

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

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

### **Introduction**

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

### **Scope of Review**

Except what described in the following paragraph, we conducted our review in accordance with the International Standard on Review Engagements (2410), "Review of condensed interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. An examination of the condensed interim financial statements consists of directing inquiries, mainly to persons responsible for financial and accounting matters, and applying analytical and other examination procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we will not express an audit opinion.

### **Basis for the qualified conclusion**

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

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**Basis for the qualified conclusion (continued)**

- 2- Based on the information provided to us by the management, the management was unable, during the period from the end of the company's fiscal year as at December 31, 2021G to September 30, 2022G, to obtain confirmations for the balances of some trade payables as at September 30, 2022G (also we were not provided with confirmations as at September 31 December 2021), with a balance of SR 2 318 021, and we were unable to perform alternative procedures to verify the accuracy, existence, and completeness of these balances and to determine whether there was a need to make any adjustments to the balances of trade payables, transactions, and related accounts.
- 3- The accumulated losses as at 30September 2022G include an amount of SR 40 817 863, which are transactions that were settled on the statement of profit or loss and other comprehensive income in 2021,2020 and 2019, and we were not provided with sufficient supporting documents at that time (please refer to our report on the financial statements as at 31 December 2021G { qualification no. (3), no. (5) within the basis for disclaimer of opinion section}, and our report on the financial statements as at 31 December 2020G {qualification no. (8), and no. (21) within the basis for disclaimer of opinion section}, and our report on the financial statements as at 31 December 2019G {qualification no. (8), no. (9), and no. (26) within the basis for disclaimer of opinion section} to find out the details of the amount and the reasons for the qualification). We were unable to perform alternative procedures to verify the completeness and accuracy of the balance of accumulated losses.

**Qualified Conclusion**

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

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**Emphasis of Matter**

- 1- We draw attention to note no. (21) of the notes supplementing the financial statements, which indicates that the company incurred accumulated losses as at 30 September 2022G amounting to SR 228 040 317, which exceeded the company's capital (at the end of year 2021 exceeded the company's capital and at the end of years 2020G and 2019G exceeded more than 50% of the capital, and was referred to by drawing attention in our report on the company's financial statements), which require, in implementation of Article no. (150) of The Regulations for the Companies, to invite the Extraordinary General Assembly to meet within forty-five days from the date of his knowledge of the losses to decide either to increase or reduce the company's capital - in accordance with the provisions of the Regulations - to the extent that the percentage of losses drops to less than half of the paid-up capital, or to dissolve the company before the term specified in its articles of association. However, due to the company's entry into the financial reorganization proposal and procedures, and in application of article no. (42) of Chapter Four of the Bankruptcy Law and its Executive Regulations, the company is exempted from applying the provisions of the Companies Law with regard to the debtor's losses reaching the percentage specified in the Regulation of companies. Our conclusion is not modified in respect of this matter.
- 2- We would like to draw attention to note no. (22) of the supplementary notes to the financial statements, which indicates that the company's continuity as a going concern is related to the implementation of the company's financial reorganization proposal, which depends mainly on increasing the company's capital, and the company's board of directors during the period following the date of this condensed interim financial statements recommended an increase in the company's capital by offering initial rights at a value of 200 million Saudi riyals, so that the capital after the increase becomes 300 million Saudi riyals in order to maximize the company's expansion capacity in investments and provide the necessary liquidity to pay part of the financial obligations due according to the announced financial reorganization plan .Until the date of approval of these interim condensed financial statements, this increase has not occurred, and our conclusion has not modified in respect of this matter.

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**Other Matter:**

We have reviewed the company's condensed Interim financial statements for the financial period ending as at September 30, 2019G, and audited the company's financial statements for the financial years ending as at December 31, 2019G, 2020G, and 2021G, in addition to reviewing the condensed Interim financial statements for the quarter periods for the years 2020G and 2021G, and we have issued our reports on them, including our disclaimer of conclusion regarding the condensed Interim financial statements or our disclaimer to express an opinion regarding the annual financial statements (and you can refer to these financial statements and our reports on them to understand the reasons for disclaimer of conclusion or disclaimer to expressing an opinion), but due to the treatments carried out by the company's management specially in the annual financial statements for the year 2021G and the regular procedures it has taken during the year 2022G (please you can refer to the financial statements and their complementary notes in order to understand this). Many of the items of the company's condensed Interim financial statements for the financial period ending as at September 30, 2022G can be validated, except for what has been qualified which are included in the paragraph (the basis for the qualification conclusion), also in relation to the continuity of the company and according to what was stated in a paragraph (Emphasis matter item no. (2)), and the possibility of applying the financial reorganization proposal to pay the company's obligations as mentioned in note no. (22) of the notes supplementing the financial statements, and accordingly we issued a qualification conclusion on the current condensed Interim financial statements for the period ending as at September 30, 2022G.