

THIMAR DEVELOPMENT HOLDING COMPANY
SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE
(A Saudi Joint Stock Company)
RIYADH, SAUDI ARABIA
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
WITH INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
FOR THE THREE AND THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

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<u>INDEX</u>	<u>PAGE</u>
Independent auditor's limited review report	
Condensed interim statement of financial position	1
Condensed interim statement of profit or loss and other comprehensive income	2
Condensed interim statement of changes in equity	3
Condensed interim statement of cash flows	4
Notes to the condensed interim financial statements	5

Independent Auditor's Report on Review of Condensed Interim Financial Statements **To the Shareholders of**

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Thimar Development Holding Company (A Saudi Joint Stock Company) (the "Company"), as at 30 September 2022G, and the condensed interim statements of profit or loss and other comprehensive income for the three and the nine months periods ended on that date, and the condensed interim statement of changes in equity, and the condensed interim statement of cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. The Company Management is responsible for the preparation of these condensed Interim financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is 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

Except what described in the following paragraph, we conducted our review in accordance with the International Standard on Review Engagements (2410), "Review of condensed interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. An examination of the condensed interim financial statements consists of directing inquiries, mainly to persons responsible for financial and accounting matters, and applying analytical and other examination 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. Therefore, we will not express an audit opinion.

Basis for the qualified conclusion

- 1- Based on the information provided to us by the management, the management was unable, during the period from the end of the company's fiscal year as at December 31, 2021G to September 30, 2022G, to obtain the financial statements and investment confirmations for one of the investee companies (the National Company for Fresh Fruit Products) as at September 30, 2022G (we also did not receive those financials as at December 31, 2021G), and the investment balance at the same date amounted to zero Saudi riyals. The management was also unable to obtain the current status of this investment, and we were unable to perform alternative procedures to verify the accuracy of the evaluation and the existence and completeness of the balance of this investment, transactions and related accounts.

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Basis for the qualified conclusion (continued)

- 2- Based on the information provided to us by the management, the management was unable, during the period from the end of the company's fiscal year as at December 31, 2021G to September 30, 2022G, to obtain confirmations for the balances of some trade payables as at September 30, 2022G (also we were not provided with confirmations as at September 31 December 2021), with a balance of SR 2 318 021, and we were unable to perform alternative procedures to verify the accuracy, existence, and completeness of these balances and to determine whether there was a need to make any adjustments to the balances of trade payables, transactions, and related accounts.
- 3- The accumulated losses as at 30September 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 2021,2020 and 2019, and we were not provided with sufficient supporting documents at that time (please refer to our report on the financial statements as at 31 December 2021G { qualification no. (3), no. (5) within the basis for disclaimer of opinion section}, and our report on the financial statements as at 31 December 2020G {qualification no. (8), and no. (21) within the basis for disclaimer of opinion section}, and our report on the financial statements 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 procedures to verify the completeness and accuracy of the balance of accumulated losses.

Qualified Conclusion

Except of the adjustments to the condensed interim financial statements, which we may become aware of if the information referred to in the above paragraph were available, and based on our review, nothing has come to our knowledge that makes us believe that the condensed interim financial statements attached as at September 30, 2022G to Themar Development Holding Company (a joint stock company) Saudi Arabia) (the "Company") is not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

Independent Auditor's Report on Review of Condensed Interim Financial Statements **(continued)**

To the Shareholders of

Thimar Development Holding Company

(SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE)

(A Saudi Joint Stock Company)

Emphasis of Matter

- 1- We draw attention to note no. (21) of the notes supplementing the financial statements, which indicates that the company incurred accumulated losses as at 30 September 2022G amounting to SR 228 040 317, which exceeded the company's capital (at the end of year 2021 exceeded the company's capital and at the end of years 2020G and 2019G exceeded more than 50% of the capital, and was referred to by drawing attention in our report on the company's financial statements), which require, in implementation of Article no. (150) of The Regulations for the Companies, to invite the Extraordinary General Assembly to meet within forty-five days from the date of his knowledge of the losses to decide either to increase or reduce the company's capital - in accordance with the provisions of the Regulations - to the extent that the percentage of losses drops to less than half of the paid-up capital, or to dissolve the company before the term specified in its articles of association. However, due to the company's entry into the financial reorganization proposal and procedures, and in application of article no. (42) of Chapter Four of the Bankruptcy Law and its Executive Regulations, the company is exempted from applying the provisions of the Companies Law with regard to the debtor's losses reaching the percentage specified in the Regulation of companies. Our conclusion is not modified in respect of this matter.
- 2- We would like to draw attention to note no. (22) 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 period following the date of this condensed interim financial statements 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 interim condensed financial statements, this increase has not occurred, and our conclusion has not modified in respect of this matter.

Independent Auditor's Report on Review of Condensed Interim Financial Statements
(continued)

To the Shareholders of

Thimar Development Holding Company
(SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE)
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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 condensed Interim financial statements for the financial period ending as at September 30, 2022G can be validated, except for what has been qualified which are included in the paragraph (the basis for the qualification conclusion), 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. (22) of the notes supplementing the financial statements, and accordingly we issued a qualification conclusion on the current condensed Interim financial statements for the period ending as at September 30, 2022G.

For / OSAMA A. ELKHEREIJI
& PARTNERS CO.

OSAMA A. ELKHEREIJI
License No. 154
Dated 23/04/1405H



Jeddah
08 /08/1444H.
28/02/2023G.

THIMAR DEVELOPMENT HOLDING COMPANY
SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE
(A SAUDI JOINT-STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS OF 30 SEPTEMBER 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>September 30, 2022</u> (Unaudited)	<u>December 31, 2021</u> (Audited)
<u>Assets</u>			
<u>Non-Current Assets</u>			
Investments in associates, net	(6)	-	-
Property, plant and equipment, net	(5)	43 199 723	11 713 391
Total Non-Current Assets		43 199 723	11 713 391
<u>Current Assets</u>			
Assets and Property available for sale	(7)	780 000	780 000
Accounts Receivable, net	(8)	-	-
Prepaid expenses and other debit balances, net	(9)	1 231 068	930 227
Due from related parties, net	(10/a)	-	-
Cash and cash equivalents	(11)	148 387	623 303
Total Current Assets		2 159 455	2 333 530
Total Assets		45 359 178	14 046 921
<u>Equity and Liabilities</u>			
<u>Equity</u>			
Share capital	(1)	100 000 000	100 000 000
Statutory reserve	(13)	2 883 376	2 883 376
Other reserve		(155 283)	(155 283)
Revaluation Surplus	(14)	31 776 034	-
Accumulated (losses)		(228 040 317)	(228 946 726)
Total Equity (minus)		(93 536 190)	(126 218 633)
<u>Non-Current Liabilities</u>			
Employees' End of Service Benefits		198 937	856 066
Total Non-Current Liabilities		198 937	856 066
<u>Current Liabilities</u>			
Short term loans	(12)	32 024 465	32 024 465
Accounts payable		66 380 936	66 483 175
Accruals and other credit balances	(15)	23 114 011	23 745 829
Due to related parties	(10/b)	1 400 078	1 379 078
Zakat provision		15 776 941	15 776 941
Total Current Liabilities		138 696 431	139 409 488
Total Liabilities		138 895 368	140 265 554
Total liabilities and equity		45 359 178	14 046 921

* The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.

Chairman

Managing Director

Finance Manager

THIMAR DEVELOPMENT HOLDING COMPANY
SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE
(A SAUDI JOINT-STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>For the three-months period ended 30 September</u>		<u>For the nine-months period ended 30 September</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Activity Revenues		-	-	-	425 304
Activity costs		-	-	-	(389 989)
Gross Profit		-	-	-	35 315
<u>Main Operating Expenses</u>					
Selling and marketing expenses		-	(14 561)	-	(55 677)
General and administrative expenses		(1 103 948)	(1 461 536)	(2 358 091)	(4 420 804)
General and administrative expenses-financial restructuring procedure	(16)	-	-	(550 000)	-
Operational (loss) from operations		(1 103 948)	(1 476 097)	(2 908 091)	(4 441 166)
Other revenues	(17)	---	197 456	3 814 500	707 256
Operations Income		(1 103 948)	(1 278 641)	906 409	(3 733 910)
Net Profit / (Loss) before Zakat		(1 103 948)	(1 278 641)	906 409	(3 733 910)
Zakat		-	--	-	-
Net Profit / (Loss) for the period		(1 103 948)	(1 278 641)	906 409	(3 733 910)
Other comprehensive income:					
Items that will not subsequently be reclassified to profit or loss					
Revaluation Surplus	(14)	-	-	31 776 034	-
Total Other comprehensive income		-	-	31 776 034	-
Total comprehensive income for the period		(1 103 948)	(1 278 641)	32 682 443	(3 733 910)
Profit / (Losses) per share for the period:					
Basic and diluted earning share in net profit /(Loss) for the period	(18)	(0.11)	(0.13)	0.09	(0.37)

* The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.

Chairman

Managing Director

Finance Manager

THIMAR DEVELOPMENT HOLDING COMPANY
SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE
(A SAUDI JOINT-STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 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>
Balance at January 1, 2021 (Audited)	100 000 000	2 883 376	---	---	(66 495 332)	36 388 044
Net (Losses) for the period	---	---	---	---	(3 733 910)	(3 733 910)
Balance as at September 30, 2021 (Unaudited)	100 000 000	2 883 376	---	---	(70 229 242)	32 654 134
Balance at January 1, 2022 (Audited)	100 000 000	2 883 376	(155 283)	---	(228 946 726)	(126 218 633)
Net Profit for the period	---	---	---	---	906 409	906 409
Other comprehensive income for the period	---	---	---	31 776 034	---	31 776 034
Balance as at September 30, 2022 (Unaudited)	100 000 000	2 883 376	(155 283)	31 776 034	(228 040 317)	(93 536 190)

* The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.

Chairman

Managing Director

Finance Manager

THIMAR DEVELOPMENT HOLDING COMPANY**(A SAUDI JOINT-STOCK COMPANY)****CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2022****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	<u>Note</u>	<u>For the nine-months period ended 30 September</u>	
		2022	2021
		(Unaudited)	(Unaudited)
<u>Operating Activities</u>			
Net Profit / (Loss) before Zakat		906 409	(3 733 910)
<u>Adjustments</u>			
Depreciation of Property, plant and equipment		316 050	830 966
Gain from the sale of property, machinery and equipment		(14 500)	-
		1 207 959	(2 902 944)
<u>Changes in Working capital:</u>			
Due from related parties		-	150 893
Prepaid expenses and other debit balances		(300 841)	(592 301)
Accounts payable		(102 239)	68 134
Accruals and other credit balances		(631 818)	2 896 729
Due to related parties		21 000	211 910
Cash provided / (used) by operating activities		194 061	(167 579)
Employees end of service benefits paid		(657 129)	-
Net cash (used by) operating activities		(463 068)	(167 579)
<u>Investing Activities</u>			
Purchase of property and equipment		(26 348)	(1 840)
Collection from sale property and equipment		14 500	-
Net cash (used by) investing activities		(11 848)	(1 840)
Net cash flow		(474 916)	(169 419)
Cash and bank balances at the beginning of the period		623 303	2 459 583
Cash and bank balances at the end of the period		148 387	2 290 164
<u>The most important non-cash transactions</u>			
Revaluation Surplus		31 776 034	-
		31 776 034	-

* The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.

Chairman**Managing Director****Finance Manager**

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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.
- Exporting of foodstuffs and agricultural products, livestock and all kinds of chilled and frozen meat.
- The address of the company's head office is in Riyadh, Al Olaya District, Building No 3549, Al Oroba road, Kingdom of Saudi Arabia.
- The financial statements include the accounts of the company and its branches.

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 Thimar 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 06/05/1443H 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 CONDENSED INTERIM FINANCIAL STATEMENTS

2-1 ACCOUNTING STANDARDS APPLIED

- These condensed Interim financial statements have been prepared in accordance with International Accounting Standard "34" "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA including the standard for financial reporting during bankruptcy procedure: preventive settlement or financial reorganization Approved in the Kingdom of Saudi Arabia, which requires presenting the impact of the financial reorganization procedure on the financial statements and disclosing additional information due to

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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, and these condensed Interim financial statements must be read along with the latest annual financial statements as of December 31, 2021G.

- These condensed Interim financial statements do not include all information and disclosures required to issue the complete set of financial statements that prepared in accordance with the International Financial Reporting Standards (IFRS). However, the specified accounting policies and notes are included to explain the significant events and transactions to an understanding of changes in financial position and financial performance since the last annual financial statements. In addition to, the results for the nine months period ending 30 September 2021 are not necessarily indicative of the results that can be expected for the year ending 31 December 2022.
- 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

These condensed Interim 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 condensed Interim financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency, unless otherwise noted.

3- SIGNIFICANT ACCOUNTING POLICIES

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

There are no new standards that have been issued. However, a number of amendments to the standards are effective as of January 1, 2022G, which were explained in the annual financial statements, but do not have a material impact on the company's summary financial statements.

3-2 CHANGES IN ACCOUNTING POLICIES

- During the current period 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.

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

-Note No. (3-3) 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.

3-3 SIGNIFICANT ACCOUNTING POLICIES APPLIED

The accounting policies applied in preparing the condensed Interim financial statements aligned with those policies applied in preparing the financial statements for the year ended on 31 December 2021. Except as follows.

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

THIMAR DEVELOPMENT HOLDING COMPANY

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(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

asset is adjusted and re-presented to the revalued amount on the date of revaluation in a proportional manner.

- 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.

Item	%
Buildings	3%
Wells	4%
computer and electrical equipments	7.5% - 20%
Leasehold improvement and Furniture & fixtures	5.2% - 25%
Machinery and equipment	10% - 20%
Vehicles	7.5% - 25%

- 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.

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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.

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: -

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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.

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 implementing regulations, as the court approved the financial reorganization proposal submitted by the company, and both shareholders and creditors approved the proposal (Note 23). The financial statements have been prepared on the going concern basis..

THIMAR DEVELOPMENT HOLDING COMPANY
SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE
(A SAUDI JOINT-STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

5- Property, plant and equipment (Net)

Description	<u>Lands</u>	<u>Building</u>	<u>Vehicles</u>	<u>Furniture, Fixtures, Office equipment and Decoration</u>	<u>Wells</u>	<u>Electrical and computer equipment</u>	<u>Total</u>
Balance as at 1/1/2022	6 231 776	25 300 697	312 193	-	100 359	-	31 945 025
Revaluation Surplus for lands*	31 776 034	-	-	-	-	-	31 776 034
Additions during the period	-	-	-	24 218	-	2 130	26 348
Disposals during the period	-	-	(112 860)	-	-	-	(112 860)
Cost and revaluation as at 30/09/2022	38 007 810	25 300 697	199 333	24 218	100 359	2 130	63 634 547
Accumulated Impairment & Depreciation as at 1/1/2022							
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
Period's depreciation ***	-	284 124	30 318	1 537	-	71	316 050
Accumulated Depreciation of disposal during the period	-	-	(112 860)	-	-	-	(112 860)
Accumulated as at 30/09/2022	-	20 165 211	167 646	1 537	100 359	71.00	20 434 824
Net book value as at 30/09/2022	38 007 810	5 135 486	31 687	22 681	-	2 059	43 199 723
Net book value as at 31/12/2021	6 231 776	5 419 610	62 005	-	-		11 713 391

* During the period, 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 recognized, with a total amount of 31,776,034 Saudi riyals, and it was recorded within the items of other comprehensive income under the name of revaluation surplus, based on the evaluation carried out by the company for the lands prepared by the evaluator, Middle East Real Estate Appraisal Company, License No. 323/18/323 (Note No. 14).

** The decrease of 12,672,951 Saudi riyals is represented by the company comparing the total value of the buildings appraisal for 3 sites owned by the company on December 31, 2021G, with the total balances of the cost of those items and their accumulated book depreciation. Based on the results of those evaluations, the decline in the value of the buildings was proven. The appraisal was carried out by the Middle East Real Estate Appraisal Company, License No. 323/18/323 (note no.14)

*** Depreciation expenses have been fully distributed on the item of general and administrative expenses.

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****6- INVESTMENTS IN ASSOCIATES**

Investments in associate companies consist of the following:

Company	Legal entity	Country	Ownership percentage	30 September 2022 (Unaudited) SAR	31 December 2021 (Audited) SAR
* 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. There is an existing lawsuit to liquidate the company, but it has not yet been decided. 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 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 based on the statement of the company's legal advisor, it was unable to obtain data or information about the investment and related balances, and the balance of indebtedness owed by the associate company was written off, and there are no outstanding balances for it in the current financial statements.

7- Assets and properties available for sale:

	30 September 2022 SAR	31 December 2021 SAR
Iron piles and scraps*	780 000	780 000
	780 000	780 000

* It represented in of unusable piles of iron and scrap, which are for sale. It was estimated at 780 000 Saudi riyals, as part of it was sold for an amount of 230 000 Saudi riyals during the fourth quarter of 2022G, and a number of quotations were obtained for the rest, amounting to an average of 550 000 Saudi riyals.

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****8- ACCOUNTS RECEIVABLE – (NET):**

	30 September 2022 SAR	31 December 2021 SAR
Accounts receivable**	13 216 988	13 216 988
Deduct : provision for credit losses*	(13 216 988)	(13 216 988)
	<u>-</u>	<u>-</u>

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

	2022	2021
Balance at the beginning of the period / year	13 216 988	13 190 471
Used during the period / year	-	-
Formed during the period / year	-	26 517
Balance at the ending of the period / year	<u>13 216 988</u>	<u>13 216 988</u>

9- PREPAID EXPENSES AND OTHER DEBIT BALANCES, NET

	30 September 2022 SAR	31 December 2021 SAR
Receivables staff	132 518	127 504
Prepaid expenses	71 894	32 573
Advance payments to suppliers	190	507
Other debit balances	5 041 493	4 784 670
	<u>5 246 095</u>	<u>4 945 254</u>
Deduct : Credit losses provision *	-	-
Deduct : Provision for debit balances - Court of Execution **	(4 015 027)	(4 015 027)
	<u>1 231 068</u>	<u>930 227</u>

***Movement in credit loss provision for other receivables:**

	2022	2021
Balance at the beginning of the period / year	-	11 302 209
Used during the period / year	-	(11 302 209)
Formed during the period / year	-	-
	<u>-</u>	<u>-</u>

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

The balance used from the provision for credit losses for debit balances is represented by the company's management writing off the balance of the advance payment to one of the suppliers during 2021G, after a court ruling was issued in favor of the supplier, whereby the balance of the advance payment was closed in the provision for credit losses.

Movement in credit loss provision for receivables -*Execution Court -:**

	2022	2021
Balance at the beginning of the period / year	4 015 027	-
Used during the period / year	-	-
Formed during the period / year	-	4 015 027
	4 015 027	4 015 027

It is represented in a provision made for the total amounts recorded as debit balances on the Execution Court, which the court withdrew from the company's bank accounts against cases issued on the company, as there is insufficient data with the company's current management on these cases and they are being followed up with the legal department.

10- 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 at the ending period:

10-A Due from related party:

	Relationship	The nature of the transactions	01/01/2022	Total debit transactions	Total credit transactions	30/09/2022
Prince / Faisal bin Turki	Partner in Associate company	Receivable	22 184 085	-	-	22 184 085
Total			22 184 085			22 184 085
Provision for doubtful debts*			(22 184 085)			(22 184 085)
Total			-		-	-

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)*****Movement in credit losses provision for related parties:**

	2022	2021
Balance at the beginning of the period / year	22 184 085	3 920 195
Used during the period / year	-	(3 920 195)
Formed during the period / year	-	22 184 085
	22 184 085	22 184 085

10-B Due to related party:**

	Relationship	The nature of the transactions	01/01/2022	Total debit transactions	Total credit transactions	30/06/2022
Mr. Sari AL Mayouf	Managing Director (previous)	Funding	827 194	-	9 000	836 194
Mr. Ibrahim Al Mayouf	Chariman (previous)	Funding	551 884	-	12 000	563 884
Total			1 379 078			1 400 078

** 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 1 379 078 Saudi riyals, 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 period for the above-mentioned gentlemen is represented in fees due to attend the meetings of the Board of Directors during the year 2021, which were not included at the time when submitting the list of claims related to the financial reorganization.

10-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 period, the basic salaries, commissions and other benefits of the Executive Director amounted to SAR 400 000 (September 2021: SAR 1 890 000).

The item includes salaries and employee benefits due on September 30, 2022G, amounting to 2 938 250 Saudi riyals (on December 31, 2021, amounting to 2 538 250 Saudi riyals), represented in salaries and benefits due in favor of the former Managing Director and the current member (related parties) (Note No. 15).

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)****11- CASH AND CASH EQUIVALENTS:**

	30 September 2022	31 December 2021
	SAR	SAR
Petty cash	3	17 675
Cash at Banks	148 385	605 628
	148 387	623 303

12- LOANS:**Loan from SABB bank*:**

- The facilities that the company has received by SABB Bank until September 30, 2022 amounted to 32 024 465 SAR (31 December 2021, an amount of 32 024 465 SAR).

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

During this financial period, the company made an agreement with the bank to obtain a reconciliation of the loan balance with the book balance and to cancel the interest registered on the company. The bank issued a certificate of the balance at the end of September 2022G after canceling the interest, so that the balance according to the bank's certificate amounted to SR 295 035 32 , with a difference of SR 10 830 in favor of the bank, represented in the amount of SR 8 925 for evaluation fees that the bank carried out during the year 2021G, which were not recognize in its favor, and the company registered them during the subsequent period December 2022G, and the amount of SR 1 905 in interest differences that the bank corrected and canceled during the subsequent period February 2023G.

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:

	30 September 2022	31 December 2021
	SAR	SAR
Surplus of revaluation of land on Al-Kharj Road, Riyadh	27 322 574	-
Surplus of revaluation of Al-Kharj land	3 681 250	-
Surplus of revaluation of the industrial city land	772 210	-
	31 776 034	-

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

During the period, 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 31 776 034 Saudi riyals, 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 surplus:

	Book Value	Revaluation	Surplus Revaluation
land on Al-Kharj Road, Riyadh (1)	1 477 426	28 800 000	27 322 574
Al-Kharj land (2)	768 750	4 450 000	3 681 250
The industrial city land (3)	3 985 600	4 757 810	772 210
Total	6 231 776	38 007 810	31 776 034

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. The value of the square meter was estimated at 489.85 riyals / m2, with a total amount of 28,800,000 Saudi riyals.
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. The value of the square meter was estimated at 6.36 riyals / m2, with a total amount of 4,450,000 Saudi riyals.
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. The value of the square meter was estimated at 955 riyals/m2, with a total amount of 4,757,810 Saudi riyals.

-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.

-The following are the evaluator data:

Middle East Real Estate Appraisal Company: License No. 323/18/323. Represented by Mr. Abdullah Fahd Al-Huraish, Membership No. 1210001207.

15- ACCRUALS AND OTHER CREDIT BALANCES*:

	30 September 2022 SAR	31 December 2021 SAR
Salaries and employees benefits*	7 024 619	7 517 703
Other accrued expenses	3 700 092	3 730 948
End of service benefits for terminated employees	1 836 889	1 836 889
Value added tax	7 464 060	7 472 509
Other Provsion**	3 088 351	3 187 780
	23 114 011	23 745 829

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

* The item includes salaries and employee benefits due on September 30, 2022G, the amount of 2 938 250 Saudi riyals (on December 31, 2021, the amount of 2 538 250 Saudi riyals) represented in salaries and benefits due (to related parties) to the former managing director in the amount of 2 538 250 Saudi riyals and an amount 400 000 Saudi riyals for the current member, Note No. 10/c.

**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 provisions 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, as well as in the event that any obligations appear on the company later.

16- GENERAL AND ADMINISTRATIVE EXPENSES-FINANCIAL RESTRUCTURING PROCEDURE

	30 September 2022 SAR	31 December 2021 SAR
Professional fees	550 000	-
	<u>550 000</u>	<u>-</u>

It is represented in the fees of the company's financial reorganization trustee, who was appointed under the ruling of the Ninth Commercial Circuit of the Commercial Court in Riyadh. The total professional fees for the trustee amount to 1 100 000 Saudi riyals, as the first payment of 275 000 riyals was recognize and paid during the last fiscal year 2021G, and the second payment was registered and paid In the amount of 550 000 Saudi riyals during this current financial period, and the remaining amount of 275 000 Saudi riyals is due upon completion of the financial regulation work.

17- OTHER REVENUES:

	30 September 2022 SAR	31 December 2021 SAR
Refrigerator and Al Mabast rent	-	490 000
Refrigerator and Al Mabast key money	3 800 000	-
Capital gains from the sale of property, plant and equipment	14 500	7 000
Miscellaneous revenue	-	12 800
	<u>3 814 500</u>	<u>509 800</u>

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

18- PROFIT/ (LOSS) PER SHARE:

Basic and diluted profit / (Loss) earnings per share from net profit / (Loss) is calculated by dividing the net profit / (Loss) for the period by the weighted average number of shares outstanding at the end of the period amounting to 10 000 000 shares (30 September 2021: 10 000 000 shares)

	30 September 2022 SAR	31 December 2021 SAR
Profit / (Loss) of the period	906 409	(3 733 910)
Weighted average number of shares	10 000 000	10 000 000
Basic profit / (Loss) per share	<u><u>0.09</u></u>	<u><u>(0.37)</u></u>

19- FINANCIAL INSTRUMENTS RISK MANAGEMENT

- 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, liquidity risk and credit risk.

Credit risk:

- Credit risk is the risk that one party to a financial instrument will not be able to meet its obligations, and this will cause the other party to incur a financial loss.
- The Company does not have a significant concentration for credit risk. To reduce exposure of credit risk, the company has set up an approval process that credit limits are applied to customers. The management also continuously monitors the credit risk exposure towards customers and form a provision against doubtful balances, which are based on the customer's file and pre-payment dates. The company monitors the existing accounts on a regular basis.
- The maximum level of credit risk that may the company face is the book values, and its as at the reporting date as following:

	30 September 2022 SAR	31 December 2021 SAR
Cash at bank	148 387	623 303
Trade receivables	-	-
Prepaid expenses and other debit balances	1 231 068	930 227
Due from related parties	-	-

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

Liquidity risk:

- Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the Company commits to in the interest of others. 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 through bank facilities to meet any future obligations.
- The company sales conditions states that the cash payment with delivering the goods or on credit sales basis.

Market price 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.

Interest rate risk (commissions):

- 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.

THIMAR DEVELOPMENT HOLDING COMPANY**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)****(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

- 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:

	30 September 2022 SR	31 December 2021 SR
Total liabilities	138 895 368	140 265 554
Less: cash and bank balances	148 387	623 303
Net adjusted debt	138 746 981	139 642 251
Shareholders' equity (minus)	(93 536 190)	(126 218 633)
Debt to equity ratio as at the end of the period/year	(%148.34)	(%110.64)

20- CONTINGENT LIABILITIES:

The company has contingent liabilities resulting from lawsuits filed by third parties against the company, where some creditors filed lawsuits against the company and gained the status of final enforceable judgments, and some of them did not submit their claim to the Financial Reorganization Trustee, and these cases were not included in the list of approved claims, which amounted to 7 cases With a total amount of 2 481 147 Saudi riyals, Taking into account the formation of provisions for it (please refer to Note No. 15), and the total number of claims rejected by the trustee for the financial reorganization of the company amounted to 23 877 526 Saudi riyals, and as a result of some final rulings that must be executed, the Execution Court withdrew some amounts from the company's bank accounts for the account of The court amounted to 4 211 851 Saudi riyals, included in the item of other debit balances.

21- GOING CONCERN:

As shown in the financial statements, the company's net profit for the second quarter 2022 of 906 409 SAR. and the accumulated losses for the company on 30 September 2022 of 228 040 317 SAR which is exceeded the half of the company capital, which is required to apply the article 150 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 forty five days from the date of the company's board of directors becoming aware of the losses to decide either to increase or reduce the company's capital - in accordance with the article of association - to the extent that the percentage of losses to less than half of the paid-up capital, or to dissolve the company before the specified date in its articles of association. However, according to the company entered into proposal and procedures of the financial reorganization (Details are found in Note No. 22) and in implementation of Article No. (42) of Chapter Four of the Bankruptcy Law and its Executive Regulations, the company is exempted from applying the Companies regulation with regard to the debtor's losses reaching the specified percentage in the Law.

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

22- 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.

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

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

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.

The company's financial reorganization trustee believes that the plan is feasible if the suspension of the company's shares is lifted as a first step, and then the company obtains approval from the Capital Market Authority to request a capital increase.

23- IMPORTANT EVENTS:

There are some important events during the period which may impact the financial position of the company that presented in these condensed interim financial statements, represented in

- 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.

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

- 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.
- 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- 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.

THIMAR DEVELOPMENT HOLDING COMPANY

SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

- 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.
- 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.

24- SUBSEQUENT EVENTS:

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

- 1- 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.
- 2- On 20/11/2022G, the Commercial Court approved a proposal to reschedule the creditors' payment.

25- APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS:

These financial statements were approved by the board of directors on 07 /08/1444H (corresponding to 27 /02/ 2023 G).

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