Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE YEAR ENDED DECEMBER 31, 2021

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Independent Auditor's Report

To the **Shareholders of AL KATHIRI Holding Company**
(A Saudi Joint Stock Company)
Riyadh - Saudi Arabia
Report on the Audit of the Consolidated financial statements

Opinion:
We have audited the consolidated financial statements of **AL KATHIRI Holding Group** (the Company) and its subsidiaries referred to together as the "Group", which comprise the Consolidated statement of financial position as at December 31, 2021, and the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in shareholders' equity and Consolidated statement of cash flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

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

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

Key audit matters	How the matter was addressed in our audit
Revenue recognition: During the year ended 31 December 2021, Group's revenue amounted to SAR 128,8 million (2020: SAR 104,4 million). The Group continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.	We have performed the following procedures regarding revenue recognition: - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Evaluating the design, implementation and testing of the operational effectiveness of the Group's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Group's policy. - Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period.

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

Revenue recognition (continued):	- Testing revenue transactions, on a sample basis, and verify supporting documents, which included receipt notices signed by clients, to ensure the accuracy and validity of revenue recognition.
Property, machinery, equipment and projects under construction The balances of property, machinery, equipment and capital work in progress are considered high landscape balances, where the value of property, machinery and equipment amounted to 150 million Saudi riyals (2020 AD: 45 million Saudi riyals), and capital work in progress that closed in 2021 AD amounted to 83 million Saudi riyals and its balance was 43 million on December 31, 2020, productivity clips appear in Productive projects, early in the day, airfare prices, and courier ticket prices.	We have implemented the following procedures in connection with the verification and evaluation of property, plant and equipment and capital work in progress: Evaluate the design and effectiveness of internal control procedures over the accounting cycle of property, plant, equipment and capital work in progress. We also assessed the adequacy of capitalization policies, performed verification procedures on a sample basis, and verified the depreciation policy for the year. when performing these actions. We also discussed with management their professional judgment regarding the nature of the posted items and the appropriate extension of useful lives and related policies in this regard. - Property, machinery, equipment and capital work in progress has been disclosed in Note No. (8) in the financial statements, and the accounting policy for the company's property, machinery and equipment and capital work in progress has been disclosed in Note No. (8). (6) in the financial statements.

Other information included in the Group's annual report for the year ended 31 December 2021

Other information consists of other information included in the Group's annual report for the year ended 31 December 2021, other than the consolidated financial statements and the auditor's report thereon. We obtained the report of Board of Directors, prior to the date of our auditors' report and we expect to obtain the remaining section of the 2020 Annual Report after the date of this auditor's report. The Group's management is responsible for the other information mentioned in its annual report .

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

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

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

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

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

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

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

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

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

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

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

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

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

For Al-Kharashi Co.

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

الخراشي وشركاه
محاسبون و مراجعون قانونيون
C.R.: 1010327044 :س.ت
Certified Accountants
& Auditors
AL-Kharashi Co.

Riyadh:
Sha'ban 04,1443H
March 7, 2022G

Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2021	2020
ASSETS			
Non-current assets:			
Property, plant and equipment, Net	8	150,504,592	89,122,840
Right to use assets	9	1,083,184	1,068,438
Total non-current assets		**151,587,776**	**90,191,278**
CURRENT ASSETS :			
Trade receivables, Net	10	8,495,871	30,461,672
Raw material stock		3,171,847	13,801,484
Spare parts stock		538,096	419,325
Due from related parties	11	148,163	5,094,491
Other debit balances	12	7,590,322	3,659,653
Cash at banks	13	9,684,217	22,851,485
Total current assets		**29,628,516**	**76,288,110**
Total assets		**181,216,292**	**166,479,388**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share Capital	14	113,022,000	90,417,600
Additional capital	15	-	251,838
Share premium		7,559,083	7,559,083
Statutory Reserve	16	4,756,378	3,889,764
Retained earnings		8,424,759	23,381,957
Equity belonging to the parent company		**133,762,220**	**125,500,242**
Non-controlling equity		**172,998**	-
Total equity		**133,935,218**	**125,500,242**
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion of the Industrial Development Fund	17	2,901,074	3,363,352
Non-current portion of Liabilities against capital contracts	18	1,742,248	-
Liabilities against long-term leases		1,119,362	1,088,969
Provision for end of service		1,519,202	922,329
Total non-current liabilities		**7,281,886**	**5,374,650**
CURRENT LIABILITIES:			
Trade payables		6,152,378	6,590,955
Short term loans	19	27,850,521	25,838,820
The current portion of the Industrial Development Fund loan	17	943,047	480,769
Current portion of Liabilities against capital contracts	18	1,830,209	264,280
Other credit balances	20	2,254,089	1,603,922
Zakat	21	968,944	825,750
Total current liabilities		**39,999,188**	**35,604,496**
Total liabilities		**47,281,074**	**40,979,146**
Total Shareholders' Equity And Liabilities		**181,216,292**	**166,479,388**

Finance Manager   Chief Executive Officer

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

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

	Note	For the year ending December 31	
		2021	**2020**
Revenue	22	128,777,194	104,438,855
Less:			
Cost of revenue	23	(88,560,636)	(77,472,448)
Gross profit		**40,216,558**	**26,966,407**
Less:			
Selling and Marketing expenses		(2,179,989)	(1,768,703)
General and administrative expenses	24	(18,252,317)	(9,637,238)
Depreciation fixed Assets	8	(8,086,149)	(5,202,197)
Net Profit From main operations		**11,698,103**	**10,358,269**
Capital Losses		-	(73,121)
Finance cost		(2,358,114)	(103,320)
Other Revenue	25	365,766	303,674
Net Profit beforer Zakat		**9,705,755**	**10,485,502**
Less:			
Zakat	21	(968,944)	(825,750)
Net profit for the year		**8,736,811**	**9,659,752**
Other comprehensive income			
Actuarial revaluation of employee benefits		(149,997)	(113,840)
Total other comprehensive income		**8,586,814**	**9,545,912**
Net profit attributable to:			
Company shareholders		8,666,140	9,659,752
Non-controlling equity		70,671	-
Total comprehensive income attributable to:			
Company shareholders		8,517,782	9,545,912
Non-controlling equity		69,032	-
BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR	26		
Net profit attributable to company shareholders		0.77	0.85
Total comprehensive income attributable to company shareholders		0.75	0.84
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 consolidated financial statements

AI KATHIRI HOLDING COMPANY

SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total equity belonging to the parent company	Non-controlling equity	Total
For the year ended in 31 Dec. 2021:									
Balance at 1 January 2021		90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242
Share capital increase	1	22,604,400	-	-	-	(22,604,400)	-	-	-
Closing additional capital	15	-	(251,838)	-	-	-	(251,838)	-	(251,838)
Net profit for the year		-	-	-	-	8,666,140	8,666,140	70,671	8,736,811
Other comprehensive income		-		-	-	(148,358)	(148,358)	(1,639)	(149,997)
Transfer to statutory reserve		-	-	-	866,614	(866,614)	-	-	-
The share of non-controlling equity in the capital of subsidiaries		-	-	-	-	-	-	100,000	100,000
Share of non-controlling equity in retained earnings of subsidiaries		-	-	-	-	(3,966)	(3,966)	3,966	-
Balance at 31 December 2021		113,022,000	0	7,559,083	4,756,378	8,424,759	133,762,220	172,998	133,935,218
For the year ended in 31 Dec. 2020:									
Balance at 1 January 2020		45,208,800	251,838	7,559,083	2,923,789	15,253,400	71,196,910	-	71,196,910
Share capital increase	1	45,208,800	-	-	-	-	45,208,800	-	45,208,800
Adjustments		-	-	-	-	(451,380)	(451,380)	-	(451,380)
Net profit for the year		-	-	-	-	9,659,752	9,659,752	-	9,659,752
Other comprehensive income		-	-	-	-	(113,840)	(113,840)	-	(113,840)
Transfer to statutory reserve		-	-	-	965,975	(965,975)	-	-	-
Balance at 31 December 2020		90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242

Finance Manager

Chief Executive Officer

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

Al KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ending December 31	
	2021	**2020**
CASH FLOWS FROM OPERATIONS ACTIVITIES:		
Net profit for the year	8,736,811	9,659,752
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM(USED IN)OPERATIONS ACTIVITIES:		
Depreciation	8,086,149	5,202,197
Gains on disposal of fixed assets	-	73,121
zakat provision provided	968,944	825,750
Zakat differences adjustments	-	(17,184)
Other losses	100,000	-
Amortization of right to use assets	284,725	267,109
Provision for discontinued credit losses, provided	7,500,000	1,412,566
end of service provision provided	492,686	385,059
Adjusted profit	26,169,315	17,808,370
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Trade receivables	14,465,801	(2,681,071)
Raw material stock	10,629,637	(3,936,664)
Spare parts stock	(118,771)	(68,905)
Other debit balances	(3,930,669)	9,554,939
Right to use assets	(299,471)	(1,335,547)
Trade payables	(438,577)	(3,151,660)
Related parties	4,946,328	(8,870,566)
Other credit balances	650,167	(704,235)
Liabilities against long-term leases	30,393	1,088,969
Zakat paid	(825,750)	(443,189)
Provision for end of service Paid	(45,810)	(10,800)
Net cash generated from operating activities	**51,232,593**	**7,249,641**
CASH FLOWS FROM INVESTING ACTIVITES:		
Added property and equipment	(68,259,768)	(6,177,419)
Proceeds from the sale of fixed assets	-	223,000
Adjustments to property and equipment	-	507,259
Projects under process	(1,208,133)	(36,113,423)
Net cash (used in) investing activities	**(69,467,901)**	**(41,560,583)**
CASH FLOWS FROM FINANCING ACTIVITES:		
Short term loans	2,011,701	15,634,509
Industrial Development Fund loan	-	(563,879)
Capital contract obligations	3,308,177	(7,488,664)
Adjustments	-	(451,380)
Share capital increase	-	45,208,800
Additional capital	(251,838)	
Net cash generated from /(used in) financing activites	**5,068,040**	**52,339,386**
Net change in cash and cash equivalents	(13,167,268)	18,028,444
Cash and cash equivalents at the beginning of the year	22,851,485	4,823,041
Cash and cash equivalents at the end of the year	**9,684,217**	**22,851,485**
Non cash flows:		
Property and equipment transfer from projects under process	83,448,651	-
Share capital increase from retained earnings	22,604,400	-
Non-controlling equity	103,966	-

Finance Manager

Chief Executive Officer

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

1. THE COMPANY AND NATURE OF ITS BUSINESS:

a) The Establishing of The Company

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

b) The Nature of The Company's Activity

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

C) The company's share capital

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

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

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

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

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.

d) Fiscal year

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

e) Functional and presentation currency

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

2. THE FAOUNDATIONS OF PREPARATION:

2-1 Statement of commitment

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

(ALL AMOUNTS ARE IN SAUDI RIYALS)

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

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

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

Company's name	Country	Legal entity	Ownership Ratio(%)
Alian Industry Company	Saudi Arabia	Closed joint stock	99
Supply Support Company Ltd	Saudi Arabia	Limited liability company	100

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS:
These consolidated financial statements , which include the consolidated statement of financial position, the consolidated profit or loss and comprehensive income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated Consolidated financial statements of the Group It includes the assets, liabilities, and results of the operations of the company and its subsidiaries, as shown in Note (**3**). Subsidiaries are the entities that the group controls. In particular, the group controls the investee company only when the group has:

- Power over the investee company (that is, the existence of rights that give the group the current ability to direct activities related to the investee company).
- Exposure to risks, or rights to obtain different returns through its relationship with the investee company.
- The ability to use its powers over the investee company to influence its returns.
- In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the investee

company, the group takes into account all the facts and circumstances related to this when ascertaining whether it exercises control over the investee company, and this includes:

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

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED):

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

5. USE OF ESTIMATES:

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

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

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

6-1 Financial assets - recognition and measurement

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

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

Loans and debt

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

Trade Receivables

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

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

Decrease in the value of financial assets

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

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

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

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

6.2 Financial obligations - recognition and measurement

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

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

6.3 Creditors and amounts payable

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

6.4 Cash and cash equivalents

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

6.5 Inventory

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

6.6 Property, machinery and equipment

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

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

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

6.6 Property, machinery and equipment (continued)

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

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

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

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

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

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

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

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

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

6.7 Capital works in progress

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

6.8 Borrowing costs

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

6.9 Provision End-of-Service indemnities

The company provides severance pay compensation to its employees in accordance with the provisions of the labor and workers' system in Saudi Arabia, which is entitled on the basis of the employee's final wage, length of service and completion of the minimum period of service. The end-of-service obligation is calculated by estimating the value of future benefits that are due to employees in current and previous periods and the value is deducted to reach the current value.

The Company makes assumptions that are used when determining key elements of costs in order to meet these future liabilities. These assumptions are made after
Consulting the company's actuarial expert and include those used to determine the cost of the normal service as well as the financing elements of liabilities. A qualified actuary calculates the commitment to the specified benefits using the amounts due by unit method.

A reassessment of specific benefit obligations consisting of actuarial profits and losses is recognized directly in the list of other comprehensive income. The Group determines the interest expense on the specific benefit obligations for the year by applying the discount rate used to measure the specific benefit obligations at the beginning of the year after taking into account any change in net benefit obligations specified during the year as a result of contributions and payments for liabilities. Net interest and other expenses related to the benefit plans specified in the consolidated of profits or losses and other comprehensive income statement are recognized.

6.10 Regular Reserve

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

6.11 Zakat

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

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

6.12 Revenue generated

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

Selling goods

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

Other income

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

6.13 Expenses

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

6.14 Foreign Exchange Translation

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

6.15 Transactions with related parties

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

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

7. MEASURING FAIR VALUE:

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

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

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

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

7. MEASURING FAIR VALUE (CONTINUED):

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

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

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

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

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

ALL AMOUNTS ARE IN SAUDI RIYALS

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

	Land	Buildings and constructions	Machines and equipment	Vehicles and cars	Computers	Furniture and office equipment	Rented machinery and equipment	Work in Progress (1/8)	Total
Book Value:									
Balance at 1 January 2021	5,500,000	12,541,382	42,768,826	2,837,080	366,972	340,962	2,289,236	43,671,040	110,315,498
Additions	900,000	12,247,240	6,367,886	1,227,458	152,983	74,527	6,034,900	42,462,907	69,467,901
Transfer	-	66,330,705	17,890,287	915,869	149,899	451,127	(2,289,236)	(83,448,651)	-
Reclassification	-	-	(4,740)	-	4,740	-	-	-	-
Balance at 31 December 2021	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
Accumulated depreciation:									
Balance at 1 January 2021	-	1,499,782	16,459,663	2,298,652	146,599	177,499	610,463	-	21,192,658
Depreciation of the year	-	2,190,259	4,837,623	467,005	67,478	64,502	459,282	-	8,086,149
Disposals	-	-	610,463	-	-	-	(610,463)	-	-
Adjustments	-	-	(344)	-	344	-	-	-	-
Balance at 31 December 2021	-	3,690,041	21,907,405	2,765,657	214,421	242,001	459,282	-	29,278,807
Net book value at 31 December 2021	**6,400,000**	**87,429,286**	**45,114,854**	**2,214,750**	**460,173**	**624,615**	**5,575,618**	**2,685,296**	**150,504,592**
Net book value at 31 December 2020	**5,500,000**	**11,041,600**	**26,309,163**	**538,428**	**220,373**	**163,463**	**1,678,773**	**43,671,040**	**89,122,840**

The trial operation of the concrete panels factory started on 9/29/2021, and the projects under implementation in property and equipment were closed on 1/11/2021 with the actual operation of the factory.

ALL AMOUNTS ARE IN SAUDI RIYALS

8/1. WORK IN PROGRESS

	Notes	As at 31 December	
		2021	2020
Elian building panels factory		-	41,631,844
Ice factory		-	768,660
Fire systems		-	120,420
Paid for capital contracts	27	2,685,296	1,150,116
Total		**2,685,296**	**43,671,040**

9. RIGHT TO USE ASSETS

	As at 31 December	
	2021	2020
Long-term leases		
Right of use for Melhem land	1,335,547	1,335,547
Right of use for Sedeer land	299,471	-
	1,635,018	1,335,547
Accumulated amortization:		
Balance at 1 January	(267,109)	-
amortization of the year	(284,725)	(267,109)
Balance at 31 December	(551,834)	(267,109)
Net	**1,083,184**	**1,068,438**

10. TRADE RECEIVABLS , NET:

	As at 31 December	
	2021	2020
Trade receivables	17,408,437	31,874,238
Less: Provision for discontinued credit losses	(8,912,566)	(1,412,566)
Net	**8,495,871**	**30,461,672**

The movement of the provision was as follows:

	As at 31 December	
	2021	2020
Balance at 1 January	1,412,566	-
Component	7,500,000	1,412,566
Balance at 31 December	**8,912,566**	**1,412,566**

ALL AMOUNTS ARE IN SAUDI RIYALS

11.TRANSACTIONS WITH RELATED PARTIES

Authority	Relationship type	Nature of relationship	Balance 1 January	Period movement Debit	Period movement Credit	Balance at 31 December
Meshaal AL-kathiri	Shareholder / Managing Director / CEO	inter-company transactions	5,094,491	38,861,682	43,808,010	148,163

Transactions with senior executives during the period ending on 31/12/2021 are represented as follows:

Al Kathiri Holding Company's dealings with subsidiaries:

	Nature of transactions	Type of transactions	Balance 1 January	Year movement Debit	Year movement Credit	Balance at 31 December
Msandh alemdad company	owns 100%	inter-company transactions	60,177,763	75,027,672	64,896,928	70,308,507
Alyan Industry Company	owns 99%	inter-company transactions	21,692,386	57,493,015	31,907,087	47,278,314
Total			21,692,386	57,493,015	31,907,087	117,586,821

Transactions between subsidiaries

			Balance 1 January		Year movement		Balance at 31 December	
			Debit	Credit	Debit	Credit	Debit	Credit
Alyan Industry Company with Msandh alemdad company	Al-kathiri holding Co. own 99% of Alyan Industry Co. and 100% of Msandh alemdad Co.	Purchases inter-company transactions	-	29,272,309	19,512,029	23,643,739 18,293,234	-	51,697,253
Total			-	29,272,309	19,512,029	41,936,973	-	51,697,253
Msandh alemdad company with Alyan Industry Company	Al-kathiri holding Co. own 99% of Alyan Industry Co. and 100% of Msandh alemdad Co.	Sales inter-company transactions	29,272,309	-	23,643,739 18,293,234	19,512,029	51,697,253	-
Total			29,272,309	-	41,936,973	19,512,029	51,697,253	-

Benefits received by members of the board and committees who occupy executive positions:

			As at 31 December 2021	2020
Meshaal AL-kathiri	Shareholder / Managing Director of AL-kathiri holding Co. board / CEO/Member in Alyan board	Salaries	360,000	360,000
		Provision for end of service	155,301	25,000
		Board of director bonus	96,000	48,000
			611,301	**433,000**

			As at 31 December 2021	2020
Adel AL-kathiri	Shareholder / Managing Director of Alyan board/Member in AL-kathiri holding Co. board	Board of director bonus	96,000	-
			96,000	-

ALL AMOUNTS ARE IN SAUDI RIYALS

12. OTHER DEBIT BALANCES:

	As at 31 December	
	2021	2020
Accrued revenue	1,809,289	1,809,289.00
Advances and loans	275,278	278,125
Prepaid expenses	1,713,388	582,628
Letters of guarantee	78,120	78,120
VAT	2,431,204	-
Letters of credit	150,000	-
Advanced payments for suppliers	1,106,793	911,491
Others	26,250	-
Total	7,590,322	3,659,653

13. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2021	2020
Cash at Bank	9,684,217	22,851,485

14.SHARE CAPITAL:

The extraordinary general assembly meeting held on 13/11/ 1442H corresponding to 23/6/2021 was approved on increase the company capital from 90,217,600 riyals to 113,022,000 riyals (note 1-c).

Article (7) has been modified From the company basic system where the company's capital has been set at an amount (113,022,000) riyals divided into (11,302,200) shares, Each one of them worth (10) riyals, all of them are ordinary shares.

15. Additional capital:

The additional capital represents the excess subscription proceeds during the company's offering of its shares for subscription, and in 2021 the company refunded this amount to the eligible shareholders.

16. STATUTORY RESERVE:

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

17.THE INDUSTRIAL DEVELOPMENT FUND LOAN:

The company was signed agreementwith 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 December 31, 2021, as follows:

	As at 31 December	
	2021	2020
The current portion of Saudi Industrial Development Fund loan	943,047	480,769
The non-current portion of Saudi Industrial Development Fund loan	2,901,074	3,363,352
Total	3,844,121	3,844,121

18. Liabilities against capital contracts:

The company signed several agreements with finance lease companies at the prevailing interest rate in the market to finance the purchase of equipment and the balance of December 31 was as follows:

	As at 31 December	
	2021	2020
Balance at 31 December	3,991,549	-
Deduct: Unamortized interest	(419,092)	-
Net	3,572,457	-
Current portion of Liabilities against capital contracts	1,830,209	264,280
Non-current portion of Liabilities against capital contracts	1,742,248	-
Total	3,572,457	264,280

ALL AMOUNTS ARE IN SAUDI RIYALS

19. 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 Riyad 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 31/12/2021 was as follows:

	Company's name	As at December 31	
		2021	2020
Short term loans	Al Kathiri Holding	12,086,835	11,926,687
Short term loans	Alian Industry	15,763,686	13,912,133
		27,850,521	**25,838,820**

20. OTHER CREDIT BALANCES :

	As at December 31	
	2021	2020
Accrued expenses	1,179,115	702,134
VAT	-	241,777
Advance payments from clients	1,065,513	650,550
Others	9,461	9,461
Total	**2,254,089**	**1,603,922**

ALL AMOUNTS ARE IN SAUDI RIYALS

21. Zakat:

	As at 31 December	
	2021	**2020**
Zakat Calculation:		
Book profit	9,705,755	10,485,502
adjustment	8,092,686	1,423,078
Adjusted net profit	17,798,441	11,908,580
Additions:		
Share Capital	113,022,000	52,373,036
Retained earnings	777,557	14,802,020
Reserves	3,889,764	2,923,789
Debts and their equivalents	43,727,415	40,097,926
Provisions	2,289,083	423,428
Other	8,203,633	-
Total additions	171,909,452	110,620,199
Discounts		
Property, plant and equipment	(150,504,592)	(89,122,840)
Other	(1,083,184)	(1,068,438)
Total Deductions	(151,587,776)	(90,191,278)
Zakat base	**38,120,117**	**32,337,501**
Zakat due	**968,944**	**825,750**

The movement in zakat provision was as follows:

	As at 31 December	
	2021	**2020**
Balance at beginning of the year	825,750	460,373
Adjustments for zakat differences	-	(17,184)
provided	968,944	825,750
Paid	(825,750)	(443,189)
Balance at the end of the year	**968,944**	**825,750**

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

During the year 2021 AD, additional zakat assessments were received for the dates 2019 and 2020 in the amount of 654,080 and 583,622 riyals, respectively, and the company paid the amounts.

The company obtained a final Zakat certificate for the year 2020.

Zakat is calculated at 2.5% of the adjusted net profit or the zakat base, whichever is greater.

ALL AMOUNTS ARE IN SAUDI RIYALS

22.REVENUE:

	For the year ending December 31	
	2021	2020
Concrete sales	64,120,135	39,384,595
Sand and white Pebble sales	38,006,430	29,030,531
Cement sales	23,053,591	34,176,305
Special projects	3,597,038	-
Government contracts	-	38,135
transportation revenue	-	1,809,289
Total	128,777,194	104,438,855

23. COST OF REVENUE:

	For the year ending December 31	
	2021	2020
Raw materials	71,815,008	66,368,827
Salaries, wages and equivalents	8,717,273	6,241,534
Other operating expenses	8,028,355	4,862,087
Total	88,560,636	77,472,448

24. GENERAL AND ADMINISTRATIVE EXPENSES:

	For the year ending December 31	
	2021	2020
Salaries and wages	4,392,585	2,503,178
Capital Market Authority expenses	293,853	1,065,094
Provision for credit losses expense	7,500,000	1,412,566
Professinal and consultants fees	1,812,500	2,178,900
Donations	500,000	-
Right to use assets expense	284,725	267,109
Allowances for attending board and committee meetings	764,000	492,000
Zakat differences	1,606,772	488,387
Others	1,097,882	1,230,004
Total	18,252,317	9,637,238

Allowances for attending board and committee meetings The allowances of Al Kathiri Holding Company "a Saudi joint stock company" and Alyaan Industry Company "a closed joint stock company" include one of its subsidiaries, amounting to 423,000 riyals and 341,000 riyals, respectively.

ALL AMOUNTS ARE IN SAUDI RIYALS

25.: OTHER REVENUES:

	For the year ending December 31	
	2021	2020
Profits from currency differences	-	234,367
Others	365,766	69,307
Total	365,766	303,674

Among other income, an amount of 160,000 riyals represents the remuneration to the Board of Directors for the year 2020, and it was rejected by the company's general assembly.

26. EARNING PER SHARE:

The weighted average number of shares for the year ending on December 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 December 31, 2021 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 December 31, 2020 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).

27. OUTSTANDING CAPITAL CONTRACT COMMITMENTS:

	The purpose of the contract	Contract Value	Paid from the contract	Remaining amount
Ajil Financial Services Company	Supplying mixers an	8,740,230	1,805,546	6,934,684
Rwad El-Ebdaa	Supplying concrete 1	1,275,000	879,750	395,250
Total		10,015,230	2,685,296	7,329,934

28. LATER EVENTS:

Alyan industry Co. "One of the subsidiaries" obtained conditional approval for the application for listing in the parallel market "Nomu" from the Saudi Tadawul Group on February 21, 2022, provided that the approval is conditional on the issuer obtaining the approval of the Capital Market Authority on the related registration and offering application in accordance with the relevant regulations and laws.

29. CONTINGENT LIABILITIES:

Potential liabilities for a letter of guarantee presented to the Ministry of Defense for supplies as on 31/12/2021 AD amounted to 520,800 riyals and the insurance paid for this letter on 31/12/2021 was 78,120 riyals.

30. FAIR VALUE OF FINANCIAL TOOLS:

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities.

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

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

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

31. RISK MANAGMENT:

Credit risk

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

Special commission price risk

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

Liquidity risk

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

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

Currency risk

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

32. APPROVAL THE CONSOLIDATED FINACIAL STATEMENTS:

These consolidated financial statements were approved by the Company's Board of Directors on 7 March 2022, 4/8/1443H.