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**KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023**

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(A SAUDI JOINT STOCK COMPANY)**

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FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023**

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF KEIR INTERNATIONAL COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **KEIR INTERNATIONAL COMPANY** (the "Company") as at 30 June 2023 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes to the condensed interim financial statements, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.



**Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting**

**Abdullah M. Al Azem
License No. 335**

18 Safar 1445H (3 September 2023)
Riyadh, Kingdom of Saudi Arabia

KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023
(All amounts in Saudi Riyals)

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	44,903,248	42,846,000
Intangible assets	5	1,590,358	1,291,874
Right of use assets		3,545,482	3,349,311
TOTAL NON-CURRENT ASSETS		50,039,088	47,487,185
CURRENT ASSETS			
Trade receivables	6	63,223,146	69,700,975
Contract assets	7	252,751,479	239,998,129
Inventory		8,104,717	10,740,672
Prepayments and other current assets	8	46,465,579	28,712,773
Cash in banks		14,109,745	5,376,121
TOTAL CURRENT ASSETS		384,654,666	354,528,670
TOTAL ASSETS		434,693,754	402,015,855
EQUITY AND LIABILITIES			
EQUITY			
Share capital		120,000,000	120,000,000
Share premium		41,770,250	41,770,250
Statutory reserve		12,639,422	12,639,422
Retained earnings		59,790,707	67,427,219
TOTAL EQUITY		234,200,379	241,836,891
LIABILITIES			
NON-CURRENT LIABILITIES			
Non current portion of long term islamic facilities	9	11,983,928	15,161,472
Non current portion of lease liabilities		1,618,909	1,527,589
Employees benefit obligations		3,126,707	2,840,265
TOTAL NON-CURRENT LIABILITIES		16,729,544	19,529,326
CURRENT LIABILITIES			
Trade payables		30,039,489	24,603,382
Current portion of long term islamic facilities	9	5,063,639	4,602,598
Short term Islamic facilities	10	74,288,978	37,656,407
Current portion of lease liabilities		1,202,990	1,191,772
Accrued expenses and other current liabilities	11	68,976,041	67,156,099
Provision for zakat	12	4,192,694	5,439,380
TOTAL CURRENT LIABILITIES		183,763,831	140,649,638
TOTAL LIABILITIES		200,493,375	160,178,964
TOTAL EQUITY AND LIABILITIES		434,693,754	402,015,855

Waseem Al marzoki
Chief Executive Officer

Muhammad Aldhalaan
Chairman of Board of Directors

Oday Alnabtiti
Chief Financial Officer

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

KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals)

	Note	For the six-month period ended June 30	
		2023	2022
		(Unaudited)	(Unaudited)
Revenue		77,561,776	63,590,543
Cost of revenue		(62,557,133)	(46,810,170)
GROSS PROFIT		15,004,643	16,780,373
General and administrative expenses		(8,260,307)	(8,256,965)
Impairment of trade receivables and contract assets		(553,852)	-
Other income		898,349	383,224
OPERATING PROFIT		7,088,833	8,906,632
Finance costs		(4,907,236)	(370,557)
NET PROFIT BEFORE ZAKAT FOR THE PERIOD		2,181,597	8,536,075
Zakat expense	12	(890,000)	(1,900,718)
NET PROFIT FOR THE PERIOD		1,291,597	6,635,357
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,291,597	6,635,357
Earnings per share:			
Earnings per share – basic and diluted	13	0.011	0.055

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Oday Alnabtiti
Chief Financial Officer

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KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals)

	SHARE CAPITAL	SHARE PREMIUM	STATUTORY RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at January 1, 2022 (audited)	120,000,000	45,700,500	10,655,398	58,113,278	234,469,176
Net profit for the period	-	-	-	6,635,357	6,635,357
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	6,635,357	6,635,357
Dividends (Note 18)	-	-	-	(8,496,767)	(8,496,767)
Balance at June 30, 2022 (unaudited)	120,000,000	45,700,500	10,655,398	56,251,868	232,607,766
Balance at January 1, 2023 (audited)	120,000,000	41,770,250	12,639,422	67,427,219	241,836,891
Net profit for the period	-	-	-	1,291,597	1,291,597
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,291,597	1,291,597
Dividends (Note 18)	-	-	-	(8,928,109)	(8,928,109)
Balance at June 30, 2023 (unaudited)	120,000,000	41,770,250	12,639,422	59,790,707	234,200,379

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Chief Financial Officer

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KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals)

	Note	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net profit before zakat for the period		2,181,597	8,536,075
Adjustments for:			
Depreciation on property and equipment	4	1,237,010	1,169,211
Depreciation on right of use assets		458,455	89,435
Loss on disposal of Property and equipment		99,334	-
Provision for employee's benefits obligations		514,968	565,013
Finance costs		4,907,236	370,557
<u>Changes in working capital:</u>			
Trade receivables		6,477,829	(24,239,612)
Contract assets		(12,753,350)	11,591,659
Inventory		2,635,955	(4,856,085)
Prepayments expenses and other current assets		(17,752,806)	(5,825,595)
Trade payable		5,436,107	(14,604,516)
Accrued expenses and other current liabilities		(7,108,167)	(4,058,376)
Cash flows used in operating activities		(13,665,832)	(31,262,234)
Zakat paid	12	(2,136,686)	(4,469,493)
Employee's benefits obligations paid		(228,526)	(126,841)
Finance cost paid		(4,522,095)	(367,170)
Net cash flows used in operating activities		(20,553,139)	(36,225,738)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
Addition of property and equipment	4	(3,473,592)	(9,330,601)
Sale proceeds on disposal of property and equipment		80,000	-
Additions of intangibles assets	5	(298,484)	-
Net cash flows used in investing activities		(3,692,076)	(9,330,601)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
Long term islamic facilities obtained	9	-	6,300,000
Repayment of long term islamic facilities	9	(2,716,503)	(3,679,684)
Short term islamic facilities obtained	10	52,745,293	5,465,301
Repayment of Short term islamic facilities	10	(16,112,722)	-
Repayment of lease liability		(937,229)	(41,720)
Dividends paid		-	(8,496,767)
Net cash flows generated (used in) from financing activities		32,978,839	(452,870)
INCREASE (DECREASE) IN CASH IN BANKS DURING THE PERIOD		8,733,624	(46,009,209)
Cash in banks at beginning of the period		5,376,121	50,328,676
CASH IN BANKS AT END OF THE PERIOD		14,109,745	4,319,467
Non-cash transactions:			
Declared unpaid dividends		8,928,109	-
Additions of leases		654,626	-

Waseem Al marzoki
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Chairman of Board of Directors

Oday Alnabtiti
Chief Financial Officer

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

1. ORGANIZATION AND ACTIVITIES

Organaziation & share capital

Keri International Company was established as a limited liability company and registered in Riyadh under Commercial Register No. 1010237357 on Sha'ban 12, 1428H (corresponding to August 26, 2007G) with the capital of SR 500,000 divided into 500 shares of SR 1,000 each.

On Rajab 19, 1438H (Corresponding to April 16, 2017G), the partners unanimously decided to approve the transformation of the Company from a limited liability company to a closed joint stock company and to increase its capital from SR 500,000 to SR 50 million divided into 5 million ordinary shares, the value of each share SR 10. The Company was registered as a closed joint stock company on Dhu al-Qa'dah 18, 1438H (corresponding to August 10, 2017G). On Jumada I 02, 1441H (corresponding to December 29, 2019G), the Extraordinary General Assembly agreed to further increase the share capital of the Company from SR 50 million to SR 100 million divided into 10 million shares of SR 10 each fully paid through the transfer from retained earnings.

On Rabi Al Awwal 6, 1443H (corresponding to October 12, 2021), the board of directors decided to recommend to the Extraordinary General Assembly the approval of direct listing, on the parallel market "Nomu", 20% of the share capital of the Company, as well as the approval of the share capital increment by 20%, equivalent to 2 million shares, through private placement. On Rabi Al Awwal 21, 1443H (corresponding to October 27, 2021), the Extraordinary General Assembly approved the following:

- The further increase of share capital, through a private placement process and entry of new shareholders who are not the current shareholders, by 20% and paid in cash, equivalent to 2 million shares amounting to SR 20 million, so that share capital of the Company becomes SR 120 million, divided into 12 million shares of equal value of SR 10 each;
- The sale of 1,050,000 shares from the shares by the founding shareholders to 61 new shareholders through a private placement process and entry of new shareholders who are not the current shareholders.

On Rabi Al Thani 20, 1443H (corresponding to November 25, 2021), the Company completed the process of the private placement of 2 million shares at an offer price of SR 33.3 per share (total equivalent to SR 66,600,000), which resulted in share premium amount of SR 23.3 per share (total equivalent to SR 46,600,000). The total placement process transaction costs amounted to SR 4,829,750; of which an amount of SR 899,500 was incurred in the year 2021 and an amount of SR 3,930,250 incurred in the year 2022; the total of which resulted in the net share premium of SR 41,770,250 as of December 31, 2022 (December 31, 2021: 45,700,500). These transaction costs are related to the financial advisory services for the purpose of issuing new shares through the private placement process including the registration and direct listing of the Company's shares in the parallel market "Nomu".

On December 30, 2021, the Company submitted its application to the Capital Market Authority ("the CMA") for approval of the direct listing in the parallel market. On Shawwal 24, 1443H (corresponding to May 25, 2022), the Capital Market Authority approved the Company's application to register its shares for direct listing in the parallel market. Alistithmar Capital Company, in its capacity as the financial advisor of the Company, announced the publication of the registration document on June 9, 2022. On July 13, 2022, the Saudi Exchange "Tadwaul" announced the direct listing and trading of the Company's shares in the parallel market will start on Dhu al-Hijjah 18, 1443H (corresponding to July 17, 2022) with exchange symbol 9542.

On February 19, 2023, the board of directors recommended to Extraordinary General Assembly the decision to amend the Company's By-laws to align with the Articles to the provisions of the new Companies Law.

On March 29, 2023, the board of directors recommended to the Extraordinary General Assembly the split of the nominal value of the Company's share from SR 10 to SR 1, while share capital remains unchanged so that the number of shares has become 120 million shares instead of 12 million shares.

**KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals)**

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

Organaziation & share capital (continued)

On Dhul Hijjah 05, 1444H (corresponding to June 23, 2023), the Extraordinary General Assembly approved the splitting of the nominal value of the Company's share and the amendment of the articles of Company's By-laws to comply with the New Companies law effect, as recommend by the board of directors.

As of June 30, 2023, the authorized, issued, and paid-up share capital of the Company is SR 120 million which is divided into 120 million shares (December 31, 2022: 12 million shares) of SR 1 each (December 31, 2022: SR 10 each).

General Information

The Company is engaged in laying pipes of all kinds for electricity, communications, etc., installation and maintenance of security devices, repair, and maintenance of stations and towers of telecommunications and radar, real estate development of residential buildings with modern construction methods, network extensions, extension of electrical wires, extension of communication wires.

The registered address of the company is P.O. Box 87807, Riyadh 11652, Kingdom of Saudi Arabia. These financial statements include the results and activities of the following branches:

<u>Commercial Register Number</u>	<u>Date</u>	<u>Location of the Branch</u>
1010388751	20 Dhu al-Qidah 1434H (corresponding to 26 September 2013)	Riyadh Branch
1010671625	20 Rabi II 1442H (corresponding to 06 December 2020)	Riyadh Branch
1131055555	12 Jumada II 1436H (corresponding to 01 April 2015)	Qaseem Branch

Going Concern

The Board of Directors conducted an assessment of the Company's ability to continue as an existing entity, and concluded that the Company has the necessary resources to continue operating for the foreseeable future for a period of no less than 12 months from the date of preparation of the financial statements. In addition, the management did not notice any significant cases of uncertainty that might question the Company's ability to continue as an existing entity, and therefore the financial statements were prepared on the basis of going concern.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Company's annual audited financial statements as at and for the year ended 31 December 2022.

Basis of measurement

The condensed interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for the employees defined benefits obligation which is recognized at the present value of the future obligations using the Projected Unit Credit Method.

2. BASIS OF PREPARATION (CONTINUED)

Functional and presentation currency

These condensed interim financial statements have been presented in Saudi Arabian Riyal ("SR"), which is also the functional currency of the Company. All financial information presented has been rounded to the nearest Saudi Riyal ("SR").

Using judgments and estimates

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except new standards, amendment to standards and interpretations as described below:

New Standards, Amendment to Standards and Interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 01 January 2023 and have been explained in the Company's Annual Financial Statements, but they do not have a material effect on the Company's condensed interim financial statements. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals)

4. PROPERTY AND EQUIPMENT

During the six-month period ended June 30, 2023, the Company purchased property and equipment amounting to SR 1.76 million (June 30, 2022: SR 9.33 million). The major purchases included items related to computers, furniture and fixture, heavy equipment, and site tools amounting to SR 0.09 million, SR 0.07 million, SR 1.03 million, and SR 0.57 million respectively.

During the six-month period ended June 30, 2023, the Company has incurred costs amounting to SR 1.72 million to date (June 30, 2022: Nil) in relation to the construction of the new warehouse, which is expected to be completed at the end of the year 2024.

During the period the Company disposed of the property and equipment with cost amounting to SR 0.54 million (June 30, 2022: Nil) having the net book value of SR 0.18 million resulting in a loss on disposal of SR 99.3 thousand.

During the six-month period ended June 30, 2023, the Company has charged depreciation expense amounting to SR 1.24 million (June 30, 2022: 1.17 million).

As of June 30, 2022, property and equipment includes the properties having the cost of SR 35.5 million (December 31, 2022: SR 35.5 million) and carrying values of SR 31.4 million (December 31, 2022: SR 31.7 million), which are mortgaged against the loans obtained from the Saudi National Bank and Yannal Financing Company.

5. INTANGIBLE ASSETS

During the six-month period ended June 30, 2023, the Company has incurred costs amounting to SR 0.30 million to date (June 30, 2022: Nil) in relation to implementing the new ERP System (SAP), which is expected to be completed at the end of the year 2023.

6. TRADE RECEIVABLES

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables	63,512,075	70,611,572
Less: Allowance for expected credit losses	(288,929)	(910,597)
	63,223,146	69,700,975
Type of Customers		
Private entities	39,938,950	40,558,759
Semi government entities	14,625,331	21,038,839
Government entities	8,947,794	9,013,974
Total	63,512,075	70,611,572

As at June 30, 2023, included in trade receivable a balance due from a related party by the amount of SR Nil (December 31, 2022: SR 1.13 million). Refer to Note 14.

Movement in the allowance for expected credit losses is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	910,597	598,184
Provision for the period/year	-	312,413
Write-off during the period/year	(621,668)	-
At the end of the period/year	288,929	910,597

KEIR INTERNATIONAL COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals)

7. CONTRACT ASSETS

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Contract assets	252,751,479	241,170,870
Less: Allowance for expected credit losses	-	(1,172,741)
	252,751,479	239,998,129
Type of Customers		
Private entities	126,590,231	101,816,262
Semi government entities	93,408,773	91,478,687
Government entities	32,752,475	47,875,921
Total	252,751,479	241,170,870

As at June 30, 2023, included in contract assets a balance due from a related party by the amount of SR 10.48 million (December 31, 2022: SR 10.92 million). Refer to Note 14.

Movement in the allowance for expected credit losses is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	1,172,741	660,633
Provision for the period or year	553,852	512,108
Write-off during the period/year	(1,726,593)	-
At the end of the period/year	-	1,172,741

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to suppliers	28,238,418	19,861,081
Margin on the letters of credits and guarantees	9,606,623	7,310,076
Projects under progress	7,497,159	-
Prepaid expenses	627,860	863,021
Employees' receivable	465,519	320,422
VAT	-	328,173
Others	30,000	30,000
	46,465,579	28,712,773

KEIR INTERNATIONAL COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(All amounts in Saudi Riyals)

9. LONG TERM ISLAMIC FACILITIES

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current portion	5,063,639	4,602,598
Non-current portion	11,983,928	15,161,472
Total	<u>17,047,567</u>	<u>19,764,070</u>

During the six-month period ended June 30, 2023, the Company did not obtained any new long term Islamic facilities. During the six-month period ended June 30, 2022, the Company obtained the Commodity Mubarbha Financing from Yannal Financing Company amounting to SR 6.30 million. The loan is repayable in sixty monthly installments of SR 136,975 each and the first installment started on July 5, 2022. The loan is secured by a mortgage over land under deed No. 999640000622 as collateral and by personal guarantees of the directors. This financing carries a fixed profit margin of 11%.

During the six-month period ended June 30, 2023, the Company repaid an amount of SR 2.7 million (June 30, 2022: SR 3.7 million).

10. SHORT TERM ISLAMIC FACILITIES

During the six-month period ended June 30, 2023, the Company obtained various short-term Islamic financing contracts from Bank Al Rajhi and Saudi National Bank amounting to SR 52.7 million in total to finance the main projects including Dawiyat Telecommunication Company (June 30, 2022: SR 5.5 million). All the financing is repayable within 3 to 12 months. These facilities carry a fixed profit margin ranging from 10% to 16%.

During the six-month period ended June 30, 2023, the Company repaid an amount of SR 16.1 million (June 30, 2022: SR Nil).

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Accrued project expenses	52,594,011	61,817,951
Dividend payables (Note 18)	8,928,109	-
Accrued employees' expenses	3,542,061	3,026,201
Accrued rent	400,330	500,330
VAT payable	35,985	-
Others	3,475,545	1,811,617
	<u>68,976,041</u>	<u>67,156,099</u>

12. PROVISION FOR ZAKAT

Zakat provision movement

During the six-month period ended June 30, 2023, the Company recognized a total zakat expense equal to SR 0.89 million; of which SR 495.8 thousand related to under provision for year 2022 and SR 394 thousand related to year 2023 (June 30, 2022: SR 1.9 million). The total amount submitted in the ZATCA retrun for the year 2022, amounted to SR 5.9 million.

On May 3, 2023, the Company paid 20% of the zakat due amount equivalent to SR 1.2 million. On May 22, 2023, the Company entered into an agreement with ZATCA to pay the net outstanding balance amounting to SR 4.7 million over 10 equal monthly installments of SR 474.8 thousand starting June 2023 and ending March 2024. The total amount paid during the six-month period ended June 30, 2023 amounted to SR 2.1 million (June 30, 2022: SR 4.5 million).

Status of assessments

The Company has submitted its zakat returns up to the year ended December 31, 2022. The Company received a final zakat assessment from Zakat, Tax and Customs Authority (ZATCA) up to the year 2019 which has been settled. However, the final assessment for the years from 2020 to 2022 is still under review by ZATCA

13. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	For the six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Net profit for the period	1,291,597	6,635,357
Outstanding weighted average number of shares*	120,000,000	120,000,000
Earnings per share – basic and diluted	0.011	0.055

* The outstanding weighted average number of ordinary shares has been adjusted when calculating the basic and diluted earnings per share for the six-month period ended June 30, 2022, as a result of increasing the number of shares from 12 million to 120 million, without any change in the resources, due to the splitting of the nominal value of the Company's share from SR 10 to SR 1 in the six-month period ended June 30, 2023 (Note 1).

KEIR INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
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(All amounts in Saudi Riyals)

14. RELATED PARTY TRANSACTIONS

Related parties include the following:

<u>Related parties</u>	<u>Nature of Relationship</u>	<u>Ownership</u> %
Eirad Holding Company Limited	A major shareholder	40.968%
Mohammad Ali Bin Saleh Al Dhalaan	A major shareholder and BoD Chairman	8.267%
New Generation Mission System Arabia	Affiliate	
CEO, CFO, and BoD members	Key management personnel	

For the six-month period June 30, 2023, the Company recorded revenue amounting to SR 1.5 million generated from New Generation Mission System Arabia (2022: SR Nil)

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise).

Compensation for key management is as follows:	For the six months period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Short-term benefits	1,578,000	2,888,000
Long-term benefits	32,102	-
	<u>1,610,102</u>	<u>2,888,000</u>
	June 30, 2023 (Unaudited)	December 31, 2022 (Unaudited)
<u>Due to a related party:</u>		
Mohammad Ali Bin Saleh Al Dhalaan – included in trade payable	1,740,000	-
<u>Due from a related party:</u>		
New Generation Mission System Arabia (Note 6 & 7)	10,482,773	12,053,994

15. COMMITMENTS AND CONTINGENCIES

As at June 30, 2023, the Company had outstanding contingent liabilities in the form of letters of credit and guarantees issued in relation to bank facilities for the Company's projects and performance guarantees amounting to SR 64.6 million (December 31, 2022: SR 71.9 million).

As at June 30, 2023, the Company is committed to incur capital expenditures in the forthcoming years an amount of SR 8.9 million (December 31, 2022: SR 10.3 million).

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16. FAIR VALUES OF FINANCIAL INSTRUMENTS

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the principal or the most advantageous market must be accessible to the Company.

The Company's financial assets consist of cash in bank balances, trade receivables, prepayments, and other current assets, and contract assets and its financial liabilities consist of Islamic financing, trade payables and accruals, and other current liabilities.

The fair values of the financial instruments of the Company are not materially different from their carrying values at the reporting date.

17. SEGMENTS REPORTING

The segment is a separate and distinct segment of the Company engaged in business activities that result in the recognition of revenues or expenses incurred. Operating segments are disclosed on the basis of internal reports reviewed by the chief operating decision-maker, who is responsible for resource allocation, performance evaluation, and strategic decision-making on operational segments. Operating segments with similar economic characteristics, products, services, and, similar customer categories are aggregated and recorded where possible as sectors to be reported.

Basis of division

The Company has the following strategic segments which are considered strategic segments to the Company. These segments provide different services and are managed separately because they have different economic characteristics - such as sales growth trends, rates of return, and capital investment level - and also have different marketing strategies. The following is a summary of the operations of each segment:

Segment reports	Operation /activities
Telecommunication	Supply and installation of telecommunications equipment, implementation of communication networks (wired and wireless), and, maintenance.
Power	Supply and installation of electrical equipment, implementation of electrical switches, and, maintenance.
Software	Specialized in software development, designing and building portals and e-services.

Information on segment reporting

The information for each segment sectorial report is listed below. The gross profit of the segment is used to measure the performance because management considers that this information is most appropriate to assess the results of the relevant segments relating to other entities operating in the same industry.

*For the six-month
period ended June
30, 2023*

	<i>Telecommunication</i>	<i>Power</i>	<i>Software</i>	<i>Total</i>
Revenue	43,386,706	30,585,755	3,589,315	77,561,776
Cost of revenue	(31,753,713)	(28,454,564)	(2,348,856)	(62,557,133)
Gross profit	11,632,993	2,131,191	1,240,459	15,004,643
Type of Customers				
Government	14,603,222	1,993,556	-	16,596,778
Semi-governmental entities	6,393,780	26,845,665	-	33,239,445
Private entities	22,389,704	1,746,534	3,589,315	27,725,553
Total	43,386,706	30,585,755	3,589,315	77,561,776

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17. SEGMENTS REPORTING (CONTINUED)

Information on segment reporting (continued)

*For the six-month
period ended June
30, 2022*

	<i>Telecommunication</i>	<i>Power</i>	<i>Software</i>	<i>Total</i>
Revenue	49,506,143	14,084,400	-	63,590,543
Cost of revenue	(37,125,980)	(9,684,190)	-	(46,810,170)
Gross profit	12,380,163	4,400,210	-	16,780,373
Type of Customers				
Government	15,895,679	-	-	15,895,679
Semi-governmental entities	20,304,397	12,537,671	-	32,842,068
Private entities	13,306,067	1,546,729	-	14,852,796
Total	49,506,143	14,084,400	-	63,590,543

Disclosure of information related to the net carrying amounts of property and equipment, right-of-use assets, intangible assets, total assets, total liabilities, general and administrative, and, other expenses in these segments is impractical. All the activities of the Company and its branches are completely concentrated in the Kingdom of Saudi Arabia.

Revenue from one major customer (the Government) for the six-month period ended 30 June 2023 represents 22% of the total revenue (30 June 2022: 25%).

18. DIVIDENDS

Dividends for the six-month period ended June 30, 2021

The Ordinary General Assembly, in its meeting held on Rajab 30, 1443H (corresponding to March 3, 2022), approved the cash dividends of SR 8,496,767 million (SR 0.708 per share), which were paid in the year 2022.

Dividends for the six-month period ended June 30, 2022

The board of directors, on their meeting held on March 29, 2023, the board of directors recommended to the Ordinary General Assemblies the decision of the distribution of cash dividends by the amount of SR 8,928,109 (SR 0.744 per share). On Dhul Hijjah 05, 1444H (corresponding to June 23, 2023), the Extraordinary General Assembly approved the distribution of these dividends, but still not paid as of the date of these condensed interim financial statements (Note 11).

19. SUBSEQUENT EVENT

For the purpose of financing its working capital and projects, on July 02, 2023, the Company entered into an agreement with Sukuk Capital Company in order to organize debt instruments issuance program (Murabaha) for the total nominal amount of SR 30 million, repayable in 23 months with the redemption amount of SR 32 million bearing a margin of 3.55% per year, provided that the total nominal value of the issuances does not exceed SR 10 million within a year and SR 5 million for one issue. Furthermore, this financing arrangement is pledged against promissory notes on the Company and on some of the shareholders with an amount of SR 12 million each.

Except as disclosed in the above paragraph, there are no subsequent events that required adjustment or disclosure on these condensed interim financial statements

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20. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to the current year presentation.

Statement of profit or loss and other comprehensive income for the six-month period ended June 30, 2022:

	Balance at financial statements as issued	Reclassification	Balance after reclassification
Cost of revenue	46,904,455	(94,285)	46,810,170
Finance cost	276,272	94,285	370,557

21. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Board of Directors on 18 Safar, 1445H (corresponding to September 3, 2023).