



AlKharashi & Co.
Certified Accountants And Auditors

AI KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED) TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020

Correspondent of



**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020**

INDEX	PAGES
Independent auditor's limited on review of interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Interim condensed consolidated statement of changes in shareholders' equity (unaudited)	4
Interim condensed consolidated statement of cash flows (unaudited)	5
Notes to the interim condensed consolidated financial statements (unaudited)	6 – 16

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

To the Shareholders of Al Kathiri Holding Company
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of AlKathiri Holding Company (A Saudi joint stock company) (the "Company") as at 30 September, 2020 and the condensed consolidated statements of profit or loss and other comprehensive income, statements of changes of shareholders' equity and cash flows for the nine- months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. Companies Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

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

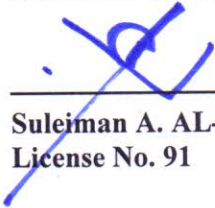
Qualified Conclusion:

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

Other matter:

The consolidated financial statements of the Group has been reviewed on 31 December,2019 by another auditor who expressed an unqualified opinion on these financial statements on 19 February, 2020

AlKharashi & Co.


Suleiman A. AL-Kharashi
License No. 91



Riyadh at :

Date:15 Rabi al-awwal 1442

Corresponded: 1 November 2020

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

	Note	As of September 30th 2020 (Unaudited)	As of Decmeber,31 2019 (audited)
ASSETS			
Non-current assets:			
Property, plant and equipment, Net	6	69,643,401	52,837,576
Total non-current assets		69,643,401	52,837,576
CURRENT ASSETS :			
Accounts Receivables		32,625,165	29,193,167
Inventory	7	9,701,331	10,215,238
Other debit balances	8	11,393,852	13,214,592
Cash and Cash Equivalents	9	866,853	4,823,041
Total current assets		54,587,201	57,446,038
Total assets		124,230,602	110,283,614
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital		45,208,800	45,208,800
Additional capital		251,838	251,838
Share premium		7,559,082	7,559,082
Statutory Reserve		2,923,789	2,923,789
Retained earnings		20,170,463	15,253,401
Total shareholders' equity		76,113,972	71,196,910
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion SIDF Loan	10	4,408,000	4,408,000
Provision for end of service		602,822	434,229
Total non-current liabilities		5,010,822	4,842,229
CURRENT LIABILITIES:			
Accounts payable		8,962,056	9,742,615
Short term loans	11	29,745,126	10,204,311
Current portion of capital contract obligations		2,552,986	7,752,944
Due to related parties	12	97,159	3,776,075
Other credit balances	13	1,535,876	2,308,157
Provision for zakat	14	212,605	460,373
Total current liabilities		43,105,808	34,244,475
Total liabilities		48,116,630	39,086,704
Total Shareholders' Equity And Liabilities		124,230,602	110,283,614

Finance Manager

Chief Executive Officer

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

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

	Note	For the period from 1 July to 30 September		For the period from 1 January to 30 September	
		2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
sales	15	26,554,376	18,019,191	67,363,327	63,105,085
Deduct: cost of sales	16	(20,793,013)	(11,342,477)	(52,177,988)	(43,018,530)
Gross profit		5,761,363	6,676,714	15,185,339	20,086,555
DEDUCT:					
Selling and Marketing expenses		(511,830)	(373,147)	(1,151,171)	(945,321)
General and administrative expenses	17	(1,395,669)	(814,365)	(4,258,543)	(2,473,508)
Depreciation fixed Assets		(1,305,453)	(1,285,910)	(3,875,581)	(3,853,597)
Financing Costs		(243,605)	(120,000)	(531,193)	(1,202,282)
Net Profit From main operations		2,304,806	4,083,292	5,368,851	11,611,847
Capital Losses		-	-	(73,112)	-
Other revenues		448,349	61,776	23,858	110,672
Net Profit before Zakat		2,753,155	4,145,068	5,319,597	11,722,519
Deduct : Estimated Zakat		(115,093)	-	(345,279)	-
Net profit for the period		2,638,062	4,145,068	4,974,318	11,722,519
Total other comprehensive income		-	-	-	-
Total Comprehensive Income for the period		2,638,062	4,145,068	4,974,318	11,722,519
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD					
From profit of main operations		0.51	0.90	1.19	2.76
from Net profit		0.58	0.92	1.10	2.79
Weighted average number of shares		4,520,880	4,520,880	4,520,880	4,209,000

Finance Manager

Chief Executive Officer

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

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

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total
Balance at 1 January 2020 "audited"	45,208,800	251,838	7,559,082	2,923,789	15,253,401	71,196,910
Adjustments	-	-	-	-	(57,256)	(57,256)
Net Profit for the period	-	-	-	-	4,974,318	4,974,318
Balance at 30 September 2020 " Unaudited"	45,208,800	251,838	7,559,082	2,923,789	20,170,463	76,113,972
Balance at 1 January 2019 "audited"	37,674,000	251,838	7,559,083	1,322,191	8,373,823	55,180,935
Capital increase	7,534,800	-	-	-	(7,534,800)	-
Net Profit for the period	-	-	-	-	11,722,519	11,722,519
Balance at 30 September 2019 " Unaudited"	45,208,800	251,838	7,559,083	1,322,191	12,561,542	66,903,454

Finance Manager

Chief Executive Officer

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

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

	For the period from 1 January to 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Net profit for the period before Zakat	5,319,597	11,722,519
<u>ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM OPERATIONS ACTIVITIES:</u>		
Depreciation	3,875,581	3,853,597
Gains on disposal of fixed assets	73,112	-
Zakat difference	(3,751)	-
Provision for end of service	177,404	120,314
Accounts Receivables	(3,431,998)	(3,230,999)
Inventoriy	513,907	(228,345)
Other debit balances	1,820,740	(6,636,137)
Accounts payable	(780,559)	1,110,642
related parties	(3,678,916)	-
Other credit balances	(772,281)	245,531
Zakat Paid	(589,296)	(242,357)
Provision for end of service Paid	(8,800)	-
Net cash generated from operating activities	2,514,740	6,714,765
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Added fixed assets	(916,185)	(16,439)
Received from Selling the fixed assets	223,000	-
Projects under process	(20,118,600)	(1,914,582)
Net cash (used in) investing activities	(20,811,785)	(1,931,021)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Short term loans	19,540,815	393,972
Capital contract obligations	(5,199,958)	(5,416,227)
Net cash generated from(used in) financing activities	14,340,857	(5,022,255)
Net change in cash and cash equivalents	(3,956,188)	(238,511)
Cash and cash equivalents at the beginning of the period	4,823,041	874,164
Cash and cash equivalents at the end of the period	866,853	635,653

Finance Manager

Chief Executive Officer

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLID
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020**

NOTE (1) INFORMATION ABOUT THE COMPANY:

a. Establishment of the company

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

b. The company's share capital

During the year 2017, the partners made a decision to convert the company from a limited liability company to a closed 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 closed 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 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.

C. Company is Activity

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

D. Fiscal year:

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

E. Presentation and activity currency

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

Note (2) Information about the group:

The condensed interim consolidated financial statements include the financial statements of Al Kathiri Holding Company and the condensed interim financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired until 30 September 2020. They are as follows:

Company's name	Country	Legal entity	30 SEPTEMBER 2020	31 December 2020
Alian Industry Company	Kingdom of Saudi Arabia	Limited liability company	100	100
The Supply support company	Kingdom of Saudi Arabia	Limited liability company	100	100

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020**

NOTE (3) BASIS OF PREPARATION CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT:

3.1 Applicable accounting standards:

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard No. (34): the condensed interim financial reports approved in the Kingdom of Saudi Arabia, and the other standards and publications approved by the Saudi Organization for Certified Public Accountants. These interim condensed consolidated financial statements do not include all the information and explanations required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read together with the Group's consolidated financial statements for the year ended 31 December 2019.

3-2 basis of preparation

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

3-3 Use of estimates

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

3-4 Basis of consolidating the consolidated financial statements

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

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020**

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

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

measured by the proportion of its share of the net identifiable assets of the acquiree at the date of the acquisition. The share in profit or loss and net assets not controlled by the Group are presented as a separate item in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position. Both transactions as well as unrealized balances and profits and losses resulting from inter-company transactions are eliminated. Accounting policies of subsidiaries are modified when necessary to ensure compliance with the policies followed by the Group.

The internal financial statements for the period ending on 30 September 2020 were approved by the management of the subsidiaries and are not approved due to the legal entity of the subsidiaries.

NOTE (4) SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies applied to these condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements for the financial period ending on 30 September 2020.

NOTE (5) SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES:

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

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

5-2 Provision for end of service benefits

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

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

5-3 Provision of Zakat:

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

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

5-4 Cash and cash equivalents

For the purposes of preparing the Interim condensed statement of cash flow, the cash and cash equivalents item consists of cash balances in current accounts, whether in local currency or in non-restricted foreign currencies with local banks, and short-term deposits with a maturity period of less than 3 months.

5-5 transactions in foreign currencies

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLID
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020**

NOTE (5) SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES:

5-6 fair value measurement

The fair value is the amount that is received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability item occurs either:

A- In the principal market for the asset or liability item; or

B- in the absence of the principal market, the most preferred market for an asset or liability item.

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

The fair value measurement of non-financial assets takes into account the ability of the market participant to achieve economic benefits by using the asset item with the highest and best use for it, or by selling it to another market participant who will use the asset item with the highest and best use for it.

The company uses appropriate valuation techniques according to the circumstances and where sufficient data are available for it to measure fair value, to increase the use of relevant observable inputs and reduce the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, explained as follows, based on the minimum input required to measure fair value as a whole:

Level (1): quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level (2): Valuation techniques that use the minimum input required to measure fair value, and are observable, directly or indirectly.

Level (3): other valuation techniques that use the minimum input required to measure fair value but are not based on observable market data.

With regard to the assets and liabilities recognized in the financial statements on a recurring basis, the company determines whether the transfers have occurred between levels in the hierarchy by reassessing the classification (based on the minimum input required to measure the fair value as a whole) at the end of each financial reporting period.

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
ALL AMOUNTS ARE IN SAUDI RIYALS**

NOTE (6) PROPERTY, PLANT AND EQUIPMENT, (NET):

	Lands	Buildings	equipment	Vehicles and cars	Computers	Furniture and office equipment	Work in progress	Total
<u>Book value:</u>								
Balance at 1 January 2020 (audited)	5,500,000	11,202,382	41,223,714	2,838,680	284,806	317,631	7,557,617	68,924,830
Additions	-	-	882,280	-	9,150	24,755	20,118,600	21,034,785
Disposals	-	-	(409,344)	-	-	-	-	(409,344)
Adjustments	-	(61,000)	33,372	(1,600)	(2,802)	(8,800)	-	(40,830)
Balance at 30 September 2020 (Unaudited)	5,500,000	11,141,382	41,730,022	2,837,080	291,154	333,586	27,676,217	89,509,441
<u>Accumulated depreciation:</u>								
Balance at 1 January 2020 (audited)	-	1,095,568	13,020,536	1,738,831	102,505	129,814	-	16,087,254
Depreciation period	-	303,452	3,078,977	425,562	31,459	36,131	-	3,875,581
Disposals	-	-	(113,223)	-	-	-	-	(113,223)
Adjustments	-	(4,472)	20,998	-	693	(791)	-	16,428
Balance at 30 September 2020 (Unaudited)	-	1,394,548	16,007,288	2,164,393	134,657	165,154	-	19,866,040
Net book value at 30 September 2020	5,500,000	9,746,834	25,722,734	672,687	156,497	168,432	27,676,217	69,643,401
Net book value at 31 Dec 2019	5,500,000	10,106,814	28,203,178	1,099,849	182,301	187,817	7,557,617	52,837,576

The Projects under process represent the construction of concrete production line in Elian Industrial Company, "one of the subsidiary companies"

AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLID
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
ALL AMOUNTS ARE IN SAUDI RIYALS

NOTE (7) INVENTORY :

	<u>As in September 30th</u>	<u>As in Decmeber31</u>
	<u>2020</u>	<u>2019</u>
	<u>(Unaudited)</u>	<u>(audited)</u>
Raw materials	9,264,569	9,864,820
Finished Goods	10,000	-
Spare parts	426,762	350,418
Total	<u>9,701,331</u>	<u>10,215,238</u>

NOTE (8) OTHER DEBIT BALANCES

	<u>As in September 30th</u>	<u>As in Decmeber31</u>
	<u>2020</u>	<u>2019</u>
	<u>(Unaudited)</u>	<u>(audited)</u>
Advances and loans	237,374	375,882
Prepaid expenses	544,163	398,112
Documentary credits and letters of guarantee	78,120	78,120
cost of unfinished projects	9,575,625	7,521,953
Accounts receivable of unfinished projects	-	2,312,500
Advanced payments to suppliers	958,570	2,495,918
Others	-	32,107
Total	<u>11,393,852</u>	<u>13,214,592</u>

NOTE (9)- CASH AND CASH EQUIVALENTS

	<u>As in September 30th</u>	<u>As in Decmeber31</u>
	<u>2020</u>	<u>2019</u>
	<u>(Unaudited)</u>	<u>(audited)</u>
Cash on hand	17,620	-
Cash at Bank	849,233	4,823,041
Total	<u>866,853</u>	<u>4,823,041</u>

AI KATHIRI HOLDING COMPANY
 SAUDI JOINT STOCK COMPANY
 NOTES TO THE CONDENSED CONSOLID
 INTERIM FINANCIAL STATEMENT (UNAUDITED)
 FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
 ALL AMOUNTS ARE IN SAUDI RIYALS

NOTE (10) LOAN OF INDUSTRIAL DEVELOPMENT FUND:

Alian industrial company "subsidiary company" signed an agreement with the industrial development fund to get a loan with the amount of 23,200,000 SR. The company got 4,408,000 SR out of the loan to be paid in 12 semi-annual premiums at the beginning of 15/10/1443 – 16/05/2022. The last premium will be paid in 15/04/1449 – 16/09/2027. The industrial development fund pawns the equipment of the factory and buildings and signed on a promissory note.

NOTE (11) SHORT-TERM LOANS:

The company signed several agreements with local banks with a credit ceiling of 20,512,000 SR with promissory note granted of 20,925,000 SR and personal guarantees from the Shareholder Meshaal Alkathiri about the facility ceiling and A guarantee by the Saudi Industrial Development Fund of 40,000,000 SR.

Alian industrial company "subsidiary company" signed a faciality agreement with one of the local banks with a credit ceiling of 18,000,000 SR with promissory note Alkathiri about the facility ceiling.

The ceiling of the facilities used until 9/30/2020 was as follows:

	Company's name	As in September 30th	As in Decmeber31
		2020	2019
		(Unaudited)	(audited)
Short term loans	Al Kathiri Holding	15,832,993	10,204,311
Short term loans	Alian Industry	13,912,133	-
		<u>29,745,126</u>	<u>10,204,311</u>

AI KATHIRI HOLDING COMPANY
 SAUDI JOINT STOCK COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED
 INTERIM FINANCIAL STATEMENT (UNAUDITED)
 FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
 ALL AMOUNTS ARE IN SAUDI RIYALS

NOTE (12) TRANSACTIONS WITH RELATED PARTIES

Authority	Related type	Nature of relationship	Balance 1/1	Period movement		Balance September 30th 2020
				Debit	Credit	
Meshaal AL-kathiri	shareholder	funding	3,776,075	22,808,626	19,129,710	97,159

Transactions with senior executives during the period ending on 30/9/2020 are represented as follows:

Chief Executive Officer / Meshaal AL-kathiri	Salaries	243,000
	Provision for end of service	22,500
	Board of director bonus	50,000
		315,500

NOTE (13) OTHER CREDIT BALANCES:

Accrued expenses	As in September 30th 2020	As in December 31 2019
VAT	(Unaudited) 504,385	(audited) 398,445
Advance payments from clients	337,936	-
Total	693,555	1,909,712
	1,535,876	2,308,157

NOTE (14) PROVISION FOR ZAKAT :

The movement in zakat provision was as follows:

Balance at beginning of the year	As in September 30th 2020	As in December 31 2019
Adjustments for zakat differences	(Unaudited) 460,373	(audited) 242,357
Provision for zakat component	(3,751)	-
Payment	345,279	460,373
Balance at the end of the year	(589,296)	(242,357)
	212,605	460,373

During the year 2020, a link was received from the Zakat and Income Authority in the amount of 931,694 SR, and the company objected to an amount of 825,822 SR, and the difference was paid in the amount of 105,872 SR

The company believes that the odds of success and acceptance of its objection are greater than 50%

AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLID
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
ALL AMOUNTS ARE IN SAUDI RIYALS

NOTE (15) SALES

	For the period ending September 30	
	2020 (Unaudited)	2019 (Unaudited)
Cement sales	27,058,453	29,311,386
Concrete sales	26,651,056	26,470,362
Government contracts	38,135	7,323,337
Sand and white Pebble sales	13,615,683	-
Total	<u>67,363,327</u>	<u>63,105,085</u>

NOTE (16) COST OF SALES:

	For the period ending September 30	
	2020 (Unaudited)	2019 (Unaudited)
Raw materials	44,344,319	35,494,952
Salaries, wages and the equivalents	4,515,545	4,728,535
Other operating expenses	3,318,124	2,795,043
Total	<u>52,177,988</u>	<u>43,018,530</u>

AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLID
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
ALL AMOUNTS ARE IN SAUDI RIYALS

NOTE (15) SALES

	For the period ending September 30	
	2020	2019
	(Unaudited)	(Unaudited)
Cement sales	27,058,453	29,311,386
Concrete sales	26,651,056	26,470,362
Government contracts	38,135	7,323,337
Sand and white Pebble sales	13,615,683	-
Total	67,363,327	63,105,085

NOTE (16) COST OF SALES:

	For the period ending September 30	
	2020	2019
	(Unaudited)	(Unaudited)
Raw materials	44,344,319	35,494,952
Salaries, wages and the equivalents	4,515,545	4,728,535
Other operating expenses	3,318,124	2,795,043
Total	52,177,988	43,018,530

AI KATHIRI HOLDING COMPANY
 SAUDI JOINT STOCK COMPANY
 NOTES TO THE CONDENSED CONSOLID
 INTERIM FINANCIAL STATEMENT (UNAUDITED)
 FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
 ALL AMOUNTS ARE IN SAUDI RIYALS

NOTE (15) SALES

	For the period ending September 30	
	2020	2019
	(Unaudited)	(Unaudited)
Cement sales	27,058,453	29,311,386
Concrete sales	26,651,056	26,470,362
Government contracts	38,135	7,323,337
Sand and white Pebble sales	13,615,683	-
Total	<u>67,363,327</u>	<u>63,105,085</u>

NOTE (16) COST OF SALES:

	For the period ending September 30	
	2020	2019
	(Unaudited)	(Unaudited)
Raw materials	44,344,319	35,494,952
Salaries, wages and the equivalents	4,515,545	4,728,535
Other operating expenses	3,318,124	2,795,043
Total	<u>52,177,988</u>	<u>43,018,530</u>

AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLID
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020
ALL AMOUNTS ARE IN SAUDI RIYALS

NOTE (17) GENERAL AND ADMINISTRATIVE EXPENSES:

	For the period ending September 30	
	2020	2019
	(Unaudited)	(Unaudited)
Salaries and wages	1,967,751	1,165,001
Professional and consultants fees	928,864	383,500
Others	1,361,928	925,007
Total	<u>4,258,543</u>	<u>2,473,508</u>

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLID
INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2020**

NOTE (18) EARNINGS PER SHARE

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. The earnings per share was calculated as of 30 September 2020 based on the weighted average number of shares outstanding during the period amounting to 4,520,880 shares (31 December 2019: 4,520,880 shares). The adjusted earnings per share is the same as the basic earnings per share as the group has no convertible securities nor Reduced financial instruments to exercise.

NOTE (19) RISK MANAGEMENT

Credit risk

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

Interest rate risk

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

Liquidity risk

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

Currency risk

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

NOTE (20) THE EFFECTS OF THE SPREAD OF THE CORONAVIRUS (COVID 19) :

With regard to the effects resulting from the spread of the Coronavirus (Covid 19) that appeared during the reporting period as a global pandemic and the precautionary measures that the Kingdom of Saudi Arabia took in implementing to confront this pandemic, the company believes that this event did not have a material impact on the results of the company's operations until the date of the condensed consolidated interim financial statements. The company cannot currently anticipate the financial impact of this crisis, and the company is following up the developments and taking all possible financial, administrative and technical measures in order to mitigate the potential negative effects of this crisis. Changes in future circumstances may require some disclosures or amendments to the interim condensed consolidated financial statements in the subsequent periods during the current year is 2020.

NOTE (21): BUSINESS RESULTS FOR THE INTERIM PERIOD:

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

NOTE (22): APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

The preliminary financial statements were approved by the Company's Board of Directors on 21/03/ 1442corresponding to (7/11/2020).