

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

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTHS AND NINE-MONTHS ENDED 30 SEPTEMBER 2021  
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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 **SEPTEMBER** 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 and nine-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:  
November 02, 2021  
Rabi'1 27, 1443

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

	Notes	As at SEPTEMBER 30	As at December 31
		2021 (Unaudited)	2020 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS :</b>			
Property and equipment, Net	6	124,467,670	89,122,841
Right to use assets	7	868,106	1,068,438
<b>Total non-current assets</b>		<b>125,335,776</b>	<b>90,191,279</b>
<b>CURRENT ASSETS :</b>			
Trade receivables, Net	8	32,259,142	30,461,672
Raw material inventory		6,965,676	13,801,484
Spare parts inventory		459,402	419,325
Due from related parties	9	-	5,094,491
Other debit balances	10	7,683,377	3,659,653
Cash and Cash Equivalents	11	5,914,430	22,851,485
<b>Total current assets</b>		<b>53,282,027</b>	<b>76,288,110</b>
<b>Total assets</b>		<b>178,617,803</b>	<b>166,479,389</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
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		12,412,714	23,381,957
<b>Total Equity attributable to the shareholders of the parent company</b>		<b>137,135,399</b>	<b>125,500,242</b>
Non-controlling equity		208,242	-
<b>Total Equity</b>		<b>137,343,641</b>	<b>125,500,242</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Non-current portion of the Industrial Development Fund loan	12	3,363,352	3,363,352
Non-current portion of finance lease obligations		2,329,061	-
Liabilities against long-term leases		1,088,969	1,088,969
Provision for end of service benefits		1,167,817	922,330
<b>Total non-current liabilities</b>		<b>7,949,199</b>	<b>5,374,651</b>
<b>CURRENT LIABILITIES:</b>			
Trade payables		4,327,975	6,590,955
Short term loans	13	21,150,724	25,838,820
Due to related parties	9	997,689	-
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	4,034,389	1,603,922
zakat	15	619,313	825,750
<b>Total current liabilities</b>		<b>33,324,963</b>	<b>35,604,496</b>
<b>Total liabilities</b>		<b>41,274,162</b>	<b>40,979,147</b>
<b>Total Equity And Liabilities</b>		<b>178,617,803</b>	<b>166,479,389</b>

Finance Manager



Chief Executive Officer



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

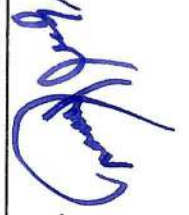
AI KATHIRI HOLDING COMPANY  
 SAUDI JOINT STOCK COMPANY  
 CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
 AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
 ALL AMOUNTS ARE IN SAUDI RIYALS

Notes	For the period from July 1 to SEPTEMBER 30		For the period from January 1 to SEPTEMBER 30	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
16	41,479,257	26,554,376	116,880,043	67,363,327
17	(30,112,904)	(20,793,013)	(83,810,799)	(52,177,988)
	11,366,353	5,761,363	33,069,244	15,185,339
18	(659,281)	(511,830)	(1,473,875)	(1,151,171)
6	(3,280,350)	(1,395,669)	(12,946,135)	(4,258,543)
	(1,986,759)	(1,305,453)	(5,345,775)	(3,875,581)
	5,439,963	2,548,411	13,303,459	5,900,044
	(924,964)	(243,605)	(1,101,260)	(531,193)
				(73,112)
	233,170	448,349	260,513	23,858
	4,748,169	2,753,155	12,462,712	5,319,597
	(206,438)	(115,093)	(619,313)	(345,279)
	4,541,731	2,638,062	11,843,399	4,974,318
	4,541,731	2,638,062	11,843,399	4,974,318
	4,490,042	2,638,062	11,739,123	4,974,318
	51,689	-	104,276	-
	4,490,042	2,638,062	11,739,123	4,974,318
	51,689	-	104,276	-
	0.40	0.23	1.04	0.44
	0.40	0.23	1.04	0.44
19	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 EQUITY (UNAUDITED)  
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained earnings	Total Equity attributable to the shareholders of the parent company	Non-controlling equity	Total Equity
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	(Note 1) 22,604,400	-	-	-	(22,604,400)	-	-	-
Net Profit for the period	-	-	-	-	11,739,123	11,739,123	104,276	11,843,399
Transfer to Non-controlling equity	-	-	-	-	(103,966)	(103,966)	103,966	-
Balance at 30 SEPTEMBER 2021 " Unaudited"	113,022,000	251,838	7,559,083	3,889,764	12,412,714	137,135,399	208,242	137,343,641
Balance at 1 January 2020 "audited"	45,208,800	251,838	7,559,083	2,923,789	15,253,401	71,196,911	-	71,196,911
Adjustment	-	-	-	-	(57,256)	(57,256)	-	(57,256)
Net Profit for the period	-	-	-	-	4,974,318	4,974,318	-	4,974,318
Balance at 30 SEPTEMBER 2020 " Unaudited"	45,208,800	251,838	7,559,083	2,923,789	20,170,463	76,113,973	-	76,113,973

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**

	<b>For the period from January 1 to SEPTEMBER 30</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net profit for the period	11,843,399	4,974,318
<b><u>ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM USED IN OPERATIONS ACTIVITIES:</u></b>		
Depreciation of Property and equipment	5,345,775	3,875,581
losses on disposal of Property and equipment	-	73,112
Amortization of right to use assets	200,332	-
provision for credit losses	7,500,000	-
Zakat difference	-	(3,751)
Provision for end of service penefits	245,487	177,404
zakat provision provided	619,313	345,279
Trade receivables	(9,297,470)	(3,431,998)
Inventory	6,795,731	513,907
Other debit balances	(4,023,724)	1,820,740
Trade payables	(2,262,980)	(780,559)
related parties	6,092,180	(3,678,916)
Other credit balances	2,430,467	(772,281)
Zakat Paid	(825,750)	(589,296)
Provision for end of service benefits	-	(8,800)
Net cash generated from (used in) operating activities	<u>24,662,760</u>	<u>2,514,740</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITES:</u></b>		
Additings to Property and equipment	(20,746,625)	(916,185)
Total shareholders' equity	-	223,000
Projects under progress	(19,943,979)	(20,118,600)
Net cash (used in) inesting activities	<u>(40,690,604)</u>	<u>(20,811,785)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITES:</u></b>		
Short term loans	(4,688,096)	19,540,815
Capital lease obligations	3,778,885	(5,199,958)
Net cash generated from financing activites	<u>(909,211)</u>	<u>14,340,857</u>
Net change in cash and cash equivalents	(16,937,055)	(3,956,188)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>22,851,485</b>	<b>4,823,041</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>5,914,430</u></b>	<b><u>866,853</u></b>
<b><u>NON - CASH FLOWS</u></b>		
Increasing Capital Through retained earnings (note1)	<u>22,604,400</u>	<u>-</u>

Finance Manager



Chief Executive Officer



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

**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 30 September 2021. They are as follows:



**NOTE 2. INFORMATION ABOUT THE GROUP (CONTINUED):**

Company's name	Country	Legal entity	30 SEPTEMBER 2021	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. (34): 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 31 December 2020.

**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 (2). 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 September 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 AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 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
<b><u>Book value:</u></b>									
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	1,990,941	1,155,354	57,369	85,221	5,457,900	19,943,979	40,690,604
Balance at 30 SEPTEMBER 2021 "Unau	6,400,000	23,641,222	44,755,027	3,992,434	934,883	430,923	7,747,136	63,615,019	151,006,102
<b><u>Accumulated depreciation:</u></b>									
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	-	1,172,115	3,264,554	327,033	41,853	43,335	496,885	-	5,345,775
Balance at 30 SEPTEMBER 2021 "Unau	-	2,671,897	19,723,705	2,625,852	20,849,490	221,178	1,107,348	-	26,538,432
Net book value at 30 SEPTEMBER 2021	6,400,000	20,969,325	25,031,322	1,366,582	10,703,270	209,745	6,639,788	63,615,019	124,467,670
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 AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

**NOTE 7. RIGHT TO USE ASSETS**

	<u>As at SEPTEMBER 30</u> <u>2021</u> <u>(Unaudited)</u>	<u>As at Decemeber 31</u> <u>2020</u> <u>(Audited)</u>
<b>Long-term leases</b>		
right to use the land of the panels factory	1,335,547	1,335,547
<b>Accumulated amortization:</b>		
Accumulated amortization beginning of the period/year	(267,109)	-
amortization of the Period	(200,332)	(267,109)
Net	<u>868,106</u>	<u>1,068,438</u>

**NOTE 8. TRADE RECEIVABLES , NET:**

	<u>As at SEPTEMBER 30</u> <u>2021</u> <u>(Unaudited)</u>	<u>As at Decemeber 31</u> <u>2020</u> <u>(Audited)</u>
Trade receivables	41,171,708	31,874,238
Less: Provision for credit losses	(8,912,566)	(1,412,566)
Total	<u>32,259,142</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 AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

**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:

	<b>As at SEPTEMBER</b>	<b>123,463,923</b>
	<b>2021</b>	<b>934883</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
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:

	<b>As at SEPTEMBER</b>	
<b>Company's name</b>	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Short term loans	10,101,042	11,926,687
Short term loans	11,049,682	13,912,133
	21,150,724	25,838,820

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021****NOTE 14. OTHER CREDIT BALANCES :**

	<u>As at SEPTEMBER 30</u>	<u>As at Decmeber 31</u>
	<u>2021</u>	<u>2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Accrued expenses	1,170,343	702,134
VAT- credit	0	241,777
Advance payments from clients	2,313,838	650,550
Others	550,208	9,461
Total	<u>4,034,389</u>	<u>1,603,922</u>

**NOTE 15. PROVISION FOR ZAKAT :**

The movement in zakat provision was as follows:

	<u>As at SEPTEMBER 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	619,313	825,750
Balance at the end of the period	<u>(825,750)</u>	<u>(443,189)</u>
	<u>619,313</u>	<u>825,750</u>



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**NOTE 16. REVENUE:**

	<b>For the period from January 1 to SEPTEMBER 30</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cement sales	37,541,212	27,058,453
Concrete sales	48,638,890	26,651,056
Government contracts	-	38,135
Special projects	2,036,727	-
Sand and white Pebble sales	28,663,214	13,615,683
Total	<u>116,880,043</u>	<u>67,363,327</u>

**NOTE 17. COST OF REVENUE:**

	<b>For the period from January 1 to SEPTEMBER 30</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Raw materials	74,253,090	44,344,319
Salaries, wages and equivalents	5,621,805	4,515,545
Total shareholders' equity	3,935,904	3,318,124
Total	<u>83,810,799</u>	<u>52,177,988</u>

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

**NOTE 18. GENERAL AND ADMINISTRATIVE EXPENSES:**

	<b>For the period from January 1 to SEPTEMBER 30</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and wages	3,227,857	1,967,751
Provision for credit losses expense	7,500,000	-
Zakat differences	369,069	-
Professional and consultants fees	535,000	928,864
Donations	500,000	-
Right to use assets expense	200,332	-
Others	613,877	1,361,928
Total	<u>12,946,135</u>	<u>4,258,543</u>

**NOTE 19. EARNINGS PER SHARE:**

The weighted average number of shares for the period ending on September 30, 2020 has been adjusted in line with the weighted average number of new shares after its increase on September 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 September 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, Q2 and Q3, 2020 to align with the new number of shares after their increase during the period ended September 30, 2021 (for more details refer to note 1) as required per International accounting standard no. 33 (Earnings per share).

**NOTE 20. RISK MANAGEMENT:**

**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 26/03/1443 corresponding to (01/11/2021)