

**AI KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
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INDEX	PAGES
Independent auditor's review report on condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position (unaudited)	2
Condensed consolidated interim statement of profit or loss and other comprehensive income (unaudited)	3
Condensed consolidated interim statement of changes in shareholders' equity (unaudited)	4
Condensed consolidated interim statement of cash flows (unaudited)	5
Notes to the condensed consolidated interim financial statements (unaudited)	6 – 17

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

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

Introduction:

We have reviewed the accompanying condensed consolidated interim statement of financial position of **AL KATHIRI Holding Company** (A Saudi joint stock Company) (the "Company") as at 31 MARCH 2022 and its subsidiaries referred to together as the group the condensed consolidated interim statements of profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the three- months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. condensed consolidated interim financial statements Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review:

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

Conclusion:

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

AlKharashi & Co.


Sulaiman A. AL-Kharashi
License No. 91



Riyadh at:

May 11, 2022

Shawwal 10, 1443

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

	Notes	As at March 31	As at Decmeber 31
		2022	2021
		(Unaudited)	(Audited)
ASSETS			
NON-CURRENT ASSETS :			
Property and equipment (Net)	6	155,119,546	150,504,593
Right to use assets	7	1,012,003	1,083,184
Total non-current assets		156,131,549	151,587,777
CURRENT ASSETS :			
Trade receivables	8	10,263,640	8,495,871
Raw material inventory		3,973,514	3,171,847
Spare parts inventory		493,746	538,096
Due from related parties	9	-	148,163
Other debit balances	10	13,326,576	7,590,322
Cash and Cash Equivalents	11	8,673,775	9,684,217
Total current assets		36,731,251	29,628,516
Total assets		192,862,800	181,216,293
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share Capital		113,022,000	113,022,000
Share premium		7,559,083	7,559,083
Statutory Reserve		4,756,378	4,756,378
Retained earnings		6,363,914	8,424,759
Equity belonging to the parent company		131,701,375	133,762,220
Non-controlling equity		161,759	172,998
Total equity		131,863,134	133,935,218
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion of the Industrial Development Fund loan	12	19,808,704	2,901,074
Non-current portion of Liabilities against capital contracts		7,271,764	1,742,248
Non-current portion of finance lease obligations		1,119,362	1,119,362
Provision for end of service benefits		1,651,565	1,519,203
Total non-current liabilities		29,851,395	7,281,887
CURRENT LIABILITIES:			
Trade payables		6,911,798	6,152,378
Short term loans	13	14,417,641	27,850,521
The current portion of the Industrial Development Fund loan	12	1,000,000	943,047
Current portion of Liabilities against capital contracts		3,621,941	1,830,209
Other credit balances	14	3,985,711	2,254,089
zakat	15	1,211,180	968,944
Total current liabilities		31,148,271	39,999,188
Total liabilities		60,999,666	47,281,075
Total Shareholders' Equity And Liabilities		192,862,800	181,216,293

Finance Manager

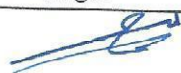
Chief Executive Officer

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

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

	Notes	For the period from January 1 to March 31	
		2022 (Unaudited)	2021 (Unaudited)
Revenue	16	25,274,223	35,209,641
Less: Cost of revenue	17	(20,954,601)	(25,314,141)
Gross profit		4,319,622	9,895,500
:Less			
Selling and Marketing expenses		(579,405)	(423,066)
General and administrative expenses	18	(2,193,484)	(3,532,116)
Depreciation of Property and equipment	6	(3,146,797)	(1,444,359)
(Loss)\ profit From main operations		(1,600,064)	4,495,959
Finance cost		(284,010)	(123,125)
Other Revenue		54,226	32,004
(Loss)\ profit before Zakat		(1,829,848)	4,404,838
Less : Estimated Zakat		(242,236)	(206,438)
Net (loss)\ profit for the period		(2,072,084)	4,198,400
Other comprehensive income		-	-
Total Comprehensive Income for the period		(2,072,084)	4,198,400
Net (loss)\ profit attributable to:			
Company shareholders		(2,060,845)	4,198,400
Non-controlling equity		(11,239)	-
Total comprehensive income attributable to:			
Company shareholders		(2,060,845)	4,198,400
Non-controlling equity		(11,239)	-
BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR			
Net profit attributable to company shareholders	19	(0.18)	0.37
Total comprehensive income attributable to company sharehol		(0.18)	0.37
Weighted average number of shares		11,302,200	11,302,200

Finance Manager



Chief Executive Officer



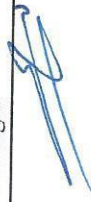
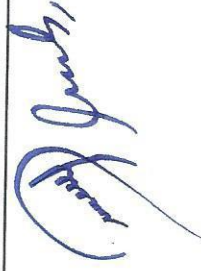
The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total equity belonging to the parent company	Non-controlling equity	Total
Balance at 1 January 2022 "audited"	113,022,000	-	7,559,083	4,756,378	8,424,759	133,762,220	172,998	133,935,218
Net Profit for the period	-	-	-	-	(2,060,845)	(2,060,845)	(11,239)	(2,072,084)
Balance at 31 March 2022 " Unaudited"	113,022,000	0	7,559,083	4,756,378	6,363,914	131,701,375	161,759	131,863,134
Balance at 1 January 2021 "audited"	90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242
Net Profit for the period	-	-	-	-	4,198,400	4,198,400	-	4,198,400
Balance at 31 March 2021 " Unaudited"	90,417,600	251,838	7,559,083	3,889,764	27,580,357	129,698,642	-	129,698,642

Finance Manager

Chief Executive Officer

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

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

	For the period from January 1 to March 31	
	2022	2021
	(Unaudited)	(Unaudited)
Net (loss)\ profit for the period	(2,072,084)	4,198,400
<u>ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM USED IN OPERATIONS ACTIVITIES:</u>		
Depreciation	3,146,797	1,444,359
Amortization of right to use assets	71,181	66,777
Provision for end of service penefits provided	132,362	98,478
zakat provision provided	242,236	206,438
Trade receivables	(1,767,769)	3,197,941
Raw material inventory	(801,667)	3,992,473
Spare parts inventory	44,350	(37,400)
Other debit balances	(5,736,254)	(4,797,564)
Trade payables	759,420	(262,518)
related parties	148,163	5,186,206
Other credit balances	1,731,622	50,862
Zakat Paid	-	(825,750)
Net cash generated from (used in) operating activities	(4,101,643)	12,518,702
<u>CASH FLOWS FROM INVESTING ACTIVITES:</u>		
Additings to Property and equipment	(8,725,556)	(16,454,099)
Projects under progress	963,806	(2,221,854)
Net cash (used in) inesting activities	(7,761,750)	(18,675,953)
<u>CASH FLOWS FROM FINANCING ACTIVITES:</u>		
Industrial Development Fund loan	16,964,583	-
Short term loans	(13,432,880)	(2,367,489)
Capital lease obligations	7,321,248	3,591,541
Net cash generated from financing activites	10,852,951	1,224,052
Net change in cash and cash equivalents	(1,010,442)	(4,933,199)
Cash and cash equivalents at the beginning of the period	9,684,217	22,851,485
Cash and cash equivalents at the end of the period	8,673,775	17,918,286

Finance Manager

Chief Executive Officer

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

NOTE 1. INFORMATION ABOUT THE COMPANY:

a. Establishment of the Company

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

b. The Company's share capital

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

On 05/17/2017 the Capital Market Authority announced the approval of the prospectus for the issuance of Al Kathiri Holding Company and offering 819,000 shares representing 26.1% of the capital for the purpose of listing in the Nomu - parallel market with a capital of 31,395,000 SR

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

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

The Extraordinary General Assembly, held on November 13, 1442 AH corresponding to 06/23/2021 AD, agreed to increase the company's capital from 90,217,600 riyals to 113,022,000 riyals, through retained earnings by granting one free share to each shareholder who owns 4 shares of the company's shares.

C. Company's Activity

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

D. Fiscal year:

The fiscal year of the Company is 12 months starts from the beginning of January and ends on December of each year.

E. Presentation and activity currency

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

NOTE 2. INFORMATION ABOUT THE GROUP:

The condensed interim consolidated financial statements include the financial statements of Al Kathiri Holding Company and the condensed interim financial statements of all companies controlled by the Company (its subsidiaries) that were established or acquired until 31 March 2021. They are as follows:

**Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31MARCH 2022**

NOTE 2. INFORMATION ABOUT THE GROUP (CONTINUED):

Company's name	Country	Legal entity	31March2021	31December2020
Alian Industry Company	Kingdom of Saudi Arabia	Limited liability Company	99	100
Msandh Alemdad Company	Kingdom of Saudi Arabia	Limited liability Company	100	100

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

3.1 Applicable accounting standards:

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

2-3 basis of preparation

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

3-3 Use of estimates

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

3-4 Basis of consolidating the consolidated financial statements

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

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

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

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

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

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

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The group accounts for the business combination using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as is the case for the net identifiable assets acquired. The excess of the cost of acquisition plus the fair value of the non-controlling interests over the fair value of the net identifiable assets acquired is recorded as goodwill in the consolidated statement of financial position. Non-controlling interest is measured by the proportion of its share of the net identifiable assets of the acquiree at the date of the acquisition. The share in profit or loss and net assets not controlled by the Group are presented as a separate item in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position. Both transactions as well as unrealized balances and profits and losses resulting from inter-Company transactions are eliminated. Accounting policies of subsidiaries are modified when necessary, to ensure compliance with the policies followed by the Group. The internal financial statements for the period ending on 31 March 2021 were approved by the management of the subsidiaries and are not approved due to the legal entity of the subsidiaries

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES:

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

NOTE 5. SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES:

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

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

5-2 Provision for end of service benefits

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

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

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

5-3 Provision of Zakat:

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

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

5-4 Cash and cash equivalent:

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

5-5 transactions in foreign currencies

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

5-6 measuring fair value:

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

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

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

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

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

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

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

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

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

**AJ KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

NOTE 6. PROPERTY AND EQUIPMENT (NET):

	Lands	Buildings and constructions	Machinery and equipment	Vehicles and cars	Computers	Furniture and office equipment	Rented machinery and equipment	projects under progress	Total
Book value:									
Balance at 1 January 2021 "audited"	6,400,000	91,119,327	67,022,259	4,980,407	674,594	866,616	6,034,900	2,685,296	179,783,399
Additions	-	138,700	795,249	95,600	13,600	82,207	7,600,200	1,721,490	10,447,046
Adjustments	-	-	-	-	-	-	-	(2,685,296)	(2,685,296)
Balance at 31 March 2021 "Unaudited"	6,400,000	91,258,027	67,817,508	5,076,007	688,194	948,823	13,635,100	1,721,490	187,545,149
Accumulated depreciation:									
Balance at 1 January 2021 "audited"	-	3,690,041	21,907,237	2,765,824	207,223	249,199	459,282	-	29,278,806
Depreciation of the Period	-	1,132,293	1,562,056	118,268	20,781	35,857	277,542	-	3,146,797
Balance at 31 March 2021 "Unaudited"	-	4,822,334	23,469,293	2,884,092	228,004	285,056	736,824	-	32,425,603
Net book value at 31 March 2021	6,400,000	86,435,693	44,348,215	2,191,915	460,190	663,767	12,898,276	1,721,490	155,119,546
Net book value at 31 Dec 2020	6,400,000	87,429,286	45,115,022	2,214,583	467,371	617,417	5,575,618	2,685,296	150,504,593

AI KATHIRI HOLDING COMPANY
 SAUDI JOINT STOCK COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

NOTE 7. RIGHT TO USE ASSETS

	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
Long-term leases		
right to use Melhem land	1,335,547	1,335,547
right to use Seder land	299,471	299,471
Total	<u>1,635,018</u>	<u>1,635,018</u>
Accumulated amortization:		
1 Jan. Balance	-551,834	(267,109)
amortization of the Period	(71,181)	(284,725)
Total	<u>(623,015)</u>	<u>(551,834)</u>
Net	<u>1,012,003</u>	<u>1,083,184</u>

NOTE 8. TRADE RECEIVABLES , NET:

	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
Trade receivables	19,176,206	17,408,437
Less: Provision for credit losses	(8,912,566)	(8,912,566)
Total	<u>10,263,640</u>	<u>8,495,871</u>

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

NOTE 9. TRANSACTIONS WITH RELATED PARTIES :

Related party	Relationship type	Nature of relationship	Balance at 1 January		Period movement		Balance at 31 March	
			2022 Debit	2022 Credit	2022 Debit	2022 Credit	2022 Debit	2022 Credit
Meshaal AL-kathiri	shareholder	funding	148,163		2,100	150,263		
Transactions with senior executives during the period ended on 31/3/2021 are represented as follows:								
Meshaal AL-kathiri	Managing Director / CEO	Salaries						From January 1 to March 31 2022 (Unaudited) 2021 (Unaudited)
		Provision for end of service benefit						82,034 90,000
								7,500 7,417
								89,534 97,417

NOTE 10. OTHER DEBIT BALANCES:

	As at March 31 2022 (Unaudited)	As at December 31 2021 (Audited)
Accrued revenue	1,809,289	1809289
Advances and loans	475,691	275278
Prepaid expenses	4,454,151	1713388
Letters of guarantee	78,120	78120
Letters of credit	0	150000
VAT - debit	3,215,738	2431204
Advanced payments for suppliers	3,267,337	1106793
Others	26,250	26250
Total	13,326,576	7,590,322

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

NOTE 11. CASH AND CASH EQUIVALENTS

	As at March 31 2022 (Unaudited)	As at December 31 2021 (Audited)
Cash in hand	56,704	-
Cash at Bank	8,617,071	9,684,217
Total	8,673,775	9,684,217

AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

NOTE 12. THE INDUSTRIAL DEVELOPMENT FUND LOAN:

The company was signed agreement with Saudi Industrial Development Fund on 2/10/2019 in the amount of 23,200,000 Saudi Riyals, from which 1,160,000 Saudi Riyals will be deducted in return for studies and the cost of industrial evaluation. The cost of the evaluation is in full, and the loan is repaid in 12 installments, starting from 5/16/2022 and ending on 9/16/2027.

The loan was classified as on March 31, 2022, as follows:

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

NOTE 13. LOANS AND BANK FACILITIES:

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

The company signed a facility agreement with Riyadh Bank on 06/24/2021 with a credit ceiling of 13,004,000 Saudi Riyals and a guarantee of a promissory note amounting to 14,200,000 Saudi Riyals. Managing Director, the total credit ceiling will be 19,004,000 Saudi Riyals, and the agreement ends on 06/24/2024.

The balance of the facilities used on 31/3/2022 was as follows:

	<u>Company's name</u>	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at December 31</u> <u>2021</u> <u>(Audited)</u>
Short term loans	Al Kathiri Holding	9,185,397	12,086,835
Short term loans	Alian Industry	5,232,244	15,763,686
		<u>14,417,641</u>	<u>27,850,521</u>

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

NOTE 14. OTHER CREDIT BALANCES :

	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
Accrued expenses	736,708	1,179,115
Advance payments from clients	3,011,816	1,065,513
Others	237,187	9,461
Total	<u>3,985,711</u>	<u>2,254,089</u>

NOTE 15. PROVISION FOR ZAKAT :

The movement in zakat provision was as follows:

	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
Balance at 1 January provided	968,944	825,750
Paid	242,236	968,944
Balance at the end of the period	<u>-</u>	<u>(825,750)</u>
	<u>1,211,180</u>	<u>968,944</u>

NOTE 16. REVENUE:

	<u>For the period from January 1 to March 31</u>	
	<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Unaudited)</u>
Cement sales	6,357,543	12,503,329
Concrete sales	17,433,926	13,664,270
Special projects	1,482,754	1,522,500.00
Sand and white Pebble sales	-	7,519,542
Total	<u>25,274,223</u>	<u>35,209,641</u>

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

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

NOTE 17. COST OF REVENUE:

	<u>For the period from January 1 to March 31</u>	
	<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Unaudited)</u>
Raw materials	15,737,671	22,382,751
Salaries, wages and equivalents	3,094,722	1,723,153
Other operating expenses	2,122,208	1,208,237
Total	<u>20,954,601</u>	<u>25,314,141</u>

AI KATHIRI HOLDING COMPANY
 SAUDI JOINT STOCK COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

NOTE 18. GENERAL AND ADMINISTRATIVE EXPENSES:

	For the period from January 1 to March 31	
	2022 (Unaudited)	2021 (Unaudited)
Salaries and wages	1,399,540	1,017,209
Provision for credit losses expense	-	1,500,000
Zakat differences	-	369,069
Professional and consultants fees	296,250	238,750
Right to use assets expense	71,181	66,777
CMA expense	69,076	56,325
Others	357,437	283,986
Total	2,193,484	3,532,116

NOTE 19. EARNINGS PER SHARE:

The weighted average number of shares for the year ending on March 31, 2021 has been adjusted to be in line with the weighted average number of new shares after increasing it during the year 2021. The calculation of basic / diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share as at March 31, 2022 has been calculated based on the weighted average number of shares outstanding at the end of the year, the adjusted earnings per share is the same as the basic earnings per share as the group has neither convertible securities nor dilutive financial instruments to exercise. The weighted average number of shares on March 31, 2021 has been retrospectively modified to be in line with the weighted average number of new shares after its increase during 2021 (for more details see Note 1) as required in accordance with International Accounting Standard No. 33 (earnings per share).

NOTE 20. RISK MANAGEMENT:

Credit risk

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

Interest rate risk

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

Liquidity risk

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

Currency risk

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

NOTE 21. THE EFFECTS OF THE SPREAD OF THE CORONAVIRUS (COVID 19)

With regard to the effects resulting from the spread of the Coronavirus (Covid 19) that appeared during the reporting period as a global pandemic and the precautionary measures that the Kingdom of Saudi Arabia took in implementing to confront this pandemic, the Company believes that this event did not have a material impact on the results of the Company's operations until the date of the condensed consolidated interim financial statements. The Company cannot currently anticipate the financial impact of this crisis, and the Company is following up the developments and taking all possible financial, administrative and technical measures in order to mitigate the potential negative effects of this crisis. Changes in future circumstances may require some disclosures or amendments to the condensed consolidated interim financial statements in the subsequent periods during the current period.

NOTE 22. BUSINESS RESULTS FOR THE INTERIM PERIOD:

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

NOTE 23. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on 09/10/1443 corresponding to (10/05/2022)