

## INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Thimar Development Holding Company (“the Company”) - a Saudi joint stock company - and its subsidiary (collectively referred to as the “Group”) As of September 30, 2023, and the interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and the interim condensed consolidated statements of cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”) that is 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.

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## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of 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 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. Accordingly, we do not express an audit opinion.

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## 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 IAS (34) that is endorsed in the Kingdom of Saudi Arabia.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We would like to draw the attention to note no. (4) accompanying the interim condensed consolidated interim financial statements. Which indicates that the Group incurred losses of (2,498,937) SR during the period ending on September 30, 2023 , and as of that date, the Group’s current liabilities exceeded its total assets by 99,170,143 SR, and it also achieved accumulated losses on September 30, 2023 by an amount of 233,823,508 SR, as it exceeded the entire capital (at the end of the years 2022 and 2021 ), which requires in implementation of Article No. (132) of the companies law, that the extraordinary general assembly be called for a meeting within one hundred and eighty days from the date of knowledge of this to consider the continuity of the Group taking any of the necessary actions to remedy or resolve such losses; However, due to the Group's entry into the proposal and procedures for financial reorganization, which clarified in note (1) and in application of article No. (45) of chapter four of the Bankruptcy Law and its implementing regulations, the Group is exempted from applying the provisions of the companies law regarding achieving the Group's losses relative to the law.

Also, the continuity of the Group as a going concern is depended to the implementation of the financial reorganization proposal, which depends on increasing the Group’s capital. On June 19, 2023, the group’s board of directors recommended an increase in capital through offering priority rights shares at a value of 150 million SR, so that the capital becomes after the increase of 250 million SR and the number of its shares is 25 million ordinary shares, in order to maximize the group’s expansion capacity in investments and provide the necessary liquidity to pay part of the financial liabilities due according to the announced financial reorganization plan, and As mentioned in Note No. 21, the group announced on October 9, 2023,

corresponding to Rabi' al-Awwal 24, 1445H. Regarding the result of the extraordinary general assembly meeting, which included approving an increase in the company's capital, and, Until the date of approval of these condensed consolidated interim financial statements, this increase has not occurred. Our conclusion is unmodified in respect of this matter.

As mentioned in Note 4, these events, or conditions, together with other matters described in Note 1, indicate the existence of a material uncertainty that may cast significant doubts about the Group's ability to continue as a going concern. Our conclusion has been unmodified in respect of this matter.

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## **EMPHASIS OF MATTER**

We would like to draw attention to note No. (1) and No. (17) attached to the interim condensed consolidated financial statements, which indicates that the Group is subject to a financial reorganization procedure in accordance with the judgment issued on April 7, 2021 (corresponding to Shaaban 25, 1442H) in case no. 1970 of 1442H, which judged the financial reorganization of the Company and the appointment of Mr. Hani bin Saleh Al-Aqili as the Trustee of the Financial Reorganization. As a result, the Board of directors announced on March 8, 2023, corresponding to Shaaban 16, 1444AH, the approval of the commercial court in Riyadh to amend the proposal for the financial reorganization of the Group.

## **OTHER MATTER**

The financial statements of the Group for the year ending on December 31, 2022 and the period ending on March 31, 2023 and September 30, 2022 were audited and reviewed by another auditor who expressed a modified opinion and conclusion on those financial statements, dated 28 March 2023 and 23 May 2023 and 28 February 2023 respectively.

The qualified conclusion of the predecessor auditor for the period ending on March 31, 2023 included the following qualifications:

1- The first qualification of the predecessor auditor related to his inability to verify the accuracy, evaluation, existence, and completeness of the investment balance in the National Company for Fresh Fruit Products. The management provided us with an extract from the Ministry of Commerce in addition to the articles of association, which shows the capital of the associate company and the partners, as it states that the ownership of the Company is in The National Company for Fresh Fruit Products by 50%, and we were provided with a letter from the legal advisor of the Group about National Company for Fresh Fruit Products, which clarifies the legal and financial situation. In addition, the Bankruptcy Committee announced the judgment issued by the Fifth Appeal Chamber in the Commercial Court in Riyadh in case no. (59) of 1444 H on 08/04/1444 H, which includes the opening of the administrative liquidation procedure for the National Company for Fresh Fruit Products, as on the date of the report The administrative liquidation is still under consideration of the judiciary, and no final judgment has been issued regarding it. These events indicates objective evidence of impairment in the value of the investment balance ("loss event") in accordance with International Accounting Standard No. 28 ("Investment in Associates and Joint Ventures") paragraph 41A, and accordingly, the management previously provided the impairment in the value of the investment balance, and the management also provided us with all the partners' resolutions of National Company for Fresh Fruit Products through the Ministry of Commerce, which shows that the partners have not previously taken a decision to support the continuity of the National Company for Fresh Fruit Products, and therefore the Group has not recognize a provision for additional losses, if any, and the Group's management stated that it had never incurred legal or constructive obligations on behalf of the associate company in accordance with the requirements of International Standard no. 28 paragraph 39 (Note No. 6). Therefore, the qualification related to this matter has been removed.

2- The second qualification of the predecessor auditor related to his inability to verify the accuracy, existence, and completeness of suppliers' balances amounting to 336,228 Saudi riyaals. The Group's management disclosed the existence uncertainty of these obligations due to the suppliers' lack of response

and provided explanatory information in the financial statements about the uncertainties related to compliance according to Conceptual Framework for Financial Reporting (Note No. 9). Therefore, the qualification related to this matter has been removed.

#### **OTHER MATTER (Continued)**

3-The third qualification of the predecessor auditor related to his inability to verify the completeness and accuracy of a balance amounting to 40,817,863 Saudi riyals within the accumulated losses resulting from adjustments in previous years. The Group's management disclosed the settlements that led to a cumulative effect on the balance of accumulated losses in the amount of 40,817,863 Saudi riyals (Note No. 1) in accordance with the requirements of the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Therefore, the qualification related to this matter has been removed.

**For Al Bassam & Co.**

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Riyadh: ..... Rabi' al-Awwal 1445H  
Corresponding to: ..... November, 2023