85 square meters.
2. Agricultural land located in Al-Kharj for the number of 14 plots owned by the company according to 11 deeds, with a total area of 700,000 square meters.
3. An industrial land located in the Industrial City in Riyadh, owned by the company under Deed No. 11/19/1436, with a total area of 4,982 square meters.
- 4- In accordance with the instructions issued by the Capital Market Authority in the Kingdom of Saudi Arabia, when using the fair value or revaluation model to measure real estate, the company must evaluate each property prepared by two evaluators as a minimum, with the lowest value valuation taken when preparing the annual financial statements and by evaluators who obtained Membership of the Saudi Authority for certificated evaluators .

**-The following are the evaluator data:**

1- Middle East Real Estate Appraisal Company: License of the Saudi Authority for certified evaluator No. 1210001207 represented by:

- Mr. Abdullah Fahd Al-Huraish, Membership No. 1210001207.
- Mr. Osama Mohammed Al-Ruwais, Membership No. 1210001052.

2- Adaa Management Company for Real Estate Appraisal: License of the Saudi Authority for certified Residents No. 1210000876 represented by:

- Mr. Saud and Nadi Al-Enezi, Membership No. 1210000876.
- Mr. Muhammad Jamal Al-Rifai, Membership No. 1220003039.



**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****15- LOANS:****The loans are as follow:-****Loan from SABB bank:**

- The facilities that the company has received by SABB Bank until December 31, 2022 amounted to SR 32,033,389 (31 December 2021, an amount of SR 32,024,465). During the year 2022G, reconciliation was made with the bank and an amount of SR 8,924 was settled on the item of general and administrative expenses against the bank's previous fees for real estate appraisal. The company has not been registered in the books previously.\*

\*As part of the financial reorganization procedure, SABB Bank submitted its claims to the company's financial reorganization trustee with a total amount of SR 37,071,930. The amount of SR 32,024,465 was accepted and the amount of SR 5,047,465 was rejected. The list of claims was approved in the company's financial reorganization procedures by the Ninth Commercial Circuit of the Commercial Court in Riyadh on 22/07/1443H corresponding to February 23, 2022G.

**16- ACCOUNTS PAYABLE:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>SAR</b>	<b>SAR</b>
Accounts payable	21,164,098	21,266,337
Claims*	45,216,838	45,216,838
	<b>66,380,936</b>	<b>66,483,175</b>

\*As part of the financial reorganization procedure, the creditors submitted their claims to the company's financial reorganization trustee with a total amount of SR 68,529,529. Part of it was accepted in the amount of SR 64,165,250, and the rest was rejected in the amount of SR 4,517,279. The list of claims in the company's financial reorganization procedures was approved by the Ninth Commercial Circuit of the Commercial Court in Riyadh on 22/07/1443H corresponding to February 23, 2022G.

The historical details of the trade payables outstanding on December 31, 2022G were as follows:

<b>Description</b>	<b>Amount (SAR)</b>
1 Previously recorded book balances of creditors who submitted their claim to the Financial Reorganization Trustee	18,948,316
2 Differences in book balances of creditors who submitted their claim to the Financial Reorganization Trustee	45,216,838
3 Previously recorded book balances of creditors who did not submit their claim to the Financial Reorganization Trustee	2,215,782
<b>Total</b>	<b>66,380,936</b>

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****17- ACCRUALS AND OTHER CREDIT BALANCES\*:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>SAR</b>	<b>SAR</b>
Salaries and employees benefits**	7,652,119	7,517,703
Other accrued expenses	3,798,443	3,730,948
Accrued bonuses- Board of directors and Committees**	2,865,500	-
End of service benefits for terminated employees	1,759,560	1,836,889
Value added tax***	7,457,762	7,472,509
Other Provsion****	3,932,071	3,187,780
	<b>27,465,455</b>	<b>23,745,829</b>
Deduct:-Reclass to claims provsions	<b>(3,932,071)</b>	<b>(3,187,780)</b>
	<b>23,533,384</b>	<b>20,558,049</b>

\*As part of the financial reorganization procedure, other creditors (labor and employees - other payables - government agencies) submitted their claims to the company's financial reorganization trustee with a total amount of SR16,583,646, part of which was accepted in the amount of SR 11,019,549, and the rest was rejected in the amount of SR 5,564,097, and the list of claims in the company's financial reorganization procedures was approved by the Ninth Commercial Circuit of the Commercial Court in Riyadh on 22/07/1443H corresponding to February 23, 2022G.

\*\* The accrued salaries and benefits for employees due as at December 31, 2022G, includes an amount of SR 4,381,760, which is represented in accrued salaries and benefits in favor of the current managing director and the former managing director (31 December 2021G, an amount of SR 3,538,260) (related parties) Note No. 11/c.

Also, the accrued bonuses as at December 31, 2022G includes an amount of SR 2,865,500 (as at December 31, 2021G, the amount of SR zero ) for the benefit of members of the Board of Directors and committees (related parties), note No. 11/c.

\*\*\* The company's management has recorded the value-added tax balance due on it in favor of the Zakat, Tax and Customs Authority, according to the invoiced amounts in the electronic system records of the authority.

\*\*\*\*The company's management re-examined the balances of the accrued expenses (salaries and payable of employee), and as a result, there was a book balance registered with the increase, and the management decided to separate that balance in the account of other provsions to be used against the cases whose owners did not submit their claim to the Financial Reorganization Trustee, and these cases were not included in the list Approved Claims note No. (36), as well as in the event that any obligations appear on the company later, the company's management also formed the provision during the year 2022G with an amount of SR 843,720 , against potential liabilities for cases filed against the company according to the statement of the company's legal advisor, and it was reclassified and separated in a separate item within the items of the statement of financial position under the name of the claims provision , note No. (18).

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****18- CLAIMS PROVISION**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Claims provsion	3,932,071	3,187,780
	<b>3,932,071</b>	<b>3,187,780</b>

It is represented in a provision to meet cases whose owners did not submit a claim to the Financial Reorganization Trustee, and those cases were not included in the list of approved claims, note No. (36), as well as in the event that any obligations on the company later appear, note No. (17)

**Movement for claims provision**

	<b>2022</b>	<b>2021</b>
Balance at the beginning of the year	3,187,780	-
Transferred from accrued expenses	-	3,187,780
Used during the year	(99,429)	-
Formed during the year (note 29)	843,720	-
	<b>3,932,071</b>	<b>3,187,780</b>

**19- ZAKAT PROVISION:****A-Zakat Calcualtion**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Total subject items	223,032,915	136,907,130
<b>Deduct:</b> Total non-subject items	(272,265,102)	(168,332,161)
<b>Zakat Base</b>	(49,232,187)	(31,425,031)
Zakat 2.5% from Zakat Base	-	-

**B-Zakat Calculation provion movement**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Balance at the beging of the year	15,776,941	12,438,576
Used during the year	-	-
Formed during the year	-	3,338,365
<b>Balance at the end of the year</b>	<b>15,776,941</b>	<b>15,776,941</b>

**C-Zakat Status\***

**From the starting of the company's incorporation until December 31, 2005:**

The company obtained a final assessment for the years up to December 31, 2005 in the amount of SR 1,440,098 and this assessment has not been paid to date.

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**From 2006G to 2019G:**

The company submitted its zakat returns for the years from 2006 to 2019, and the total claims of the authority for those years amounted to SR 13,452,152, according to the invoices information on the electronic portal of the authority, and it has not been paid to date.

**Year 2020G:**

The authority issued an electronic zakat assesment on the company in the amount of SR 25,219 and then the company submitted its zakat declaration for the fiscal year ending on December 31, 2020G, according to which the due zakat amounted to an amount of SR 884,690, and it has not been paid to date.

**Year 2021G:**

The company submitted its zakat returns for the year 2021G to Zakat, Tax and Customs Authority.

\*As part of the financial reorganization procedure, the Authority submitted its claims to the company's financial reorganization trustee with a total amount of SR 17,199,377. Part of it was accepted in the amount of SR 8,450,692 and the rest was rejected in the amount of SR 8,748,685. The financial statements of the company by the Ninth Commercial Department of the Commercial Court in Riyadh on 22/07/1443H corresponding to February 23, 2022G and its included in provsion balance.

**20- EMPLOYEES' END OF SERVICE BENEFITS****20.1 Actuarial assumptions used in calculating end of service benefits:**

<b>Assumptions</b>	<b>Factors considered</b>
Expected percentage of future salary growth	The average expected future increase / (decrease) in salaries is calculated using the weighted average in the prior years to the actual increase or decrease in salaries and also taking into consideration current and future changes in the future.
Expected length of service	The average expected future years of service depend on past trends for the duration of service already performed by the resigning staff and current staff.
discount percentage	The discount rate used is determined by reference to market indicators at the end of the year based on high-quality corporate bonds. In the absence of such indicators, market returns are referenced in accordance with IAS 19. The rate of discount used in this process is based on the interest rate On US government bonds because there is no deep market for companies with high market value in Saudi Arabia

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****20-2 Sensitivity to commitment to defined benefits**

- The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

		<b>31/12/2022</b> SAR	<b>31/12/2021</b> SAR
Discount rate	1% increase	61,964	830,547
	1% decrease	66,175	882,641
Salary inflation rate	1% increase	66,223	882,628
	1% decrease	61,879	830,064

**20-3 Movement of the provision for employees' end of service benefits**

Provision for employees' end of service benefits as of 1 January

<b>31/12/2022</b>	<b>31/12/2021</b>
856,066	2,784,772

**Add: what is included in the other comprehensive income statement**

Current service cost

38,191 62,276

Interest cost

– 18,296

894,257 2,865,344

**Added: Included in the comprehensive income**

(Profits) / Losses actuarial

(120,980) 155,283

**Movement in cash:**

Benefits paid

(657,129) –

Transfer to other payable

(52,123) (2,164,561)

**Final defined employee benefit obligations as of December 31****64,025 856,066****21- -OTHER RESERVE**

Reserve balance at the beginning of the period 01/01

<b>2022</b>	<b>2021</b>
(155,283)	-

Add / (subtract):

Actuarial profit/ (losses) during the year

120,980 (155,283)

Reserve balance at the beginning of the period 01/01

(34,303) (155,283)

Other reserves are represented in the differences resulting from the actuarial calculation related to the end of service benefits for employees as specified in the International Standard No. 19.

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****22- Activity Revenues:**

The following are the details of the company's revenues and the timing of their recognition:-

	<b>2022</b>	<b>2021</b>
Refrigerator sales (to be recognized at a point in time)	-	334,961
Al Basta sales (to be recognized at a point in time)	-	90,343
	<u>-</u>	<u>425,304</u>

**23- Activity Costs:**

	<b>2022</b>	<b>2021</b>
Inventory at the beginning period	-	20,654
Purchases	-	389,989
Inventory at the ending period	-	-
	<u>-</u>	<u>410,643</u>

**24- SELLING AND MARKETING EXPENSES:**

	<b>2022</b>	<b>2021</b>
Salaries, wages and its equivalent	-	663,162
Short term rental contracts	-	593,589
Electricity and water	-	18,758
Maintenance and repair	-	15,006
Miscellaneous	-	36,429
	<u>-</u>	<u>1,326,944</u>

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****25- GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2022</b>	<b>2021</b>
Salaries, wages and its equivalent	1,547,431	4,207,354
Bonuses of members of the board of directors and committees	3,808,500	–
Short term rental contracts	128,012	354,030
Expenses of holding the general assembly	73,100	–
Stationery and publications	4,047	–
Electricity and water	4,961	3,223
Telephone, post and internet	9,214	10,716
Professional and consulting fees	664,574	1,538,150
Governmental fees	79,917	77,200
Depreciation of property, plant and equipment	421,576	1,100,552
Maintenance and repair	213,760	213
Bank guarantee losses	–	570,000
Bad debt (Note No. 11)	151,000	60,497,450
Differences in Zakat claims	–	3,338,365
VAT Penalties and Fines	–	6,130,589
Miscellaneous	15,909	1,602
	<b>7,122,001</b>	<b>77,829,444</b>

**26- GENERAL AND ADMINISTRATIVE EXPENSES-FINANCIAL RESTRUCTURING PROCEDURE**

	<b>2022</b>	<b>2021</b>
Professional fees*	550,000	275,000
	<b>550,000</b>	<b>275,000</b>

\*As part of the company's financial reorganization procedure, and according to the ruling of the Ninth Commercial Circuit of the Commercial Court in Riyadh, which judges opening the financial reorganization procedure and appointing a trustee for the procedure, a trustee for the financial reorganization of the company has been appointed. The total professional fees for the Trustee amount to SR 1,100,000 , and for the year 2022G, an amount of SR 550,000 was established (2021G: 275,000 Saudi riyals), and the remaining amount of SR 275,000 is due upon completion of the financial reorganization work..

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****27- (REVERSAL)/ FORMED EXPECTED CREDIT LOSSES PROVISION:**

<b>27/a - Formed expected credit losses provision</b>	<b>2022</b>	<b>2021</b>
Credit losses provision formed for trade receivable ( Note no.9)	-	26,517
Credit losses provision formed for other receivables ( Note no.10)	256,988	-
Credit losses provision formed for related parties ( Note no.11)	-	22,184,085
	<b>256,988</b>	<b>22,210,602</b>
<b>27/b - Reversal expected credit losses provision</b>	<b>2022</b>	<b>2021</b>
Credit losses provision formed for trade receivable ( Note no.9)	107,969	
	<b>107,969</b>	

**28- PROVISION FOR DEBIT BALANCES - COURT OF EXECUTION:**

	<b>2022</b>	<b>2021</b>
Provision for debit balances - Court of Execution ( Note no.10)	196,824	4,015,027
	<b>196,824</b>	<b>4,015,027</b>

Represented in made a provision for the sum of the amounts recorded as debit balances in the Execution Court, which the court withdrew from the company's bank accounts against the cases issued by the company, due to the lack of sufficient data with the current management for these cases, and it is being followed up with the legal department.

**29- PROVISION FOR CONTINGENT LIABILITIES:**

	<b>2022</b>	<b>2021</b>
Provision for contingent liabilities	843,720	-
	<b>843,720</b>	<b>-</b>

Based on the statement prepared by the company's legal advisor, the company's management formed a provision to meet the potential liabilities of the cases against the company in the amount of SR 843,720, note No. (18) and No. (36).



**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****30- CASES AND FINANCIAL CLAIMS:**

	<b>2022</b>	<b>2021</b>
Recording claims differences for previously existing creditors balances	–	43,790,267
Recording new creditors' claims	–	1,718,471
	<u>–</u>	<u>45,508,738</u>

\* Many creditors (labor and employees - suppliers - other payables - government agencies) raised and submitted their claims to the company's financial reorganization trustee, and the company registered the approved claims as well as the differences in the approved claims balances and recorded them as losses on the comprehensive income statement for the fiscal year ending on December 31, 2021G.

**31- OTHER REVENUES AND (EXPENSES) - (NET):**

	<b>2022</b>	<b>2021</b>
Refrigerator and Al Mabast key money	3,800,000	–
Refrigerator and Al Mabast rent	–	855,421
Gains / (Losses) on disposal of property, plant and equipment	14,500	(1,548,629)
Losses on disposal of intangible assets	–	(25,973)
Loan Interest Settlement	–	661,221
Settlement of differences in recording balances and receivables	–	540,824
Settlement of cash on hand deficit	–	(25,009)
Reversal of the provision for investment losses in an associate	–	920,258
Miscellaneous	–	12,834
	<u>3,814,500</u>	<u>1,390,947</u>

**32- FINANCE COST:**

	<b>2022</b>	<b>2021</b>
Interest cost for EOS	–	18,296
	<u>–</u>	<u>18,296</u>

The financing cost is represented in the interest cost resulting from the re-measurement of employee end-of-service benefits obligations, as stated in Note No. (20) of the supplementary notes to the financial statements.

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****33- CASH FLOWS:**

The adjustments to operating activities within the statement of cash flows for the year 2022G include the amount of SR zero (2021G: SR 54,118,209) non-cash amounts resulting from settlements and treatments carried out by the company as follows:

	<b>2022</b>	<b>2021</b>
Recognizing and recording suppliers claims	-	45,216,838
Recognizing and recording of labor claims	-	291,890
Recognizing and recording of zakat differences	-	3,338,365
Recognizing and recording of VAT differences	-	6,130,589
	<u>-</u>	<u>54,977,682</u>

**34- (LOSS) PER SHARE:**

Basic and diluted (Losses) per share from net (Loss) / income is calculated by dividing the net (Loss) for the year by the weighted average number of shares outstanding at the end of the year amounting to 10,000,000 shares (31 December 2021 10,000,000 shares)

**35- FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT****36-1 Measurement of fair value of financial instruments**

Fair value is the amount by which an asset is sold or a liability settled between willing parties with fair terms at the measurement date. Within the definition of fair value, it is assumed that the Company is a continuing operating entity where there is no intention or requirement to materially reduce the volume of its operations or to conduct a transaction on negative terms.

A financial instrument is included in an active market if the listed prices are easily and regularly available from a foreign exchange dealer, broker, industry group, pricing services or regulatory body, and these prices represent actual and regular market transactions on a commercial basis.

When measuring fair value, the Company used observable market information whenever possible. Fair values are classified at different levels in the fair value hierarchy based on the inputs used in valuation methods as follows:

**Level 1:** Listed prices (unadjusted) in active markets, represented by the prices of shares listed on the Saudi Capital Market Authority.

**Level 2:** Inputs other than listed prices included in Level 1 are observable and are indicative prices of the unit price in the invested real estate funds.

**Level 3:** inputs to assets or liabilities not based on observable market information (unobservable inputs), namely the cost of acquisition of investment in listed companies.

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The table below shows the book value and fair values of financial assets and financial liabilities including their fair value hierarchy. They do not include fair value information for financial assets and financial liabilities that are not measured at fair value if the book value is reasonably close to the fair value.

**Book Value as at 31 December 2022G**

	<b>Assets at Fair value</b>	<b>financial assets at amortized cost</b>	<b>Total</b>
<b>Financial assets measured at fair value:</b>			
None	–	–	–
<b>Financial assets not measured at fair value:</b>			
Prepaid expenses and other debit balances, net	–	35,743	<b>35,743</b>
Cash and Cash equivalents	–	212,201	<b>212,201</b>
	–	247,944	<b>247,944</b>
<b>Financial liabilities measured at fair value:</b>			
None			
<b>Financial liabilities not measured at fair value:</b>			
Short term loans	–	32,033,389	<b>32,033,389</b>
Accruals and other credit balances	–	27,465,455	<b>27,465,455</b>
Accounts payable	–	66,380,936	<b>66,380,936</b>
Due to related parties	–	1,570,078	<b>1,570,078</b>
	–	<b>127,449,858</b>	<b>127,449,858</b>

	<b>Fair value</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets not measured at fair value</b>			
None	–	–	–
	–	–	–

**THIMAR DEVELOPMENT HOLDING COMPANY****SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

<b>Book Value as at 31 December 2021G</b>			
	<b>Assets at Fair value</b>	<b>financial assets at amortized cost</b>	<b>Total</b>
<b>Financial assets measured at fair value:</b>			
None	-	-	-
<b>:Financial assets not measured at fair value</b>			
Prepaid expenses and other debit balances, net	-	930,227	930,227
Cash and Cash equivalents	-	623,303	623,303
	-	<b>1,553,530</b>	<b>1,553,530</b>
<b>:Financial liabilities measured at fair value</b>			
None	-	-	-
<b>Financial liabilities not measured at fair value:</b>			
Short term loans	-	32 024 465	32,024,465
Accruals and other credit balances	-	23 745 829	23,745,829
Accounts payable	-	66 483 175	66,483,175
Due to related parties	-	1 379 078	1,379,078
	-	<b>123,932,547</b>	<b>123,932,547</b>

	<b>Fair value</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets not measured at fair value</b>			
None	-	-	-
	-	-	-

**36.2 Risk management of financial instruments**

- Risks are part of the Company's activities and are managed through a continuous mechanism consisting of risk identification, evaluation and follow-up, in accordance with other approved controls and controls. Risk management is essential to the company's ability to generate profits.
- Every employee in the company is responsible for the management of risks related to the dictates of his job or responsibilities.
- The Company is exposed to market risk, commission rate risk, currency risk, credit risk, liquidity risk and credit risk.

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-Credit risk is the risk that one party will not be able to meet its obligations for a financial instrument, causing financial losses to the other party.

- The company does not have significant concentration of credit risk. To reduce exposure to credit risk, the company has established an approval process whereby credit limits are applied to customers. The management also continuously monitors the credit exposure risks towards customers and makes provision for doubtful balances, which is based on the customer's file and previous payment dates. Outstanding customer receivables are monitored on a regular basis.

The maximum exposure to credit risk in the Company is the book value as at the date of the report as follows:

	<b><u>31 December</u></b> <b><u>2022</u></b>	<b><u>31 December</u></b> <b><u>2021</u></b>
Cash at banks	212,201	623,303
Accounts Receivable	-	-
Prepaid expenses and other debit balances	35,743	930,227
Due from related parties	-	-

**Cash and cash equivalents:** The Company maintains cash and cash equivalents amounting to SR 212,201 as at 31 December 2022 (SR 623,303 as at 31 December 2021). Cash and cash equivalents are maintained with reputable banks in Saudi Arabia with high credit ratings, which are classified from BBB + to A-. Therefore, management believes that the credit risk with respect to these balances is minimal.

**Liquidity risk**

-Liquidity risk is the risk that the Company will encounter difficulties in providing funds to meet commitments relating to financial instruments. Liquidity risk may arise from the inability to sell a financial asset quickly at amount close to its fair value.

-The Company manages liquidity risk on a regular basis and ensures that sufficient funds are available to meet any future obligations.

- The company's terms of sales stipulate that the amounts be paid in cash upon delivery of the goods or on the basis of a sale on credit.

The contractual maturities of financial liabilities at the end of the fiscal period are as follows:

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<b>31 December 2022</b>	<b>Book value</b>	<b>Upon request or less than one year</b>	<b>More than a year</b>
<b>Non-derivative financial liabilities:</b>			
Short term loans	32,033,389	32,033,389	–
Accruals and other credit balances	27,465,455	27,465,455	–
Accounts payable	66,380,936	66,380,936	–
Due to related parties	1,570,078	1,570,078	–
Provision for losses of investment in associate companies	–	–	–
Zakat Provision	15,776,941	15,776,941	–
Employees' End of Service Benefits	64,025	–	64,025
	<b>143,290,824</b>	<b>143,226,799</b>	<b>64,025</b>

<b>31 December 2021</b>	<b>Book value</b>	<b>Upon request or less than one year</b>	<b>More than a year</b>
<b>Non-derivative financial liabilities:</b>			
Short term loans	32,024,465	32,024,465	–
Accruals and other credit balances	23,745,829	23,745,829	–
Accounts payable	66,483,175	66,483,175	–
Due to related parties	1,379,078	1,379,078	–
Provision for losses of investment in associate companies	–	–	–
Zakat Provision	15,776,941	15,776,941	–
Employees' End of Service Benefits	856,066	–	856,066
	<b>140,265,554</b>	<b>139,409,488</b>	<b>856,066</b>

**Market risk**

-Market risk is the risk of fluctuation in a financial instrument due to changes in prevailing market prices such as foreign exchange rates, interest rates and stocks prices, which affect the Company's income or the value of its financial instruments.

-Market risk management aims to manage and control market risk exposure within acceptable limits while maximizing returns.

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**Interest rate risk (commission)**

Interest rate risk (commission) represents the risks related to the effects of fluctuations in interest rates (commissions) prevailing in the market on the Company's financial position and its cash flows.

**Goods prices risk:**

Goods price risk is the risk associated with changes in the prices of some goods to which the company is exposed to an undesirable impact on the company's costs and cash flows. This goods price risk arises from the expected purchases of certain goods from the raw materials that used by the company

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future business transactions and recognized assets and liabilities are denominated in currencies different from the Company's currency.

**Capital Management**

- The policy of the Board of Directors is to maintain an adequate capital base in order to maintain investor, creditor and market confidence and to maintain the future development of its business. The Board of Directors monitors the return on the capital used and the level of dividends distributed to shareholders.
- In managing capital, the company aims to:
  1. Protect the entity's ability to continue as a going concern so that it can continue to provide returns to shareholders and interest to other stakeholders.
  2. Provide sufficient returns for shareholders.
- The following is an analysis of the net adjusted debt ratios of the Company to the adjusted capital at the end of the financial year:

	<b>31 December 2022 SR</b>	<b>31 December 2021 SR</b>
Total liabilities	143,290,824	140,265,554
Less: cash and bank balances	212,201	623,303
<b>Net adjusted debt</b>	<b>143,078,623</b>	<b>139,642,251</b>
<b>Shareholders' equity (Minus)</b>	<b>(99,144,504)</b>	<b>(126,218,633)</b>
Debt to equity ratio as at the of the year	<b>(%144,31)</b>	<b>(%110.64)</b>

**THIMAR DEVELOPMENT HOLDING COMPANY**

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**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**36- CONTINGENT LIABILITIES:**

The company has potential liabilities resulting from lawsuits filed by third parties against the company, according to the statement of the company's legal advisor, estimated at SR 843,720 (Note No. 29). Also, some creditors previously filed lawsuits against the company and acquired the status of final enforceable judgments, and some of them did not submit their claim with Financial Reorganization Trustee These cases were not included in the list of approved claims, and there were 7 cases with a total amount of SR 2,481,147 , taking into account the formation of provisions for them (in addition to refer to Note No. 18), and the total number of claims rejected by the Company's financial reorganization trustee amounted to SR 23,877,526, and as a result of some of the final rulings that must be executed, the Execution Court withdrew some amounts from the company's bank accounts for the account of the court, amounting to SR 4,211,851 , included in the item of other debit balances, note No. (10).

**37- GOING CONCERN:**

As shown in the financial statements, the company's net loss for the year 2022 of SR 4,705,412. and the accumulated losses for the financial year ended on 31 December 2022 of SR 233,652,138 which is exceeded the entire of the company capital, which is required to apply the article 132 from The Regulations for the Companies in the Kingdom of Saudi Arabia, which states that if the losses of the joint stock company reached to half of the capital the extraordinary general assembly must be called for a meeting within one hundred and eighty days from the date of knowledge of this; To consider the continuity of the company while taking any of the necessary measures to deal with or resolve these losses, except that due to the company's entry into the financial reorganization proposal and procedures (details are provided in Clarification No. 38) and in application of Article No. (45) of Chapter Four of the Bankruptcy Law and its implementing regulations, it is exempted The company is unable to apply the provisions of the Companies Law with regard to the company's losses reaching the percentage specified in the Law.

**38- SUMMARY OF THE FINANCIAL ORGANIZATION PROPOSAL:**

The company prepared a proposal for financial organization and submitted it to the Ninth Circuit in the Commercial Court in the city of Riyadh on 02/07/1443H corresponding to 03/02/2022G. which the proposal included information about the company, its activities, its financial situation, the economic situation, a list of debts and potential claims, how to deal with it, the method of carrying out its activity during the validity period of the procedure, and its next strategy.

The company's plan is divided into two parts:

The first section: entering into existing companies that achieve sustainable returns.

Section Two: Benefiting from the company's assets by entering in-kind shares in the food field investments.

Sources of financing the plan: Through increasing the capital in several stages, according to future opportunities for the company's activity.



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List of debts owed by the company: The total claims accepted in the proposal amounted to SR 117,039,035 as follows:

<b>Serial</b>	<b>Category</b>	<b>Total SAR</b>
1-	Labor claims	6,685,913
2-	Suppliers	66,183,040
3-	Financing entities	32,024,465
4-	Government agencies	12,145,617
	<b>Total</b>	<b>117,039,035</b>

The schedule for implementing the plan: It depends on the completion of the review and audit by the external auditor of the financial statements of the company, where a request to increase the capital will be submitted, and after obtaining the increase, the plan will be implemented and the creditors will be paid, as 50% of the total debts will be paid during the following month after obtaining the capital increase and from then approximately 16% was paid after two years, approximately 13% after 3 years, approximately 13% after 4 years, approximately 4% after five years, and approximately 4% after six years (note No. 39).

**39- CURRENT AND NON-CURRENT LIABILITIES RELATED TO CLAIMS ACCEPTED IN THE COMPANY'S FINANCIAL REORGANIZATION PROPOSAL:**

Based on the financial reorganization proposal (Note No. 38) and based on the approval of the Commercial Court in Riyadh, during the subsequent period of the date of the financial statements, to amend the financial reorganization proposal of Themar Development Holding Company, where the proposal included the timetable for implementing the proposal plan, which is mainly based on the company obtaining a capital increase It is expected to be obtained in October 2023G, and then start implementing the plan and paying the creditors, starting from November 2023G until the end of March 2029G, for the total accepted claims in the proposal amounting to SR 117,039,035 , and given that the proposal is based on expectations, a plan, and expected cash flows during the period of payment to creditors, and for the purpose of disclosure For the amounts of liabilities expected to be settled after more than twelve months for the liabilities items in the statement of financial position as at December 31, 2022, related to accepted claims, which are as follows:

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<b>Scheduling the payment of accepted financial claims in accordance with the financial reorganization proposal plan</b>	<b>Accepted claim value</b>	<b>Expected to be paid within one year</b>	<b>Expected to be paid within more than one year</b>
<b>Claims according to the items of the statement of financial position:</b>			
Loans	32,024,465	16,012,233	16,012,232
Accruals and other credit balances	11,019,550	5,509,775	5,509,775
Trade payables	64,165,250	32,082,625	32,082,625
Due to related parties	1,379,078	689,539	689,539
Zakat provision	8,450,692	4,225,346	4,225,346
	<b>117,039,035</b>	<b>58,519,518</b>	<b>58,519,517</b>

**40- IMPORTANT EVENTS:**

There are some important events during this year and previous year which may impact the financial position of the company that presented in these financial statements, according to the following:

- 1- Stopping the company's activity (purchase - sale).
- 2- On 02/07/2020 a lawsuit was filed against (the debtor) a related party to claim 22 184 million riyals.
- 3- On 03/09/2020 the company obtained the approval of Tadawul and the Capital Market Authority to trade the stock outside of the main platform.
- 4- On 29/11/2020 a adjudication was issued in favor of the company against a related party, obligating him to pay an amount of 22 414 084 SAR to the company.
- 5- On 06/01/2021 SABB Bank submitted a request to the Commercial Court in Riyadh, the Ninth Circuit, to liquidate the company to obtain his Indebtedness.
- 6- On 14/01/2021, the related party appealed to the decision issued to pay 22 414 084 Riyals to the company.
- 7- On 04/02/2021 the company objected to the liquidation request submitted by SABB Bank.
- 8- On 04/04/2021, a decision was issued to apply the financial reorganization procedures to the company.
- 9- On 18/04/2021, the final decision was approved in favor of the company against a related party and affirm its payment of 22 414 084 Riyals.
- 10- On 12/10/2021, the Extraordinary General Assembly approved the amendment of the company's articles of association, governance regulations, and changing the external auditor, Al Azem, Al Sudairy and Al Shaikh & Partners Company, and appointing Osama Abdullah El-Khereiji & partner Co., and electing the audit committee.

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**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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- 11- On 29/10/2021 the company's name has changed from the Thimar National Agricultural Marketing Company to Thimar Development Holding Company based on the approval of the Extraordinary General Assembly on 12/10/2021 after being approved by the Ministry of Commerce.
- 12- On 16/12/2021, a decision was issued against the related party (Thimaar and Wasmi Markets Company) to liquidate the company.
- 13- On 11/01/2022 the Executive Committee has approved the selling of refrigerators in the Aziziyah market.
- 14- During this first quarter of 2022G, the company used the revaluation model to measure real estate.
- 15- On 06/02/2022 delivering the proposed financial organization to the Commercial Court in Riyadh.
- 16- On 24/02/2022 the final court approval for the creditors' claims by a final decision and the issuance of a deed.
- 17- On 09/03/2022, the company submitted a request to the liquidator of Thimar Markets Company with a claim.
- 18- On 23/03/2022, the court approved the financial reorganization proposal submitted by the company and set a date 14/04/2022 for voting of the shareholders on it and a date for 18/04/2022 for voting creditors on it.
- 19- On 14/04/2022, 99.57% of the total attendance of shareholders have approved the financial reorganization proposal.
- 20- On 18/04/2022, 99.73% of the total attendance of creditors have approved the financial reorganization proposal.
- 21- On 16/08/2022G, the Ordinary General Assembly of the company was held in attendance and by means of modern technology, through which the company's financial statements for the two fiscal years ending on December 31, 2019G and December 31, 2020G were approved, and the auditor's report on them was approved.
- 22- On 15/09/2022G, the Board of Directors decided to amend the Board of Directors' recommendation issued on 9-4-2019G to increase the company's capital by issuing priority rights shares at a value of 200 million Saudi riyals instead of 150 million Saudi riyals, so that the company's capital after the increase becomes 300 One million riyals, in order to maximize the company's expansion capacity in investments and provide the necessary liquidity to pay part of the financial obligations due according to the announced financial reorganization plan.
- 23- On 25/09/2022G, the company announced that it had submitted a report to the Ministry of Commerce No. 9027 dated 24-2-1444H corresponding to 21-09-2022G against the board of directors of the associate company, Themar and Wasma Agricultural Markets Company, in which Themar Development Holding Company owns thirty shares Percent (30%), which includes an investigation with the Board of Directors of Themar and Wasma Agricultural Markets Company for committing violations of the corporate law, including non-compliance with the issuance of financial statements, and losses exceeding more than half of the company's capital, and charging Themar Development Holding Company with a loss exceeding sixty million (60 million) riyals which is represented in payables for Themar Development Holding Company against the associate company and not informing the partners of the essential facts that occurred in the company. The company does not expect to bear any responsibility as a result of filing the aforementioned communication, and the company has submitted this communication according to the documents available to it and after obtaining legal advice.

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**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**

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- 24- On 26/09/2022G, the Board of Directors invited the company's shareholders to attend the Ordinary General Assembly meeting (the first meeting) scheduled to be held at 7:00 pm on Monday on 21/03/1444H corresponding to 17/10/2022G (in attendance). And by means of modern technology) to vote on authorizing the current Board of Directors to file a liability case against the former members of the Board in the two sessions from 06-03-2017G to 04-07-2021G and to take all the legal and legal measures necessary to proceed with them as requested by the shareholders.
- 25- On 17/10/2022G, the Ordinary General Assembly meeting was held, and it was voted to authorize the current Board of Directors to file a liability case against the former members of the Board in the two sessions from 06-03-2017G to 04-07-2021G and to take all the necessary regulatory and legal measures to proceed with it as shareholders request.
- 26- On 20/11/2022G, the Commercial Court approved a proposal to reschedule the creditors' payment.

**41- SUBSEQUENT EVENTS:**

There are subsequent events since the ending of the year which may impact the financial position of the company that presented in these financial statements, according to the following:

- 1- On 13/02/2023G, the Ordinary General Assembly meeting was held, and a vote to approve the financial statements for the fiscal year ending on December 31, 2021G.
- 2- During the month of February 2023G, the company announced the initial quarterly financial results for the year 2022G.
- 3- On 01/03/2023G, it was announced that the suspension of trading the company's shares in the market would be lifted, starting from 02/03/2023G, due to the absence of reasons for suspension and trading outside the platform.
- 4- On 08/03/2023G, the Commercial Court in Riyadh approved amending the proposal for the financial reorganization of Thimar Development Holding Company.

**42- COMPARATIVE FIGURES:**

Some comparative figures for some items of the income statement and cash flow statement have been reclassified within the annual financial statements as of December 31, 2021.

**43- APPROVAL OF THE FINANCIAL STATEMENTS:**

These financial statements were approved by the board of directors on 05/09/1444H (corresponding to 27/03/2023G).

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