

**Independent Auditors' Report**  
**To the Shareholders of**

**Thimar Development Holding Company**  
**SUBJECTED TO A FINANCIAL REORGANIZATION PROCEDURE**  
(A Saudi Joint Stock Company)  
**Report on the Audit of the Financial Statements**

**Qualified Opinion**

We have audited the financial statements of Thimar Development Holding Company ((A Saudi Joint Stock Company) (the Company), which comprise the statement of financial position as at 31 December 2022G, the statements of profits or losses and other comprehensive income, change in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the qualifications described in qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by (SOCPA), and other standards and pronouncements issued by (SOCPA).

**Basis for Qualified Opinion:**

1. We were not provided with the financial statements of one of the investee companies (National company for Fresh Fruit Products) as at 31 December 2022G whose balance at the same date amounted to Zero Saudi riyals (2021G: Zero Saudi riyals) also, We did not receive the confirmation for this investment at the same date and the current situation of this investment. taking into consideration what was mentioned in the note no. (7) where the Bankruptcy Committee opened the administrative liquidation procedures for the investee company. We were unable to perform alternative audit procedures to verify the accuracy of the evaluation, existence, and completeness of the balance of those investment, and related transactions and accounts.
2. We were not provided with the confirmations of some balances of trade accounts payable as at 31 December 2022G (also, we were not provided with them as at 31 December 2021G), which amounting to SR 2,318,021. We were unable to perform alternative audit procedures to verify the accuracy, existence, and completeness of these balances and to determine whether there is a need to make any adjustments to the balances of trade payables and the related transactions and accounts.

### **Basis for Qualified Opinion(continued):**

3. We were not provided with a certificate from the General Organization for Social Insurance as at 31 December 2022G, and we were not provided with any data or information about the company's outstanding dues in favor of the General Organization for Social Insurance during the year 2022G, whose credit balance according to the books as at 31 December 2022G amounted to SR 1,765,958 .We were unable to perform alternative audit procedures to verify the accuracy, existence and completeness of this balance and to determine whether there is a need to make any adjustments to the balance owed to the General Organization for Social Insurance and related transactions and accounts.
4. The accumulated losses as at 31 December 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 year 2021,2020 and 2019, and we were not provided with sufficient supporting documents at the time (please refer to our report on the financial statements as at 31 December 2021G { qualification No. (3) and No. (5) within the basis for disclaimer of opinion section}and our report as at 31 December 2020G { qualification no. (8), and No. (21) within the basis for disclaimer of opinion section} and our report 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 audit procedures to verify the completeness and accuracy of the balance of accumulated losses.

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters are as follows:

**Key audit matter**

**Land Evaluation**

The lands represent a substantial percentage of the company's total assets as at the date of the financial statements, where the book value of the lands amounted to SR37,890,337 (2021 amount of SR 6,231,776 ). The lands are measured using the fair value model by re-evaluation to measure the lands owned by the company, and the company's management determines the fair value of its lands for evaluation purposes at fair value on the date of the financial report.

The evaluations were conducted by independent external evaluators appointed by the company's management, and the lowest evaluation was taken according to the regular instructions issued in this regard. Land valuation depends to a large extent on estimates and assumptions such as market comparison, similar properties, knowledge of the market, historical transactions, information sources from government platforms and websites, and other reliable sources.

In view of the importance and complexity of the land valuation process and its dependence heavily on a set of assumptions and estimates, we consider this matter as a key audit matter.

**How the matter was addressed in our audit**

We have done the following procedures regarding lands.

- Evaluate the policies and reasonableness of accounting estimates adopted by the company's management
- Evaluate the accuracy of the inputs used by the external evaluators.
- Evaluate the objectivity, independence, and expertise of the external evaluators, review the assumptions used and evaluate the valuation methodology applied.
- We evaluated the appropriateness of the disclosures related to the revaluation of lands as shown in Notes No. (5) and (14) of the supplementary notes to the financial statements.

### **Emphasis of Matter**

1. We draw attention to note No. (37) of the notes supplementing the financial statements, which indicates that the company incurred a loss of an amount during the financial year ending as at 31 December 2022G amounting to SR 233,652,138, which exceeded the entire capital (at the end of 2021G the losses exceeded the entire capital and the end of year 2020G and 2019G, the losses exceeded 50% of the capital, and this was referred to with attention in our reports on the company's financial statements), which requires, in implementation of Article No. (132) of The Regulations for the Companies, that the extraordinary general assembly to meet Within one hundred and eighty days from the date of knowledge of this, to consider the continuity of the company and take any of the necessary measures to deal with or resolve these losses; However, due to the company's entry into the financial reorganization proposal and procedures and in application of Article No. (45) of Chapter Four of the Bankruptcy Law and its implementing regulations, the company is exempted from applying the provisions of the Companies Law with regard to the company's losses reaching the percentage specified in the Law, and our opinion is not modified in respect of this matter.
2. We would like to draw attention to note no. (38) 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 fiscal year 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 financial statements, this increase has not occurred, and our opinion has not modified in respect of this matter.
3. We would like to draw attention to note No. (39) of the supplementary notes to the financial statements, which refers to the purpose of disclosing the amounts of current and non-current liabilities related to accepted claims in the financial reorganization proposal of the company, and our opinion has not been modified in this regard.

### **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 financial statements for the financial year ending as at December 31, 2022G can be validated, except for what has been qualified which are included in the paragraph (the basis for the qualification opinion), 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. (38) of the notes supplementing the financial statements, and accordingly we issued a qualification opinion on the financial statements for the year ending as at December 31, 2022G.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal controls 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 financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

Board of Directors members are responsible for overseeing the company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing (IASs) that are endorsed in the Kingdom of Saudi Arabia 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 financial statements.

As part of an audit in accordance with International Standards on Auditing (IASs) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

### **Report on Other Legal and Regulatory Requirements**

- The Regulations for the Companies requires the auditor to include in his report any violations of the provisions of the Regulation or the provisions of the Company's Articles of Association. In the course of our current audit of the financial statements, we found that the company has violated the provisions of the Regulations for the Companies and related regulations which have no material impact on the financial statements, represented in that the company did not keep the accounting books and records within the minimum period specified by law (10 years at least) which is a violation of the Commercial Books Law applied in Kingdom of Saudi Arabia.
- The company's accumulated losses as at 31 December 2022G exceeded of the entire capital, which requires,, in implementation of Article No. (132) of The Regulations for the Companies, that the extraordinary general assembly to meet within one hundred and

eighty days from the date of knowledge, but the general assembly was not called the extraordinary meeting within the period specified by law (taking into consideration what was stated in note No. (37) of the notes supplementing the financial statements, as due to the company entering into a proposal and procedures for financial reorganization and in application of article no. (45) of Chapter Four of the Bankruptcy Law and its regulations, the company is exempted from applying the provisions of the Regulations for the Companies with regard to the company losses reaching the percentage specified in the Regulation).

- The Company maintains computerized accounting records and the financial statements are in accordance therewith.