

**PKF**Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**INDEPENDENT AUDITOR'S REPORT****TO THE SHAREHOLDERS OF THIMAR DEVELOPMENT HOLDING COMPANY
A SAUDI JOINT STOCK COMPANY**

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RIYADH, KINGDOM OF SAUDI ARABIA**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS****OPINION**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Thimar Development Holding Company (the "Company") and its subsidiary (collectively referred to as the "Group") as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the group, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2023;
- The consolidated statements of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, including a material accounting policies / policy information and another explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent from the Group 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 consolidated 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 opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We would like to draw the attention to note no. (4-1) accompanying the consolidated financial statements. Which indicates that the Group incurred accumulated losses of (6,530,218) SR during the year ending on 31 December 2023, and as of that date. it also achieved accumulated losses on 31 December 2023 by an amount of (259,886,534) SR as it exceeded the entire capital at the end of the years 2023, 2022 and 2021 respectively. 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.

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RIYADH, KINGDOM OF SAUDI ARABIA**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS****MATERIAL UNCERTAINTY RELATED TO GOING CONCERN (Continued)**

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. 13, 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. During the fourth quarter of 2023, the issuance of shares to shareholders was completed, and thus the number of ordinary shares issued to the company increased from ("10,000,000") ordinary shares to ("25,000,000") ordinary shares.

As mentioned in Note (4-1), 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 opinion has been unmodified in respect of this matter.

EMPHASIS OF MATTER

We would like to draw attention to note No. (1) and No. (25) attached to the 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, 1442 H) in case no. 1970 of 1442 H, 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, 1444 AH, the approval of the commercial court in Riyadh to amend the proposal for the financial reorganization of the Group.

KEY AUDIT MATTERS

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

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RIYADH, KINGDOM OF SAUDI ARABIA**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS****KEY AUDIT MATTERS (Continued)**

Key Audit Matters	How our audit addressed the key audit matter
Land revaluation	
<ul style="list-style-type: none"> As at December 31, 2023, the Group holds land under property, plant and equipment with a fair value of SAR 44,347,610 (December 31, 2022, SAR 37,890,337). Land is measured using the revaluation model by revaluing to measure the lands owned by the group, and the management determines the fair value of its lands for the purposes of valuing them at the fair value on the date of the financial report. The evaluations were conducted by independent external evaluators appointed by the management, and the lower evaluation was taken based on the regulatory instructions issued in this regard. Land valuation is a key audit matter because it is a substantive area of judgment underpinned by a range of assumptions and involves a high degree of estimation uncertainty with a potentially substantial range of plausible outcomes. The lands were valued using the market method (comparison method). 	<ul style="list-style-type: none"> Evaluating the competence, capabilities and objectivity of evaluation experts. Gain an understanding of the work of evaluation experts. Evaluating the suitability of the experts' work as audit evidence for the relevant representations. Evaluating the suitability of information and disclosures related to the revaluation of lands, as indicated in Notes No. (3-2) and (6). Verifying the calculation method through which the administration took the lesser of the two evaluations of the fair value of each land in accordance with the requirements of the Capital Market Authority. Evaluate the valuation methodology and determine whether important assumptions, including market comparability of land, are within an acceptable range. Seeking the assistance of an external expert and evaluating his competence, capabilities and objectivity for the purposes under review. Evaluating the appropriateness and reasonableness of the results or conclusions of the expert who was used and their consistency with other audit evidence.

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER MATTER

The financial statements of the Group for the year ending on December 31, 2022 and the period ending on March 31, 2023 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 respectively.

The qualified conclusion of the predecessor auditor for the year ending on 31 December 2022 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. 7). 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 2,318,021 as at December 31, 2022 ("With reference to that this qualification related to these amounts was removed in the first quarter of 2023, and amount remained 336,228 Saudi riyals. 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. 16). Therefore, the qualification related to this matter has been removed.

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER MATTER (CONTINUED)

3- The third qualification of the predecessor auditor related to his inability to verify completeness and accuracy of a balance due in the amount of 1,765,958 Saudi riyals within the accrued expenses and other credit balances related to the General Organization for Social Insurance ("With reference to that this qualification related to these amounts was removed in the first quarter of 2023). The group's management obtained A certified certificate from Social Insurance in exchange for full payment of its dues. Therefore, the qualification related to this matter has been removed.

4- The fourth 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.

OTHER INFORMATION

The other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and the auditor's report thereon. Management is responsible for the other information in the annual report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control 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.

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RIYADH, KINGDOM OF SAUDI ARABIA**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS****RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE
CONSILDATED FINANCIAL STATEMENTS (Continued)**

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL
STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's 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.

For Al-Bassam & Co.

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