

**AI KATHIRI HOLDING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS REVIEW**

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT FOR THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS REVIEW**

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW**  
**OF INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

To the **Shareholders of Alkathiri Holding Company**  
(A Saudi Joint Stock Company)

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Alkathiri Holding Company** (a Saudi Joint Stock Company) ("the company") and its subsidiaries collectively referred to together as the ("Group"), as of March 31, 2024, and the interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and interim condensed consolidated cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The company's management is responsible for preparing and presenting these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) 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.

**Scope of Review:**

We conducted our review in accordance with the International Standard on Review Engagements No. (2410) "Review of interim Financial Information performed by the independent auditor of the entity", endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed consolidated financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be 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 interim condensed consolidated financial statements are not prepared in all material respects, in accordance with the IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**For Al-Kharashi & Co.**



**Abdullah S. Al Msned**  
License No. (456)

**Riyadh:**  
**May 16, 2024**  
**Dhul Qadah 8, 1445**



**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 31 March 2024**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Notes	As at 31 March 2024 (Unaudited)	As at Decmeber 31 2023 (Audited)
<b><u>ASSETS</u></b>			
<b>Non-current assets:</b>			
Property, plant and equipment	7	134,983,687	133,610,045
Right of use assets	8	10,340,470	14,626,340
<b>Total non-current assets</b>		<b>145,324,157</b>	<b>148,236,385</b>
<b>CURRENT ASSETS :</b>			
Trade receivables	9	41,054,903	35,640,647
Inventory	10	32,047,547	29,969,731
Prepaid expenses and other debit balances	12	20,953,441	8,741,001
Cash and Cash Equivalents	13	60,035,907	78,383,647
<b>Total current assets</b>		<b>154,091,798</b>	<b>152,735,026</b>
<b>Total assets</b>		<b>299,415,955</b>	<b>300,971,411</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>EQUITY:</b>			
Share Capital	14.1	113,022,000	113,022,000
Share premium		7,559,083	7,559,083
Statutory Reserve	15	4,927,354	4,927,354
Retained earnings		5,765,094	5,523,097
<b>Equity attributable to the shareholders of parent company</b>		<b>131,273,531</b>	<b>131,031,534</b>
Non-controlling interest		247,473	255,295
<b>Total equity</b>		<b>131,521,004</b>	<b>131,286,829</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Sukuk with amortized cost	16	100,000,000	100,000,000
Non-current portion of the saudi Industrial Development Fund loan	17	15,689,802	15,625,924
Non-current portion of lease liabilities	8	1,271,750	1,381,620
Provision for removal and rehabilitation		266,296	264,412
Employees defined benfits obligations	18	3,413,508	3,288,654
<b>Total non-current liabilities</b>		<b>120,641,356</b>	<b>120,560,610</b>
<b>CURRENT LIABILITIES:</b>			
Trade payables		19,704,997	14,967,856
Short term loans	19	14,566,083	19,130,999
The current portion of the saudi Industrial Development Fund loan	17	4,000,000	4,000,000
Current portion of lease liabilities	8	3,252,567	4,177,327
Accrued expenses and other credit balances	20	4,631,524	5,969,051
Zakat	21	1,098,424	878,739
<b>Total current liabilities</b>		<b>47,253,595</b>	<b>49,123,972</b>
<b>Total liabilities</b>		<b>167,894,951</b>	<b>169,684,582</b>
<b>Total Equity And Liabilities</b>		<b>299,415,955</b>	<b>300,971,411</b>

Finance Manager

Chief Executive Officer

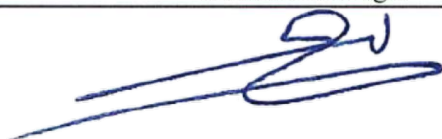
The accompanying notes are an integral part of these condensed consolidated interim financial statements (Unaudited)



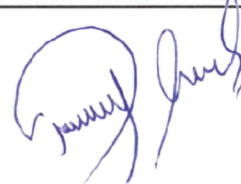
**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THREE MONTHS PERIOD ENDED 31 MARCH 2024**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	For the three months period ended 31 march	
		2024	2023
		(Unaudited)	(Unaudited)
Revenue	22	45,640,238	32,114,499
<b>Less: Cost of revenue</b>	23	<b>(39,786,700)</b>	<b>(26,494,802)</b>
<b>Gross profit</b>		<b>5,853,538</b>	<b>5,619,697</b>
<b>Less:</b>			
General and administrative expenses	24	(2,520,150)	(2,355,465)
Selling and Marketing expenses		(696,370)	(822,187)
<b>Profit From main operations</b>		<b>2,637,018</b>	<b>2,442,045</b>
Finance cost	25	(2,739,521)	(714,496)
Deposits returns	13	539,254	-
Other Revenue		17,109	25,088
<b>Profit before Zakat</b>		<b>453,860</b>	<b>1,752,637</b>
<b>Less: Zakat</b>	21	<b>(219,685)</b>	<b>(194,498)</b>
<b>Net profit for the year</b>		<b>234,175</b>	<b>1,558,139</b>
<b>Other comprehensive income</b>			
Actuarial revaluation of employee benefits		-	-
<b>Total other comprehensive income</b>		<b>234,175</b>	<b>1,558,139</b>
<b>Net profit (loss) attributable to:</b>			
Shareholders of parent company		241,997	1,563,413
Non-controlling interest		(7,822)	(5,274)
<b>Total comprehensive income ( comprehensive loss) attributable to:</b>			
Shareholders of parent company		241,997	1,563,413
Non-controlling interest		(7,822)	(5,274)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	26		
From net profit		0.001	0.007

Finance Manager



Chief Executive Officer

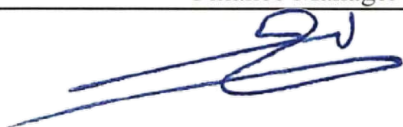


The accompanying notes are an integral part of these condensed consolidated interim financial statements (Unaudited)

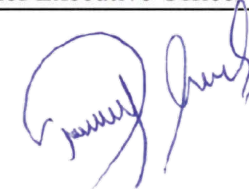
**AI KATHIRI HOLDING COMPANY**  
**SAUDI JOINT STOCK COMPANY**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Share Capital	Share premium	Statutory Reserve	Retained Earnings	Total equity belonging to the parent company	Non-controlling equity	Total
Balance at 1 January 2024 "Audited"	113,022,000	7,559,083	4,927,354	5,523,097	131,031,534	255,295	131,286,829
Net profit (loss) for the period	-	-	-	241,997	241,997	(7,822)	234,175
Balance at 31 March 2024 "Unaudited"	<b>113,022,000</b>	<b>7,559,083</b>	<b>4,927,354</b>	<b>5,765,094</b>	<b>131,273,531</b>	<b>247,473</b>	<b>131,521,004</b>
Balance at 1 January 2023 "Audited"	113,022,000	7,559,083	4,927,354	9,706,370	135,214,807	235,192	135,449,999
Net profit (loss) for the period	-	-	-	1,563,413	1,563,413	(5,274)	1,558,139
Balance at 31 March 2023 "Unaudited"	<b>113,022,000</b>	<b>7,559,083</b>	<b>4,927,354</b>	<b>11,269,783</b>	<b>136,778,220</b>	<b>229,918</b>	<b>137,008,138</b>

Finance Manager



Chief Executive Officer

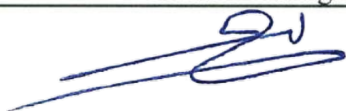


The accompanying notes are an integral part of these condensed consolidated interim financial statements (Unaudited)

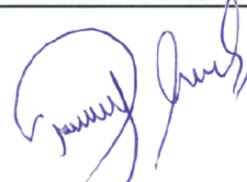
**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THREE MONTHS PERIOD ENDED 31 MARCH 2024**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	<b>For the three months period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows From Operations Activities:</b>		
Profit for the priod before zakat	453,860	1,752,637
<b>Adjustments To Reconcile Net Profit To Net Cash Generated From(Used In)Operations Activities:</b>		
Depreciation of property, machinery and equipment	3,540,504	3,442,943
Financing cost	2,739,521	1,997
Employees defined benfits obligations (Charged)	342,817	343,645
	<b>7,076,702</b>	<b>5,541,222</b>
<b>Changes In Operating Assets And Liabilities:</b>		
Trade receivables	(5,414,256)	(846,934)
Inventory	(2,077,816)	(2,982,315)
Prepaid expenses and other debit balances	(12,212,440)	(2,028,964)
Trade payables	4,737,141	2,945,574
Accrued expenses and other credit balances	698,848	866,659
Zakat paid	-	(777,991)
Employees defined benfits obligations ,Paid	(217,963)	(148,621)
<b>Cash Flows(used in)/ generated From Investing Activites:</b>	<b>(7,409,784)</b>	<b>2,568,630</b>
<b>Net cash generated from operating activities</b>		
Additions of property and equipment	(317,180)	(396,307)
Additions of right to use asstes	-	(7,867)
Additions of Projects under process	(311,096)	(371,647)
<b>Net cash (used in) investing activities</b>	<b>(628,276)</b>	<b>(775,821)</b>
<b>Cash Flows From Financing Activites:</b>		
Short term loans, received	7,239,947	-
Short term loans, paid	(12,105,628)	(2,896)
Interest paid on issued Skuk	(4,297,222)	-
Received from saudi industrlal development fund loan ,	-	69,797
Lease liabilities, paid	(1,146,777)	(1,195,058)
<b>Net cash (used in) financing activites</b>	<b>(10,309,680)</b>	<b>(1,128,157)</b>
Net change in cash and cash equivalents	(18,347,740)	664,652
Cash and cash equivalents at the beginning of the period	78,383,647	2,720,350
<b>Cash and cash equivalents at the end of the period</b>	<b>60,035,907</b>	<b>3,385,002</b>
<b>Non cash flows:</b>		
Transefer from right of use assets to property,plant and equipments	5,463,100	-
Transfer from projects under process for property and equipment	-	7,480,894

Finance Manager



Chief Executive Officer



The accompanying notes are an integral part of these condensed consolidated interim financial statements (Unaudited)



## **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. 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.

### **c. The Company's share capital**

During the year 2017, the partners decided to convert the company from a limited liability company to a joint stock company, and Ministerial Resolution No. (Q / 171) was issued on 06/09/1438 H approving the license to convert the company, and on the date of 06/15/1438 AH Ministerial Decision No. (S) was issued / 181) by announcing the company's transformation into a 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 Consolidated financial statements.

On 17/5/2017 the Capital Market Authority announced the approval of the prospectus for the issuance of Al Kathiri Holding Company and offering 819,000 shares representing 26.1% of the capital to list in the Nomu - parallel market with a capital of 31,395,000 SR

On 10/28/2019, the Capital Market Authority issued a decision containing the approval of the Al Kathiri 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 11/14/2019 to increase the company capital from 45,208,800 riyals to 90,417,600 riyals by offering Shares for a public subscription while retaining the right of priority in the subscription of shares for shareholders attending the meeting of the shareholders' association.

The Extraordinary General Assembly held on 13/11/1442AH corresponding to 06/23/2021, agreed to increase the company's capital from 90,417,600 riyals to 113,022,000 riyals, through retained earnings by granting one free share to each shareholder who owns 4 shares of the company's shares.

During the year 2022, the company established a special purpose entity named Alkathiri Sukuk Facility "Special Purpose Entity" licensed by the Capital Market Authority No. (SPE00034) on December 16, 2021, so that Alkathiri Holding Company is the sponsor and Al-Khair Capital Company is the trustee, and the nature of the activity of this entity is the issuance of debt-based debt instruments. The Extraordinary General Assembly, held on 9/21/1444 AH corresponding to 4/12/2023 AD, agreed to adjust the par value of one share at 50 halalas (0.5 Saudi riyals) instead of 10 Saudi riyals, the number of shares became 226,044,000 shares instead of 11,302,200 shares.

### **D. Fiscal year:**

The fiscal year of the Company is 12 months starting from the beginning of January and ending in 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.

## **2. THE BASIS OF PREPARATION:**

### **2-1 Statement of compliance**

The company's Consolidated financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) endorsed in the kingdom of Saudi Arabia and other standards and other standards issued by the Saudi organization for chartered and professional accountants.



## 2.THE BASIS OF PREPARATION (COUNTINUED)

### 2.2 Accounting basis

Condensed consolidated interim financial statements using accrual basis of accounting, going concern concept and under the historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are recognized at fair value through other comprehensive income (related to financial assets at fair value through other comprehensive income) and through profit or loss (related to financial assets at fair value through profit or loss), and investment in associate companies which is recognized by using equity method.

### 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 March 31, 2024. They are as follows:

Company's name	Country	Legal entity	Ownership Ratio (%)
Alian Industry Company	Saudi Arabia	Closed joint stock	99
Msandh Alemdad Company	Saudi Arabia	Limited liability company	100
The Luxury Yacht (Sole person company)	Saudi Arabia	Limited liability company	100
Sukuk Al-kathiri	Saudi Arabia	Special purpose entity	The company is the sponsor

\* Al Kathiri Holding Company announces the approval of the Board of Directors on 13-04-1445 AH corresponding to 28-10-2023 AD, to establish a subsidiary The luxury yachts company (one-person company) limited liability company with commercial register number 4602115416 on November,1,2023, 100% owned by the company, with a capital of (10,000,000 SR), subsidiary will specialize in building and manufacturing luxury yachts.

## 3. BASIS OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:

These condensed consolidated interim financial statements, which include the consolidated 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 consolidated statement of cash flows and the notes to the condensed Consolidated interim 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 has:

- 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.
- 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.

**3. BASIS OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS(continued)**

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.

**4. 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. 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.

**5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:**

The policies used to prepare the condensed consolidated interim financial statements for the three months period ended March 31, 2024, are the same as those applied in the consolidated financial statements for the year ended December 31, 2023.

**5-1 Financial assets - recognition and measurement**

At the initial recognition, all financial assets are proven at the price of their transactions, which represents fair value, unless the arrangement actually consists of a financing transaction. If the arrangement consists of a financing transaction, the item is measured initially at the current value of future flows discounted at the market interest rate of a similar debt instrument.

After initial recognition, the extinguished cost model (or in some cases the cost model by nature and purpose of the financial asset) is applied to measure the underlying financial instruments.

**Loans and debt**

Receivable loans are non-derivative financial assets with fixed or identifiable payments that are not listed on an active market. They are part of current assets except those with a maturity date of more than 12 months after the end of the reporting period and are classified as non-urrent assets. Loans and receivables include accounts of commercial debtors and other debtor assets owed by related parties and cash in the fund and at banks.

**Trade Receivables**

The amounts due from customers for goods sold or services performed in the normal business context are represented. Debtors are proven to be the value of the original invoice minus the amount of doubtful amounts. An estimate of doubtful debts is made when there are fundamental doubts that the full amount cannot be collected. Bad debts are written off when there is no possibility of recovery.



## 5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### 5-1 Financial assets - recognition and measurement (continued)

#### Decrease in the value of financial assets.

At the end of the fiscal year, an assessment is made to ensure that there is no objective evidence of a decrease in the value of any financial asset measured in cost or amortized cost. If there is such evidence of depreciation, the loss of depreciation is recognized by the profit or loss and other comprehensive income statement for that year. The value of the decline in value is determined as follows:

A) For fair-value assets, the depreciation represents the difference between cost and fair value, minus any loss of value previously demonstrated in the consolidated statement of profit or loss and other comprehensive income.

B) For cost-included assets, the depreciation represents the difference between the amount listed and the present value of future cash flows discounted by the current market rate of return from a similar financial asset line.

C) For assets listed at the amortized cost, the decrease in value represents the difference between the amount listed and the present value of future cash flows discounted by the original actual commission rate.

### 5.2 Financial obligations - recognition and measurement

Financial obligations are classified according to contractual arrangements and include creditors, amounts payable and loans. All financial obligations are initially recognized at fair value, after the first proof of direct transaction costs are proven based on the cost extinguished using the actual commission rate over the life of the instrument and are included in the consolidated statement of profit or loss and other comprehensive income.

Loans are classified as current liabilities unless the company has an unconditional right to postpone payment for at least 12 months after the date of the financial position statement.

### 5.3 Creditors and amounts payable.

Commercial creditors are reimbursed for future payments for goods and services received, whether or not they are invoiced by suppliers.

### 5.4 Cash and cash equivalents

For the purposes of preparing the consolidated cash flow statement, cash and equivalent cash consists of the Fund, banks.

### 5.5 Inventory

The inventory of raw materials and spare parts is assessed on the basis of cost and the moving weighted average. The inventory is reduced by the value of stagnant and slow-moving items according to management estimates and inventory movement.

### 5.6 Property, machinery, and equipment

Property, machinery and equipment appear at cost minus accumulated depreciation and any decrease in value. The cost is consumed minus the residual estimated value of property, machinery and equipment (excluding land where it is not consumed) in a fixed-installment manner over its projected production life span using the following annual depreciation ratios:

- Buildings and constructions %15
- machinery and equipment %10
- Vehicles and cars %20
- Furniture %15
- computers and office equipment %15

The book value of property, machinery and equipment is audited to ensure a decrease in its value when events or changes in circumstances indicate that the book value cannot be recovered. If such evidence exists and the book value is greater than the recoverable value, the value of property, machinery and equipment is reduced to the recoverable value, which represents the greater value of the equitable value of the asset minus the sale costs or the present value of cash flows for the estimated future benefits of that asset.



## 5-SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### 5.6 Property, machinery, and equipment (continued)

The book value of property, machinery and equipment is audited to ensure a decrease in its value when events or changes in circumstances indicate that the book value cannot be recovered. If such evidence exists and the book value is greater than the recoverable value, the value of property, machinery and equipment is reduced to the recoverable value, which represents the greater value of the equitable value of the asset minus the sale costs or the present value of cash flows for the estimated future benefits of that asset.

The profit or loss resulting from the exclusion or disposal of an asset is determined on the basis of the difference between the net extracted from the exclusion and the book value of the asset and recognizes it in the consolidated statement of profits or losses and other comprehensive income.

Carry repair and maintenance expenses it in the consolidated statement of profits or losses and other comprehensive income. Improvements that substantially increase the value or age of the asset in question are capitalized.

The remaining values, age of use and method of consumption are reviewed at the end of each fiscal year and the impact of any changes in estimate is calculated on the future basis.

Gains or losses resulting from the exclusion of property and equipment, calculated on the basis of the difference between net sales intake and the book value of the asset, are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is excluded.

At the end of each reporting period, the Company reviews the book values of its assets to determine whether there is any indication that those assets have suffered impairment losses. If such indicators exist, the recoverable value of the asset is estimated in order to determine the extent of loss of depreciation (if any). When it is not possible to estimate the refundable amount for a single asset, the company estimates the refundable amount for the cash generating unit to which the asset belongs. When a reasonable and consistent basis for distribution can be established, the company's assets are also distributed to individual cash generating units, or otherwise distributed to the smallest set of cash units for which a reasonable and consistent basis can be determined.

The refundable amount exceeds the fair value minus the sale cost and the value generated by the use. When estimating the value of use, estimated future cash flows are deducted from their current value using the pre-tax discount rate that reflects current market assessments of the time value of the money and the specific risks of the asset for which future cash flows have not been adjusted.

If the refundable amount (cash generating unit) is less than its book value, the book value (cash generating unit) of the asset is reduced to its refundable amount. A loss of depreciation is listed directly in the consolidated statement of profit or loss and other comprehensive income.

If the loss of value is subsequently reversed, the book value of the asset (or cash generating unit) must be increased to the adjusted estimates of the recoverable amount, but so that the increased book value does not exceed the book value that could have been determined if the loss of value of the asset (or cash generating unit) was not acknowledged in previous years. The loss of impairment is recognized directly in the consolidated statement of profit or loss and other comprehensive income.

### 5.7 Lease contracts

At the inception of the contract, the Company and its subsidiaries determines whether the contract is a lease or includes a lease. That is, if under the contract the right to control the use of a specific asset for a specified year is transferred in exchange for that.

#### • Group as lessee

The Group apply a single method to recognizing and measuring all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease obligations to make lease payments and right-of-use assets that represent the right to use related assets.



## 5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### 5.7 Lease contracts(continued)

#### • Right-of-use assets

The Company and its subsidiaries recognize a right-of-use asset on the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for remeasurement of lease liabilities. The cost of right-of-use assets includes the value of the lease commitments recognized and lease payments made on or before the lease commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets.

### 5.8 Capital works in progress

The capital works under implementation include all assets that are capitalized for incompleteness as well as existing projects and are proven at cost, including all costs from contractors' dues, material value and consultant fees.

### 5.9 Borrowing costs

Borrowing costs directly related to the creation of eligible assets, which require a long period of time to be ready for the required use, are capitalized upon completion of all necessary activities related to the preparation of the eligible asset for the purpose for which it was created. All other borrowing costs are established as an allowance and are placed on the consolidated of profits or losses other comprehensive income in the period in which they occurred.

### 5.10 Employees defined benefits obligations.

The company provides severance pay compensation to its employees in accordance with the provisions of the labor and workers' system in Saudi Arabia, which is entitled on the basis of the employee's final wage, length of service and completion of the minimum period of service.

The end-of-service obligation is calculated by estimating the value of future benefits that are due to employees in current and previous periods and the value is deducted to reach the current value.

The Company makes assumptions that are used when determining key elements of costs in order to meet these future liabilities. These assumptions are made after Consulting the company's actuarial expert and include those used to determine the cost of the normal service as well as the financing elements of liabilities. A qualified actuary calculates the commitment to the specified benefits using the amounts due by unit method.

A reassessment of specific benefit obligations consisting of actuarial profits and losses is recognized directly in the list of other comprehensive income. The Group determines the interest expense on the specific benefit obligations for the year by applying the discount rate used to measure the specific benefit obligations at the beginning of the year after taking into account any change in net benefit obligations specified during the year as a result of contributions and payments for liabilities. Net interest and other expenses related to the benefit plans specified in the consolidated of profits or losses and other comprehensive income statement are recognized.

### 5.11 Skouk with amortized cost

The Company classifies Skouk at amortized cost using the effective interest rate over the life of the instrument and is included in the statement of profit or loss and other comprehensive income.

### 5.12 Statutory Reserve

The company formed a statutory reserve with the Companies Law for the year 2015, and on May 23, 2023, the company amended the company's bylaws to comply with the companies' bylaws for the year 2022. The updated company's bylaws don't require a statutory reserve.

## 5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### 5.13 Zakat

- The company is subject to zakat in accordance with the instructions of the General Authority for Zakat and Income in Saudi Arabia and is formed a provision for the estimated zakat.
- Zakat due is calculated on the basis of 2.5% of the zakat or adjusted net income whichever is more.

### 5.14 Revenue generated.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- revenue from contracts with customers.

**Step 1 - Identify the contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2 - Identify the performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3 - Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

#### **Step 4 - Allocate the transaction price to the performance obligations in the contract:**

For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

#### **Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.**

If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer.

### **Other income**

Other income is recognized in accordance with the principle of entitlement.

### 5.15 Expenses

Production costs and direct and indirect production-related expenses are classified as sales costs. All other expenses are classified as general and administrative expenses or sales and distribution expenses.

### 5.16 Foreign Exchange Translation

Transactions made during the period in foreign currencies are transferred to Saudi riyals at the prevailing transfer rates at the date of the transactions. Balances of assets and cash equivalents denominated in foreign currencies are retranslated at the prevailing exchange rates on the financial position statement date. Gains or losses resulting from settlements and foreign currency translations are included in the statement of comprehensive income.

### 5.17 Transactions with related parties

Parties are related parties because of their ability to exercise control over the company or to exert significant influence or joint control over the company's financial and operational decisions. Also, companies are related

parties when the company can exert influence, or jointly control the financial and operational decisions of these parties.

Transactions with related parties usually involve the transfer of resources, services, or obligations between the parties.



## 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 Consolidated 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 Consolidated 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.

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**7. PROPERTY, PLANT AND EQUIPMENT:**

	Land	Buildings and constructions	Machines and equipment	Vehicles and cars	Furniture	Computer	Capital work in Progress (1/7)	Total
<b>Book Value:</b>								
Balance at 1 January 2024 "Audited"	6,400,000	99,773,486	71,521,553	4,782,702	1,669,207	1,129,797	442,652	185,719,397
Additions	-	97,591	47,854	122,090	14,942	34,703	311,096	628,276
Transfer from right of use asstes	-	-	5,463,100	-	-	-	-	5,463,100
Balance at 31 March 2024 "Unandited"	6,400,000	99,871,077	77,032,507	4,904,792	1,684,149	1,164,500	753,748	191,810,773
<b>Accumulated depreciation:</b>								
Balance at 1 January 2024 "Audited"	-	13,007,722	34,593,737	3,490,224	567,654	450,015	-	52,109,352
Depreciation of the period	-	1,287,247	1,549,940	99,202	56,484	41,408	-	3,034,281
Transfer right of use asstes	-	-	1,683,453	-	-	-	-	1,683,453
Balance at 31 March 2024 "Unandited"	-	14,294,969	37,827,130	3,589,426	624,138	491,423	-	56,827,086
<b>Net Book Value:</b>								
<b>At 31 March 2024 (Unaudited)</b>	<b>6,400,000</b>	<b>85,576,108</b>	<b>39,205,377</b>	<b>1,315,366</b>	<b>1,060,011</b>	<b>673,077</b>	<b>753,748</b>	<b>134,983,687</b>
<b>At 31 December 2023 (Audited)</b>	<b>6,400,000</b>	<b>86,765,764</b>	<b>36,927,816</b>	<b>1,292,478</b>	<b>1,101,553</b>	<b>679,782</b>	<b>442,652</b>	<b>133,610,045</b>

Depreciated property, plant and equipment, fully booked and still operating, amounted to SAR 8,157,418 as of March 31, 2024 (December 31, 2023: SAR 7,913,428).

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**7/1. CAPITAL WORK IN PROGRESS**

	<b>As at March31</b>	<b>As at Decmeber31</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Programs	235,911	235,911
Yachts factory	517,837	206,741
<b>Total</b>	<b>753,748</b>	<b>442,652</b>

**8. Lease liabilities**

**Right of use assets**

	<b>Land</b>	<b>Rental cars</b>	<b>Total</b>
<b>Book Value:</b>			
Balance at 1 January 2024 "Audited"	1,872,113	17,443,880	19,315,993
Transfer to peoperty, plant and equipment	-	(5,463,100)	(5,463,100)
Balance at 31 March 2024 "Unandited"	1,872,113	11,980,780	13,852,893
<b>Accumulated amortization:</b>			
Balance at 1 January 2024 "Audited"	1,101,276	3,588,377	4,689,653
Amortization for the Period	69,930	436,293	506,223
Transfer to peoperty, plant and equipment	-	(1,683,453)	(1,683,453)
Balance at 31 March 2024 "Unandited"	1,171,206	2,341,217	3,512,423
<b>Net Book Value</b>			
<b>As at 31 March 2024 "Unandited"</b>	<b>700,907</b>	<b>9,639,563</b>	<b>10,340,470</b>
<b>As at 31 December 2023 "Audited"</b>	<b>770,837</b>	<b>13,855,503</b>	<b>14,626,340</b>

**Lease liabilities**

	<b>As at March31</b>	<b>As at Decmeber31</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	5,558,947	10,550,713
Reconcilations on financial lease obligations	-	237,095
Intrests for the period / year	112,147	825,599
Paid through the period / year	(1,146,777)	(6,054,460)
Balance at ending of the period / year	<b>4,524,317</b>	<b>5,558,947</b>

The lease liabilities were classified as follows:

	<b>As at March31</b>	<b>As at Decmeber31</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Current portion	3,252,567	4,177,327
Non-current portion	1,271,750	1,381,620
<b>Total</b>	<b>4,524,317</b>	<b>5,558,947</b>



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**9. TRADE RECEIVABLES :**

	<u>As at March31</u>	<u>As at Decmeber31</u>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	49,527,546	44,113,290
<b>Less:</b> Provision for Expected credit losses	(8,472,643)	(8,472,643)
<b>Net</b>	<b>41,054,903.00</b>	<b>35,640,647</b>

The movement of the provision was as follows:

	<u>As at March31</u>	<u>As at Decmeber31</u>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	8,472,643	5,131,260
Charged for the period / year	-	3,341,383
Balance at ending of the period / year	<b>8,472,643</b>	<b>8,472,643</b>

**10. INVENTORY:**

	<u>As at March31</u>	<u>As at Decmeber31</u>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Raw material	30,615,161	28,496,429
Spare parts and producion supplies	1,336,802.00	1,377,719
Finished goods	95,584.00	95,583
<b>Total</b>	<b>32,047,547</b>	<b>29,969,731</b>

**11.Benefits received by members of the board and committees who occupy executive positions:**

Mr.Khaled Alkhayal Chirman of Alian company and alkathiri holding company chairman  
Mr.Meshaal Alkathiri managing director of alian company and alkathiri holding chief executive officer  
Mr. Abdullah Alsheikh board of directormember of alkathiri holding company  
Mr. Saud Alshryum board of director member of alkathiri holding company  
Mr. Ahmed Alsaegh board of director member of alkathiri holding company  
Mr. Abdellah Alowidan\ board of director member of alkathiri holding company

Mr/ Adel Al Kathiri was a member of the Board of Directors of Al Kathiri Holding Company only until April 12, 2023 AD - He is currently a member of the Audit Committee of Al Kathiri Holding Company beginning

**Transactions with members of the Board of Directors and senior executives:**

Related party transactions are mainly the salaries, allowances and remunerations of senior executives. Senior management personnel are the persons who exercise authority and responsibility in planning, directing and controlling the Company's activities, directly or indirectly, including directors and shareholders (whether executive or non-executive). That). The item on salaries, wages and the like during the period, includes the following:

<b>Transaction with</b>	<b>Nature of transaction</b>	<b>For the three months period ending 31 March</b>	
		<b>2024</b>	<b>2023</b>
Senior Executives	Salaries	82,101	82,101
Senior Executives	Provision for end of service	7,500	7,500

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**12. PREPAID EXPENSES AND OTHER DEBIT BALANCES:**

	<b>As at March31 2024 (Unaudited)</b>	<b>As at Decmeber31 2023 (Audited)</b>
Letter of gurantee	9,387,166	3,662,820
Contract revenue from unfinished projects	3,961,924	-
Prepaid expenses	2,219,128	1,642,327
Advanced payments subcontractors	1,919,287	1,341,558
Suppliers advanced payments	1,857,418	900,397
Works gurantee	857,081	635,528
Unreceived profits from deposit	374,985	318,271
Employees loans	277,565	226,271
Others	98,887	13,829
<b>Total</b>	<b>20,953,441</b>	<b>8,741,001</b>

**13. CASH AND CASH EQUIVALENTS**

	<b>As at March31 2024 (Unaudited)</b>	<b>As at Decmeber31 2023 (Audited)</b>
Cash at Bank	30,652,688	48,383,602
Short term deposits *	29,300,000	30,000,000
Cash	83,219	45
<b>Total</b>	<b>60,035,907</b>	<b>78,383,647</b>

\*The short term deposits are deptsits at the local banks due after 3 months or less from the date of deposits with retun percentage %5

**14. SHARE CAPITAL:**

The company's capital as of 31 March 2024 was determined at (113,022,000) one hundred and thirteen million and twenty-two thousand Saudi riyals, fully paid, divided into (226,044,000 shares) two hundred and twenty-six million and forty-four thousand shares of equal value, each worth fifty halalas. (0.5 Saudi riyals) On 9/21/1444 AH corresponding to 4/12/2023 AD, the extraordinary general assembly agreed to set the nominal value of each share at fifty halalas (0.5 Saudi riyals) instead of 10 Saudi riyals, so that the number of shares became 226,044,000 shares instead of 11,302,200. One share, all of which are ordinary shares, divided as follows:

	<b>As at March312024</b>			<b>As at 31 December2023</b>		
<b>Statement</b>	<b>Contribution percentage</b>	<b>Number of Shares</b>	<b>Stock value</b>	<b>Contribution percentage</b>	<b>Number of Shares</b>	<b>Stock value</b>
Meshaal AL-kathiri	38.58%	87,198,733	43,599,367	38.58%	87,198,733	43,599,367
Other Shareholders	61.42%	138,845,267	69,422,633	61.42%	138,845,267	69,422,633
<b>Total</b>	<b>100.00%</b>	<b>226,044,000</b>	<b>113,022,000</b>	<b>100.00%</b>	<b>226,044,000</b>	<b>113,022,000</b>

**15. Statutory reserve:**

The company formed a statutory reserve, and on May 23, 2023, the company amended the company's bylaws to comply with the companies' bylaws for the year 2022. The updated company's bylaws doesn't require a statutory reserve.

**16. Sukuk at amortized cost**

On March 30, 2023, Al Kathiri Sukuk , a "special purpose facility" affiliated to Al Kathiri Holding Company, issued 100,000 bonds ( 1000 ) SR each , with total amounted by 100 million riyal saudi,the value of Skouk due after 5 years , the issued skuk are with a rate of return to the sukuk holder of 8.5% annually, due on March 30 and September 30 of each year, and the balance was as of 31 March 2024 as follows:

	<b>As at March31 2024 (Unaudited)</b>	<b>As at Decmeber31 2023 (Audited)</b>
The value of the issued Skuk	100,000,000	100,000,000
<b>Total</b>	<b>100,000,000</b>	<b>100,000,000</b>



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**17.THE SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN:**

Alyan Industry company (subsidiary company) signed an agreement with the Saudi Industrial Development Fund on 2 Oct. 2019 in the amount of 23,200,000 Saudi riyals, from which an amount of 1,160,000 Saudi riyals will be deducted in exchange for studies and the cost of industrial evaluation. The company has obtained the full amount, which includes the costs of studies and evaluation, in full during 2022, and the loan is paid in 12 installments, starting from 16 May 2022 and ending on 16 Sep. 2027.

**The movement for SIDF loan during the period / year as follow:**

	<u>As at March31</u>	<u>As at Decmeber31</u>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	20,200,000	22,200,000
Paid through the period / year	-	(2,000,000)
Less: un-amortization interest	(510,198)	(574,076)
<b>Balance at ending of the period / year</b>	<b>19,689,802</b>	<b>19,625,924</b>

**17-1.Financial Covenants - Loan from Saudi Industrial Development Fund:**

The loan agreement with the Saudi Industrial Development Fund includes certain covenants with the Fund. Under the terms of this agreement, management monitors the covenants periodically, and in the event of any potential breach, management takes corrective actions and Alian company was committed to these covennants as at 31 Mach 2024

**The loan is classified at the ending of the period / year as**

	<u>As at March31</u>	<u>As at Decmeber31</u>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
The current portion of Saudi Industrial Development Fund loan	4,000,000	4,000,000
The non-current portion of Saudi Industrial Development Fund loan	15,689,802	15,625,924
<b>Total</b>	<b>19,689,802</b>	<b>19,625,924</b>

**18. PROVISION FOR END OF SERVICE:**

	<u>As at March31</u>	<u>As at Decmeber31</u>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>The key assumptions underlying the appraisal valuation are:</b>		
Discount rate	5.1%	5.20%
Salary increase rate	5%	5%
Employee turnover rate	Moderate	Moderate
Retirement age	60	60

**The movement of the provision at the period / year as follows:**

	<u>As at March31</u>	<u>As at Decmeber31</u>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	3,288,654	2,369,139
Charged through the period / year	342,817	1,018,669
Loss for actuarial revaluation of employee benefits	-	45,196
Paid through the period / year	(217,963)	(144,350)
<b>Balance at ending of the period / year</b>	<b>3,413,508</b>	<b>3,288,654</b>



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**19. SHORT TERM LONS:**

The company signed several agreements with local banks with a credit ceiling of 16,521,000 Saudi riyals, guaranteed by promissory notes in the amount of 17,269,000 Saudi riyals, and personal guarantees from the shareholder and managing director, Mr. Meshaal Al Kathiri, for the facility ceiling.

Alyan Industry Company (closed joint stock) signed a facility agreement with Riyad Bank on 28 July 2021 with a credit ceiling of 6,000,000 riyals and a promissory note guarantee of 14,200,000 riyals. The agreement was renewed on 12 December 2023, increasing the credit ceiling by 2,000,000 riyals, guaranteed by a promissory note in the amount of 9,000,000 Saudi riyals. One of the shareholders of Al Kathiri Holding Company and holds the position of Managing Director, so that the total credit ceiling becomes 8,000,000 riyals, and the agreement ends on 12 December 2026.

The balance at the year end was as follows:

	<b>As at March31</b>	<b>As at Decmeber31</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	19,130,992	15,987,292
Received at the period / year	7,239,947	38,218,421
Interest	300,765	2,277,256
Paid at the period / year	(12,105,621)	(37,351,970)
<b>Balance at ending of the period / year</b>	<b>14,566,083</b>	<b>19,130,999</b>

The balance of the facilities used on 31 Dec. as follows:

	<b>As at March31</b>	<b>As at Decmeber31</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Short term loans	9,940,730	13,592,116
Short term loans	4,625,353	5,538,883
<b>Total</b>	<b>14,566,083</b>	<b>19,130,999</b>

**20. ACCRUES EXPENSES AND OTHER CREDIT BALANCES :**

	<b>As at March31</b>	<b>As at Decmeber31</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cost of unfinished projects	1,285,372	-
Subcontractors	1,188,033	895,838
Advance payments from clients	1,113,403	1,062,004
Accrued expenses	299,229	533,232
VAT	496,593	317,950
Works gurantee from subcontractors	125,599	45,474
Accrues board remuneration	-	778,000
Professional fees are payable	-	178,250
Salaries accrued	-	47,835
Accrues interest for Skuk Alkathiri holders	-	2,036,377
Others	123,295	74,091
<b>Total</b>	<b>4,631,524</b>	<b>5,969,051</b>

**21. ZAKAT:**

The movement in zakat provision was as follows:

	<b>As at March31</b>	<b>As at Decmeber31</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	878,739	968,944
Charged through the period / year	219,685	878,739
Paid at the period / year	-	(968,944)
<b>Balance at ending of the period / year</b>	<b>1,098,424</b>	<b>878,739</b>

During the year 2020 AD, the Zakat, Tax and Customs Authority approved the company's request to provide unified accounts for the company and its subsidiaries starting from 2020 AD, provided that an independent information declaration is submitted for each subsidiary separately. the company distributes the zakat obligation ti the subsidiaries separately according to the share holding percentage of each comapny.

The company doesn't have any zakat accrued invoices which may required contingent liabilities.

Zakat is calculated at 2.5% of the adjusted net profit or the zakat base, whichever is greater.

**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTHS PERIOD ENDING 31 MARCH 2024**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

**22. REVENUES:**

	For the three months period ended 31March	
	2024 (Unaudited)	2023 (Unaudited)
Concrete sales	27,760,951	21,016,531
Special projects	8,392,980	5,343,972
Cement sales	6,904,132	4,050,740
Concrete wall sales	2,574,925	1,703,256
Sand and white Pebble sales	7,250	-
<b>Total</b>	<b>45,640,238</b>	<b>32,114,499</b>

The revenues are divided as follows:

	For the three months period ended 31March	
	2024 (Unaudited)	2023 (Unaudited)
Domestic revenues	45,565,816	32,114,499
Exports revenues	74,422	-
	<b>45,640,238</b>	<b>32,114,499</b>

-The revenues generated above are revenues that were recognized at a specific point of time.

**23. COST OF REVENUE:**

	For the three months period ended 31March	
	2024 (Unaudited)	2023 (Unaudited)
Raw materials	25,705,694	17,313,763
Other operating expenses	5,443,890	1,906,824
Salaries	3,707,444	3,080,702
Depreciation of property, machinery and equipment	3,528,039	3,428,159
Another employee benefits	1,401,633	765,354
<b>Total</b>	<b>39,786,700</b>	<b>26,494,802</b>

**24. GENERAL AND ADMINISTRATIVE EXPENSES:**

	For the three months period ended 31March	
	2024 (Unaudited)	2023 (Unaudited)
Salaries	1,726,121	1,256,217
Another employee benefits	298,025	322,747
Professional and consultants fees	209,849	423,105
Capital Market Authority expenses	54,699	159,165
Allowances for attending board and committee meetings	21,000	-
Depreciation of property, machinery and equipment	12,466	14,784
Advertising expenses	12,224	-
Governmental fees	28,605	42,709
Others	157,161	136,738
<b>Total</b>	<b>2,520,150</b>	<b>2,355,465</b>

**25. Financing Expenses:**

	For the three months period ended 31March	
	2024 (Unaudited)	2023 (Unaudited)
Interest expenses for Skuk	2,260,845	-
Short term loans	300,765	405,299
Financial lease	112,147	237,403
Saudi Industrial Development Fund loan	63,877	69,797
Interest for removal and rehabilitation interest	1,887	1,997
<b>Total</b>	<b>2,739,521</b>	<b>714,496</b>



## 26. EARNING (LOSS) PER SHARE:

The earnings per share and the weighted average number of shares for the three months ended March 31, 2023, have been adjusted to align with the weighted average number of new shares after its increase during the year 2023 (Disclosure 1). as required in accordance with International Accounting Standard No. 33 (Earnings per Share). To be consistent with the Weighted average number of shares after splitting the calculation of the basic / diluted earnings per share is based on the profit(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The earnings per share for the three months ended on March 31, 2024, AD were calculated on the basis of the weighted average number of outstanding shares at the ending of the period as follows:

	For the three months period ended 31March	
	2024	2023
	(Unaudited)	(Unaudited)
Net profit for the period of the Company's shareholders	241,997	1,563,413
weighted average number of shares	226,044,000	226,044,000
From net profit for the period	0.001	0.007

- The diluted earnings (loss) per share is the same as the basic earnings(loss) per share since the company has no transferable securities and no diluted financial instruments to exercise.

## 27. CONTINGENT LIABILITIES

The contingent liabilities arising from letters of guarantee amounted to Saudi riyals 13,429,846 as of March 31, 2024 (2023: Saudi riyals 4,934,700), while the guarantee of letters of credit amounted to Saudi riyals 9,387,166 (2023: Saudi riyals 3,584,700).

Letters of guarantee drawn in the name of Al Kathiri Holding Company for Msandh Alemdad Company (limited liability company) "one of the subsidiaries companies" as on March 31, 2024, in the amount of 520,800 Saudi riyals (December 31, 2023: 520,800 Saudi riyals), And the insurance for letters of guarantee amounted on March 31, 2024, amounted by 78,120 Saudi riyals (2023: 78,120 Saudi riyal)

## **28. 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 managing 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.

## **29. Reclassification:**

Some comparison figures have been reclassified to align with the current tabulation for the three-month period ended 31 March 2024.

## **30. Subsequent events:**

The company's management has believed that there are no significant subsequent events since the date of the statement of financial position on March 31, 2024, until the date of approval of these financial statements that may require amendments or disclosures in the condensed consolidated interim financial statements.

## **31. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:**

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on May,15 2024 G corresponding to Dhul Qadah ,7 1445 H