

**AI KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 30 JUNE 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM
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INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction:

We have reviewed the accompanying condensed consolidated interim statement of financial position of **AL KATHIRI Holding Company** (A Saudi joint stock Company) (the "Company") as at 31 MARCH 2021 and its subsidiaries referred to together as the group the condensed consolidated interim statements of profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the three- months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. condensed consolidated interim financial statements Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review:

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

Conclusion:

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

AlKharashi & Co.



Suleiman A. AL-Kharashi
License No. 91



Riyadh at:

August 15, 2021

Muharram 07, 1443

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

		As at June 30	As at Decmeber 31
	Notes	2021 (Unaudited)	2020 (Audited)
ASSETS			
NON-CURRENT ASSETS :			
Property and equipment (Net)	6	123,463,923	89,122,840
Right to use assets	7	934,883	1,068,438
Total non-current assets		124,398,806	90,191,278
CURRENT ASSETS :			
Trade receivables	8	20,849,490	30,461,672
Raw material inventory		10,703,270	13,801,484
Spare parts inventory		427,341	419,325
Due from related parties	9	-	5,094,491
Other debit balances	10	9,077,454	3,659,653
Cash and Cash Equivalents	11	11,169,636	22,851,485
Total current assets		52,227,191	76,288,110
Total assets		176,625,997	166,479,388
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share Capital		113,022,000	90,417,600
Additional capital		251,838	251,838
Share premium		7,559,083	7,559,083
Statutory Reserve		3,889,764	3,889,764
Retained earnings		7,922,672	23,381,957
Total shareholders' equity		132,645,357	125,500,242
Non-controlling equity		156,553	-
NET shareholders' equity		132,801,910	125,500,242
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion of the Industrial Development Fund loan	12	3,363,352	3,363,352
Non-current portion of finance lease obligations		1,607,471	-
Liabilities against long-term leases		1,088,969	1,088,969
Provision for end of service benefits		1,073,741	922,329
Total non-current liabilities		7,133,533	5,374,650
CURRENT LIABILITIES:			
Trade payables		8,632,766	6,590,955
Short term loans	13	23,408,208	25,838,820
The current portion of the Industrial Development Fund loan	12	480,769	480,769
Current portion of finance lease obligations		1,714,104	264,280
Other credit balances	14	2,041,832	1,603,922
zakat	15	412,875	825,750
Total current liabilities		36,690,554	35,604,496
Total liabilities		43,824,087	40,979,146
Total Shareholders' Equity And Liabilities		176,625,997	166,479,388

Finance Manager

Chief Executive Officer

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

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

	Notes	For the period from April 1 to June 30		For the period from January 1 to June 30	
		2021		2020	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	16	40,191,145	15,243,084	75,400,786	40,808,951
Less: Cost of revenue	17	(28,383,754)	(13,300,626)	(53,697,895)	(31,384,975)
Gross profit		11,807,391	1,942,458	21,702,891	9,423,976
:Less					
Selling and Marketing expenses		(391,528)	(215,915)	(814,594)	(639,341)
General and administrative expenses	18	(6,133,669)	(1,053,198)	(9,665,785)	(2,862,874)
Depreciation of Property and equipment	6	(1,914,657)	(1,382,903)	(3,359,016)	(2,570,128)
Profit From main operations		3,367,537	(709,558)	7,863,496	3,351,633
Finance cost		(53,171)	(42,340)	(176,296)	(287,588)
Capital Loss			(73,112)	-	(73,112)
Other Revenue/ (expenses)		(4,661)	(238,156)	27,343	(424,491)
Profit before Zakat		3,309,705	(1,063,166)	7,714,543	2,566,442
Less : Estimated Zakat		(206,437)	(230,186)	(412,875)	(230,186)
Net profit for the period		3,103,268	(1,293,352)	7,301,668	2,336,256
Other comprehensive income					
Total Comprehensive Income for the period		3,103,268	(1,293,352)	7,301,668	2,336,256
Net profit attributable to:					
Shareholders of parent company		3,072,235	(1,280,418)	7,249,081	2,336,256
Non-controlling equity		31,033	(12,934)	52,587	-
Total Comprehensive Income attributable to:					
Shareholders of parent company		3,072,235	(1,280,418)	7,249,081	2,336,256
Non-controlling equity		31,033	(12,934)	52,587	-
BASIC AND DILUTED EARNINGS PER SHARE FROM:					
Basic and diluted earnings per share from net profit attributable to shareholders of parent company		0.27	(0.11)	0.64	0.21
Basic and diluted earnings per share from total comprehensive income attributable to shareholders of parent company		0.27	(0.11)	0.64	0.21
Weighted average number of shares for the period	19.1	11,302,200	11,302,200	11,302,200	11,302,200

Finance Manager

Chief Executive Officer

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

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

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained earnings	total return to shareholders	Non-controlling equity	Total
Balance at 1 January 2021 "audited"	90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242
Additional capital	22,604,400	-	-	-	(22,604,400)	-	-	-
Net Profit for the period	-	-	-	-	4,198,400	7,249,081	52,587	7,301,668
Transfer to Non-controlling equity	-	-	-	-	(103,966)	(103,966)	103,966	-
Balance at 30 June 2021 " Unaudited"	113,022,000	251,838	7,559,083	3,889,764	4,871,991	132,645,357	156,553	132,801,910
Balance at 1 January 2020 "audited"	45,208,800	251,838	7,559,083	2,923,789	15,253,401			71,196,911
Net Profit for the period	-	-	-	-	2,336,256			2,336,256
Transfer to statutory reserve	-	-	-	362,961	(362,961)			-
Balance at 30 June 2020 " Unaudited"	45,208,800	251,838	7,559,083	3,286,750	17,226,696			73,533,167

Finance Manager

Chief Executive Officer




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

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

	For the period from January 1 to June 30	
	2021	2020
	(Unaudited)	(Unaudited)
Net profit for the period	7,301,668	2,336,256
<u>ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM USED IN OPERATIONS ACTIVITIES:</u>		
Depreciation	3,359,016	2,570,128
losses on disposal of Property and equipment	-	73,112
Amortization of right to use assets	133,555	-
provision for credit losses	5,500,000	-
Zakat difference	-	474,437
Provision for end of service benefits	151,411	115,315
zakat provision provided	412,875	230,186
Trade receivables	4,112,182	1,962,644
Inventory	3,090,198	23,581
Other debit balances	(5,417,801)	(8,055,793)
Trade payables	2,041,811	(1,050,912)
related parties	5,094,491	(3,742,315)
Other credit balances	437,910	(546,738)
Zakat Paid	(825,750)	(483,424)
Net cash generated from (used in) operating activities	<u>25,391,566</u>	<u>(6,093,523)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITES:</u>		
Additions to Property and equipment	(17,454,167)	(896,011)
Total shareholders' equity	-	223,000
Projects under progress	(20,245,931)	(11,202,381)
Net cash (used in) investing activities	<u>(37,700,098)</u>	<u>(11,875,392)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITES:</u>		
Short term loans	(2,430,612)	19,540,815
Capital lease obligations	3,057,295	(4,531,067)
Net cash generated from financing activities	<u>626,683</u>	<u>15,009,748</u>
Net change in cash and cash equivalents	(11,681,849)	(2,959,167)
Cash and cash equivalents at the beginning of the period	<u>22,851,485</u>	<u>4,823,041</u>
Cash and cash equivalents at the end of the period	<u>11,169,636</u>	<u>1,863,874</u>
<u>NON - CASH FLOWS</u>		
Increasing Capital Through retained earnings (note1)	<u>22,604,400</u>	-

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
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 30 JUNE 2021**

NOTE 1. INFORMATION ABOUT THE COMPANY:

a. Establishment of the Company

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

b. The Company's share capital

During the year 2017, the partners made a decision to convert the Company from a limited liability Company to a closed joint stock Company, and Ministerial Resolution No. (Q / 171) was issued on 09/06/1438 H approving the license to convert the Company, and on the date of 15/06/1438 AH Ministerial Decision No. (S) was issued Q / 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 17/05/2017 the Capital Market Authority announced the approval of the prospectus for the issuance of Alkathiri 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 28/10/2019, the Capital Market Authority issued a decision containing the approval of the Alkathiri 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 14/11/2019 G 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.

During the first quarter of 2021, the Board of Directors met in its meeting No. 1/2021 and recommended an increase of the capital from 90,417,600 SR to 113,022,000 SR by granting one free share for every four shares owned, from the retained earnings.

C. Company's Activity

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

D. Fiscal year:

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

E. Presentation and activity currency

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

NOTE 2. INFORMATION ABOUT THE GROUP:

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

AI KATHIRI HOLDING COMPANY
 SAUDI JOINT STOCK COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE THREE-MONTHS PERIOD ENDED ٣٠ JUNE ٢٠٢١

NOTE ٢. INFORMATION ABOUT THE GROUP (CONTINUED):

Company's name	Country	Legal entity	30 JUNE2021	31December2020
Alian Industry Company	Kingdom of Saudi Arabia	Limited liability Company	99	100
Msandh Alemdad Company	Kingdom of Saudi Arabia	Limited liability Company	100	100

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

3.1 Applicable accounting standards:

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard No. (٣٤): 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 ٣١ December ٢٠٢٠.

2-3 basis of preparation

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

3-3 Use of estimates

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

3-4 Basis of consolidating the consolidated financial statements

These condensed consolidated interim financial statements, which include the condensed consolidated interim statement of financial position, the condensed consolidated interim profit or loss and comprehensive income statement, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows and the notes to the condensed interim consolidated financial statements of the Group It includes the assets, liabilities, and results of the operations of the Company and its subsidiaries, as shown in Note (٢). Subsidiaries are the entities that the group controls. In particular, the group controls the investee Company only when the group:

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

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

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

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

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

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

The internal financial statements for the period ending on 31 March 2021 were approved by the management of the subsidiaries and are not approved due to the legal entity of the subsidiaries

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES:

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

NOTE 5. SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES:

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

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

5-2 Provision for end of service benefits

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

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

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

5-3 Provision of Zakat:

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

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

5-4 Cash and cash equivalent:

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

5-5 transactions in foreign currencies

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

5-6 measuring fair value:

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

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

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

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

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

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

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

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

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 30 June 2021**

NOTE 6. PROPERTY AND EQUIPMENT (NET):

	Lands	Buildings and constructions	Machinery and equipment	Vehicles and cars	Computers	Furniture and office equipment	Rented machinery and equipment	projects under progress	Total
Book value:									
Balance at 1 January 2021 "audited"	5,500,000	12,541,382	42,764,086	2,837,080	366,972	345,702	2,289,236	43,671,040	110,315,498
Additions	900,000	11,099,840	43,520	940,354	46,529	66,024	4,357,900	20,245,931	37,700,098
Balance at 30 June 2021 "Unaudited"	6,400,000	23,641,222	42,807,606	3,777,434	934,883	411,726	6,647,136	63,916,971	148,015,596
Accumulated depreciation:									
Balance at 1 January 2021 "audited"	-	1,499,782	16,459,151	2,298,819	146,599	177,843	610,463	-	21,192,657
Depreciation of the Period	-	643,145	2,147,108	216,836	27,893	27,993	296,041	-	3,359,016
Balance at 30 June 2021 "Unaudited"	-	2,142,927	18,606,259	2,515,655	20,849,490	205,836	906,504	-	24,551,673
Net book value at 30 June 2021	6,400,000	21,498,295	24,201,347	1,261,779	10,703,270	205,890	5,740,632	63,916,971	123,463,923
Net book value at 31 Dec 2020	5,500,000	11,041,600	26,304,935	538,261	427,341	167,859	1,678,773	43,671,040	89,122,841

Projects under process represent the construction works of the 3D concrete panels factory in Alian Industry Company "one of the subsidiary companies".

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 30 June 2021**

NOTE 7. RIGHT TO USE ASSETS

	<u>As at June 30</u> <u>2021</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2020</u> <u>(Audited)</u>
Long-term leases		
right to use the land of the panels factory	1,335,547	1,335,547
Accumulated amortization:		
Accumulated amortization beginning of the period/year	(267,109)	-
amortization of the Period	(133,555)	(267,109)
Net	<u>934,883</u>	<u>1,068,438</u>

NOTE 8. TRADE RECEIVABLES , NET:

	<u>As at June 30</u> <u>2021</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2020</u> <u>(Audited)</u>
Trade receivables	27,762,056	31,874,238
Less: Provision for credit losses	(6,912,566)	(1,412,566)
Total	<u>20,849,490</u>	<u>30,461,672</u>

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 30 June 2021**

NOTE 9. TRANSACTIONS WITH RELATED PARTIES :

Related party	Relationship type	Nature of relationship	Balance at 1 January		Period movement		Balance at 31 March	
			2021 Debit	2021 Credit	Debit	Credit	2021 Debit	2021 Credit
Meshaal AL-kathiri	shareholder	funding	5,094,491	-	13,634,786	18,729,277	-	-

Transactions with senior executives during the period ended on 31/3/2021 are represented as follows:

	From January 1 to June 30	
	2021 (Unaudited)	2020 (Unaudited)
Meshaal AL-kathiri	162,000	150,000
	15,000	15,000
	-	50,000
	<u>177,000</u>	<u>215,000</u>

NOTE 10. OTHER DEBIT BALANCES:

	As at June 30 As at Decmeber 31	
	2021 (Unaudited)	2020 (Audited)
Accrued revenue	1,809,289	1,809,289
Advances and loans	203,590	278,125
Prepaid expenses	1,794,946	582,628
Letters of guarantee	78,120	78,120
VAT - debit	1,320,955	-
Advanced payments for suppliers	2,716,538	-
Others	907,478	911,491
Total	<u>246,538</u>	<u>-</u>
	<u>9,077,454</u>	<u>3,659,653</u>

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

NOTE 11. CASH AND CASH EQUIVALENTS

	As at June 30 As at Decmeber 31	
	2021 (Unaudited)	2020 (Audited)
Cash at Bank	17,918,286	22,851,485
Total	<u>17,918,286</u>	<u>22,851,485</u>

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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NOTE 12. THE INDUSTRIAL DEVELOPMENT FUND LOAN:

On 2/10/2019 Alian Industry Company for Industry signed an agreement with the Industrial Development Fund to obtain a loan in the amount of 23,200,000 riyals, from which 1,540,000 riyals will be deducted for studies and the cost of industrial evaluation. The loan was granted in exchange for a bond guarantee for an order and a mortgage of all the company assets for the benefit of the fund.

The company received an amount of 4,408,000 riyals from the loan, including the costs of studies and the cost of all evaluation, and the loan is repaid in 12 installments starting from 16/5/2022 AD and ending on 16/9/2027 AD.

The loan was classified as on June 30, 2021, as follows:

	As at June 30	123,463,923
	2021	934883
	(Unaudited)	(Audited)
The current portion of Saudi Industrial Development Fund loan	480,769	480,769
The non-current portion of Saudi Industrial Development Fund loan	3,363,352	3,363,352
Total	3,844,121	3,844,121

NOTE 13. LOANS AND BANK FACILITIES:

The company has signed several agreements with local banks with a credit ceiling of 12,700,000 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 and assignment of dues for supply contracts to customers.

"Alian Industry, a "subsidiary company," signed a facility agreement with Riyad Bank on of 18,000,000 riyals and guaranteed from one of the shareholders of Al Kathiri Holding Company ceiling who holds the position of General Manager and an executed Promissory in the amount of 19,221,000 riyals.

The signed facility agreements are compatible with the provisions of Islamic Sharia.

The balance of facilities on 3/31/2021 was as follows:

	As at June 30	As at December 31
Company's name	2021	2020
	(Unaudited)	(Audited)
Short term loans	11,926,687	11,926,687
Short term loans	11,481,521	13,912,133
	23,408,208	25,838,820

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NOTE 14. OTHER CREDIT BALANCES :

	<u>As at June 30</u>	<u>As at Decmeber 31</u>
	<u>2021</u>	<u>2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Accrued expenses	683,364	702,134
VAT- credit	0	241,777
Advance payments from clients	1,348,462	650,550
Others	10,006	9,461
Total	<u>2,041,832</u>	<u>1,603,922</u>

NOTE 15. PROVISION FOR ZAKAT :

The movement in zakat provision was as follows:

	<u>As at June 30</u>	<u>As at Decmeber 31</u>
	<u>2021</u>	<u>2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at 1 January	825,750	460,373
Adjustments for zakat differences provided	-	(17,184)
Paid	412,875	825,750
	<u>(825,750)</u>	<u>(443,189)</u>
Balance at the end of the period	<u>412,875</u>	<u>825,750</u>

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NOTE 16. REVENUE:

	For the period from January 1 to June 30	
	2021	2020
	(Unaudited)	(Unaudited)
Cement sales	24,153,591	15,744,942
Concrete sales	28,707,619	16,464,500
Government contracts	-	3,700
Special projects	1,522,500	-
Sand and white Pebble sales	21,017,076	8,595,809
Total	75,400,786	40,808,951

NOTE 17. COST OF REVENUE:

	For the period from January 1 to June 30	
	2021	2020
	(Unaudited)	(Unaudited)
Raw materials	48,101,958	26,473,239
Salaries, wages and equivalents	3,272,842	1,788,271
Total shareholders' equity	2,323,095	1,469,798
Total	53,697,895	29,731,308

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 30 June 2021**

NOTE 18. GENERAL AND ADMINISTRATIVE EXPENSES:

	For the period from January 1 to June 30	
	2021	2020
	(Unaudited)	(Unaudited)
Salaries and wages	2,174,739	692,871
Provision for credit losses expense	5,500,000	-
Zakat differences	369,069	-
Professional and consultants fees	535,000	495,113
Donations	500,000	-
Right to use assets expense	133,555	-
Others	453,422	621,692
Total	<u>9,665,785</u>	<u>1,809,676</u>

NOTE 19. EARNINGS PER SHARE:

The weighted average number of shares for the period ending on June 30,2020 has been adjusted in line with the weighted average number of new shares after its increase on June 30,2021. 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. The earnings per share was calculated as of 31 March 2021 based on the weighted average number of shares outstanding at the end of the period 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. The weighted average number of shares was amended retrospectively for Q1 and Q2, 2020 to align with the new number of shares after their increase during the period ended June 30, 2021 (for more details refer to note 1) as required per International accounting standard no. 33 (Earnings per share).

NOTE 20. RISK MANAGMENT:

Credit risk

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

Interest rate risk

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

Liquidity risk

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

Currency risk

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

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

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

may require some disclosures or amendments to the condensed consolidated interim financial statements in the subsequent periods during the current period.

NOTE 22. BUSINESS RESULTS FOR THE INTERIM PERIOD:

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

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

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on 07/01/1443 corresponding to (15/08/2021)