

**WAFRAH FOR INDUSTRY AND DEVELOPMENT
COMPANY**

(A Saudi Joint Stock Company)

**FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS
ENDED AT SEPTEMBER 30, 2015
TOGETHER WITH AUDITORS' REPORT ON THE
REVIEW OF INTERIM FINANCIAL STATEMENTS**

Crowe Horwath™

Al Azem & Al Sudairy

CPA's & Consultants

Member Crowe Horwath International

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENT
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2015
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FINANCIAL STATEMENTS

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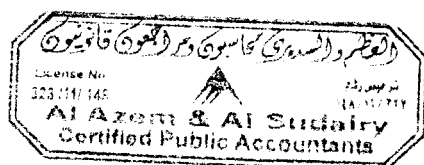
**AUDITORS' REPORT ON THE REVIEW OF INTERIM
FINANCIAL STATEMENTS**

**SHAREHOLDERS OF
WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)**

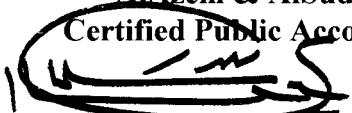
Scope of Examination: We have examined the accompanying Interim balance sheet of **WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)** as of September 30, 2015 and the related interim statements of income for three and nine months periods ended September 30, 2015 , interim cash flows and interim changes in shareholders equity for the nine month period then ended, and the notes from (1) to (15) which are an integral part of these interim financial statements. These financial statements are the responsibility of the Company's management and were submitted to us together with all the information and explanations which we requested.

Our examination was limited for the Interim financial statements and was conducted in accordance with the Saudi Organization for Certified Public Accountants standard on interim financial statements. The limited examination consists principally of analytical procedures applied to financial data and inquiries of the Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion: Based on our limited review, we are not aware of any material modifications that should be made to the interim financial statements to be in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia.



AlAzem & AlSudairy
Certified Public Accountants



Salman B. AlSudairy
License No. 283

28 Du Al hijjah 1436H (October 11, 2015)
Riyadh, Saudi Arabia

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY
(A Saudi Joint Stock Company)
INTERIM BALANCE SHEET (UNAUDITED)
AS OF SEPTEMBER 30, 2015
(Saudi Riyals)

	<u>30/09/2015</u>	<u>30/09/2014</u>
<u>ASSETS</u>		
Current Assets:		
Cash and banks balances (Note 5)	3,722,394	19,216,358
Accounts receivable	38,388,458	36,537,499
Inventory (Notes 3b and 6)	39,004,151	19,800,679
Prepayments and other assets (Note 7)	<u>6,312,945</u>	<u>19,880,296</u>
Total current assets	<u>87,427,948</u>	<u>95,434,832</u>
Investments in companies (Notes 3c and 8a)	17,050,000	17,050,000
Investments in security available for sales, net (Note 3c)	454,279	4,488,700
Projects under progress	16,246,997	49,924,270
Deferred expenses	14,224	382,264
Real estate investment	11,127,708	-
Used property, plant and equipment, net (Notes 3d and 9a)	119,995,639	78,387,427
Unused property, plant and equipment, net (Notes 3d and 9b)	<u>733,424</u>	<u>898,657</u>
Total non - current assets	<u>165,622,271</u>	<u>151,131,318</u>
Total assets	<u>253,050,219</u>	<u>246,566,150</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	13,780,657	3,400,894
Oversubscribed payable	3,282,200	3,285,800
Accrued expenses and other liabilities (Note 10)	1,664,654	1,997,433
Accrued dividend distribution	1,260,593	1,282,765
Current portion of long term loan	2,000,000	1,000,000
Zakat estimated (Note 3h)	<u>6,349,913</u>	<u>1,772,880</u>
Total current liabilities	<u>28,338,017</u>	<u>12,739,772</u>
Long term loan (Note 11)	25,118,400	14,974,000
End of service benefits (Note 3e)	<u>5,351,247</u>	<u>5,081,411</u>
Total non - current liabilities	<u>30,469,647</u>	<u>20,055,411</u>
Total liabilities	<u>58,807,664</u>	<u>32,795,183</u>
Shareholders' Equity:		
Paid-up capital (Note 1)	200,000,000	200,000,000
Statutory reserve	7,202,424	7,199,061
Unrealized (loss) profit from investments in security available for sales (Note 3c)	(801,419)	1,252,730
(Accumulated loss) Retained earnings	<u>(12,158,450)</u>	<u>5,319,176</u>
Total shareholders' equity	<u>194,242,555</u>	<u>213,770,967</u>
Total liabilities and shareholders' equity	<u>253,050,219</u>	<u>246,566,150</u>

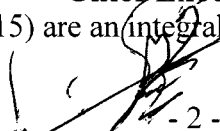
Finance Manager

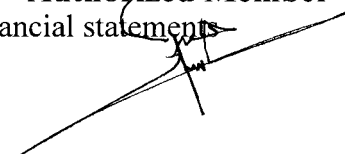
Chief Executive Officer

Authorized Member

The accompanying notes from (1) to (15) are an integral part of these interim financial statements.







WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED AT SEPTEMBER 30, 2015
(Saudi Riyals)

	For Three months		For nine months	
	From 01/07/2015 To 30/09/2015	From 01/07/2014 To 30/09/2014	From 01/01/2015 To 30/09/2015	From 01/01/2014 To 30/09/2014
Sales (Notes 3f and 12)	14,785,710	20,504,419	58,661,130	69,301,088
Cost of sales	(9,713,946)	(14,283,041)	(36,952,154)	(42,731,554)
Depreciation	<u>(2,514,530)</u>	<u>(1,339,448)</u>	<u>(7,251,742)</u>	<u>(3,922,084)</u>
Gross operating profit	2,557,234	4,881,930	14,457,234	22,647,450
Selling and distribution expenses (Note 3g)	(5,373,683)	(3,877,872)	(15,229,966)	(13,520,856)
General and administrative expenses (Note 3g)	<u>(2,117,449)</u>	<u>(2,261,842)</u>	<u>(6,767,354)</u>	<u>(6,411,515)</u>
Net (loss) profit from main operations	(4,933,898)	(1,257,784)	(7,540,086)	2,715,079
Other income (Note 3f)	<u>30,339</u>	<u>2,449,088</u>	<u>121,769</u>	<u>2,797,465</u>
Net (Loss) profit for the year before zakat	(4,903,559)	1,191,304	(7,418,317)	5,512,544
Zakat estimated (Note 3h)	<u>(586,017)</u>	<u>(665,937)</u>	<u>(1,306,852)</u>	<u>(1,722,879)</u>
Net (loss) profit for the period	<u>(5,489,576)</u>	<u>525,367</u>	<u>(8,725,169)</u>	<u>3,739,665</u>
(Loss) Profit per share:				
From (loss) profit from main operations (Note 13)	<u>(0,25)</u>	<u>(0,06)</u>	<u>(0,38)</u>	<u>0.14</u>
From (loss) profit for the period (Note 13)	<u>(0,27)</u>	<u>0.03</u>	<u>(0,44)</u>	<u>0.19</u>

Finance Manager

Chief Executive Officer

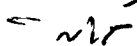
Authorized Member

~ ٧١٢ The accompanying notes from (1) to (15) are an integral part of these interim financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(Saudi Riyals)

	<u>From 1/1/2015</u> <u>To 30/09/2015</u>	<u>From 1/1/2014</u> <u>To 30/09/2014</u>
Cash Flows from Operating Activities:		
Net (loss) profit for the period	(8,725,169)	3,739,665
Adjustments to reconcile net (loss) profit to net cash used in operating activities:		
Depreciation for the period	9,113,975	4,930,235
Gain from selling of property and equipment	-	(245,235)
Zakat estimated provision for the period	1,306,852	1,772,879
End of service benefits	704,281	666,994
Changes in assets and liabilities:		
Accounts receivable	(4,835,972)	(4,606,629)
Inventory	(15,788,655)	402,495
Prepayments and other assets	4,502,248	(13,942,308)
Accounts payable	7,310,326	361,914
Accrued expenses and other liabilities	102,318	(46,242)
End of service benefits paid during the period	(488,715)	(386,079)
Zakat estimated paid during the period	<u>(1,411,104)</u>	<u>(1,661,046)</u>
Net cash used in by operating activities	<u>(8,209,615)</u>	<u>(9,013,357)</u>
Cash Flows from Investing Activities:		
Net change in securities available for sale investments	-	11,638,920
Purchase in property and equipment	(15,846,184)	(2,955,036)
Projects under progress	7,672,649	(8,803,221)
Oversubscribed payable	(3,600)	-
Deferred income expense	2,750,000	(368,040)
Proceeds from selling of property and equipment	<u>-</u>	<u>245,250</u>
Net cash used in investing activities	<u>(5,427,135)</u>	<u>(242,127)</u>
Cash Flows from Financing Activities:		
Accrued dividend distribution	(11,932)	(8,892,235)
Net change in current portion of long term loan	1,000,000	-
Net change in long term loan	<u>9,264,400</u>	<u>15,974,000</u>
Net cash provided by financing activities	<u>10,252,468</u>	<u>7,081,765</u>
Net decrease in cash and banks balances	(3,384,282)	(2,173,719)
Cash and banks balances at beginning of the period	<u>7,106,676</u>	<u>21,390,077</u>
Cash and banks balances at end of the period	<u>3,722,394</u>	<u>19,216,358</u>
Non-cash item:		
Unrealized losses from Investments		
in security available for sales	<u>(117,682)</u>	<u>(229,350)</u>
Revenue dividend	<u>-</u>	<u>1,282,765</u>

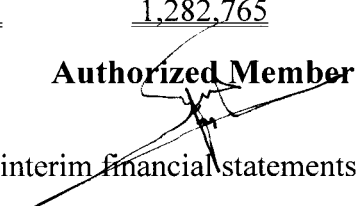
Finance Manager



Chief Executive Officer



Authorized Member

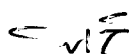


The accompanying notes from (1) to (15) are an integral part of these interim financial statements


WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(Saudi Riyals)

	<u>From 1/1/2015</u> <u>To 30/09/2015</u>	<u>From 1/1/2014</u> <u>To 30/09/2014</u>
Paid-up capital (Note 1)	<u>200,000,000</u>	<u>200,000,000</u>
Statutory reserve	<u>7,202,424</u>	<u>7,199,061</u>
Unrealized (loss) profit from Investments in security available for sales (Note 3c):		
Beginning of the period	<u>(683,737)</u>	<u>1,482,080</u>
Net movement during the period	<u>(117,682)</u>	<u>(229,350)</u>
End of the period	<u>(801,419)</u>	<u>1,252,730</u>
(Accumulated loss) Retained earnings:		
Beginning of the period	<u>(3,433,281)</u>	<u>11,754,511</u>
Dividends distribution for shareholders	<u>-</u>	<u>(10,000,000)</u>
Dividends distribution for the board	<u>-</u>	<u>(175,000)</u>
Net (loss) profit for the period	<u>(8,725,169)</u>	<u>3,739,665</u>
End of the period	<u>(12,158,450)</u>	<u>5,319,176</u>
Total Shareholders' Equity	<u>194,242,555</u>	<u>213,770,967</u>

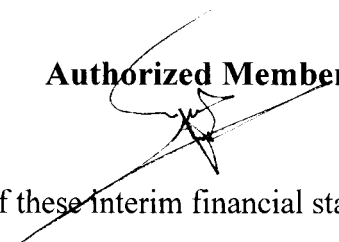
Finance Manager



Chief Executive Officer



Authorized Member



The accompanying notes from (1) to (15) are an integral part of these interim financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY
(A Saudi Joint Stock Company)
NOTES TO INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(Saudi Riyals)

1. ACTIVITIES

Wafrah for Industry and Development CO. is a Saudi Joint Stock Company founded according to the commercial registration No. 1010076996 issued in Riyadh dated 24/10/1410H (corresponding to 19/05/1990). The paid up capital of the Company is 200 Millions Saudi Riyals comprising of 20 million shares at a par value of Saudi Riyals 10 per share.

The company is engaged in taking advantage of seasonal agricultural surplus especially for those of a perishable nature, and are marketed to the consumers after subjecting them to varying degree of agricultural treatment, production processes and manufacturing services. They are also involved in marketing of food products, investment on land property as well as in creation, maintenance, operation and ownership of industrial projects.

The accompanying interim financial statements represents Company's financial statement and it's branch as follow.

<u>Branch Name</u>	<u>Commercial registration No.</u>	<u>Activity</u>
Wafrah for Industry and Development CO. – Jeddah	4030108227	Marketing of the company's products
Wafrah for Industry and Development CO. – Dammam	2050028895	Marketing of the food products

2. BASIS OF PREPARATION

The accompanying interim financial statements have been prepared on the basis of historical cost in accordance with the accrual concept except for the investment in securities for sale which are evaluated and the difference in re-evaluation is recorded within the statement of charges in shareholders equity, and prepared in accordance with generally accepted accounting principles issued by Saudi Organization for Certified Public Accountants – SOCPA.

The accompanying interim financial statements have been prepared based on the interim financial report standard issued by Saudi Organization for Certified Public Accountants. SOCPA and on the basis of the periods integration where is each consider as a part of financial year. Accordingly the revenue and gain, expenses, loss for the period were recorded in the period.

Items appear in the interim financial statements for the Company in Saudi Riyals which is the functional currency and disclosure of the Company.

These interim financial statements are rounded to the nearest Saudi Riyal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of Company's significant accounting policies:

a) Use of estimates --

The preparation of interim financial statements in accordance with the accepted principles requires the use of estimates and assumptions that may affects the value of restricted assets and liabilities and disclosure of potential assets and liabilities in the date of the financial statements and the value of revenue and expenses were disclosure to the period of the interim financial statements preparation. Although these estimates and judgments are based on management's best knowledge and events available to the management in the date of the accompanying interim financial statement, It is possible that actual final.

results differ from these estimated. These estimated and assumptions are reviewed on a continual basis and effects resulting from these accounting change will be disclosed in the year and future period which are affected by it.

b) Inventory --

Inventories comprise of finished goods, work in process, raw materials, accessories and spare parts which are stated at the lower of cost or estimated net realizable value. Costs include cost of raw materials direct labor and manufacturing overheads. Appropriate provisions are made for slow moving and redundant inventories, if any.

c) Investments --

Investments in subsidiaries: Investments in subsidiaries companies represent shares in companies owned by the company in different percentages; when the percentage does not exceeds 20% investments are shown at cost. When the percentage ranges between 20% to 50% investments are accounted for, using the equity methods, whereas investment accounted for using the consolidation methods, when the percentage exceeds 50% if any.

Investments in securities held for trading: Investments in securities held for trading are reported in the accompanying interim consolidated financial statements at market value. Realized gains or losses on sale of these investments are reported in the interim statement of income.

Investments in securities available for sale: Investments in securities available for sale are reported in the accompanying interim consolidated financial statements at fair value. Realized gains or losses on sale are recorded in the statement of income, and unrealized gains or losses are reported in the interim statement of equity section.

d) Property, plant and equipment --

Property, plant and equipment are stated at net cost of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rates:

Buildings	3 – 15 %
Motor vehicles	25 %
Furniture and fixture	2.5 – 15 %
Machinery and equipments	5 %
Tools	5 – 15 %
Artesian wells	5 %
Air conditions	15 %
Fitting and equipments	10 %

e) End of service benefits --

Benefits payable to the employees at the end of their services are provided in accordance with the guidelines set by the Saudi Arabian Labor Law.

f) Revenue recognition --

Revenue is recognized when goods are delivered and invoices are issued to customers. Other income is recorded when earned.

g) Expenses --

Selling and distribution expenses represent expenses resulting from the company's activities in the functions of sales, marketing and distribution. All other expenses are classified as general and administrative expense. General and administrative expenses contains direct and indirect expenses which are not directly related to selling and marketing expenses, according to the accounting standards

h) Zakat Estimated --

Zakat estimated is an obligation payable by the Company. Estimated Zakat is provided for in the accompanying financial statements and charged to the interim statement of income, in accordance with Zakat standard issued by the Saudi Organization for Certified Public Accountants. Zakat calculation is made quarterly according to the accrual accounting concept. Any differences between Zakat provision and final settlement at the end of the year are settled.

i) Transfer of foreign currencies --

The accompanying interim financial statements are denominated in Saudi Riyals. Appropriate exchange rates have been used to translate transactions or balances denominated in foreign currencies. There were no material exchange gains or losses during the period.

4. ADJUSTMENTS RELATED TO THE PERIOD

The company's management has prepared all the adjustments needed to fairly present The financial position and the results of its operations, however the results of its operations for the period ended September 30, 2015 and 2014 may or may not reflect of the actual results of the audited annual financial statement.

5. CASH AND BANKS BALANCES

Cash and banks balances comprised of the following as of September 30:

	<u>2015</u>	<u>2014</u>
Cash in hand	25,013	78,496
Cash at banks	<u>3,697,381</u>	<u>19,137,862</u>
	<u>3,722,394</u>	<u>19,216,358</u>

6. INVENTORY

Inventory comprised of the following as of September 30:

	<u>2015</u>	<u>2014</u>
Finished goods	20,243,293	6,361,396
Raw materials	14,543,966	9,896,115
Spare parts	<u>4,216,892</u>	<u>3,543,168</u>
	<u>39,004,151</u>	<u>19,800,679</u>

7. PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets comprised of the following as of September 30:

	<u>2015</u>	<u>2014</u>
Advance to suppliers	3,657,946	17,698,886
Employee receivables	1,054,448	748,827
Prepayments	986,380	257,044
Prepaid rents	458,291	412,630
Employees floats	155,880	232,072
Other receivables	-	512,524
Refundable insurance	-	18,313
	<u>6,312,945</u>	<u>19,880,296</u>

8. INVESTMENTS IN COMPANIES

a) Investments in companies comprised of the following as of September 30:

	<u>2015</u>	<u>2014</u>
East Asia Company for Development and Agricultural Investment (Note 8b)	10,000,000	10,000,000
Jannat for Agricultural Investment (Note 8c)	<u>7,050,000</u>	<u>7,050,000</u>
	<u>17,050,000</u>	<u>17,050,000</u>

b) Investment in East Asia Company for Development and Agricultural Investment (Closed Joint Stock Company) represent an investment of 10 % in the company's authorized capital which amounted to SAR 100 million. Out of which, the paid in capital reached SAR 70 million.

c) Investment in Jannat for Agricultural Investment (A Saudi Limited Liabilities Company) represents an investment of 11.1 % from the company's capital which amount to SAR 63 million and the remaining balance of SAR 50,000 represents the company's shares in pre-operating expenses.

9. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment comprised of the following as of September 30:

	<u>Cost</u>	<u>Accumulated Depreciations</u>	<u>N.B.V 2015</u>	<u>N.B.V 2014</u>
a) Used property, plant and equipment	<u>289,214,959</u>	<u>(169,219,320)</u>	<u>119,995,639</u>	<u>78,387,427</u>
	<u>289,214,959</u>	<u>(169,219,320)</u>	<u>119,995,639</u>	<u>78,387,427</u>
b) Unused property, plant and equipment production line	<u>9,352,804</u>	<u>(8,619,380)</u>	<u>733,424</u>	<u>898,657</u>
	<u>9,352,804</u>	<u>(8,619,380)</u>	<u>733,424</u>	<u>898,657</u>
Total	<u>298,567,763</u>	<u>(177,838,700)</u>	<u>120,729,063</u>	<u>79,286,084</u>

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprised of the following as of September 30:

	<u>2015</u>	<u>2014</u>
Accrued expenses salaries and vacation	<u>38,583</u>	913,038
Accrued expenses others	<u>1,626,071</u>	<u>1,084,395</u>
	<u>1,664,654</u>	<u>1,997,433</u>

11. LONG TERM LOANS

The company obtained a long-term loan from the Saudi Industrial Development Fund on 09/05/2012 in order to finance the establishment and expansion of frozen vegetables and potatoes production plant, on September 30, 2015 with an amount of SAR 27,118,400 out of the total of the approved facilitate loan SR 34,000,000. The loan is repayable in a period of six-years and the semi-annual installments start from August 1, 2015. The loan is secured by mortgaging the entire food factory for the production of meat and the entire food plant to freeze vegetables as a collateral for the loan. The Loan Agreement contains commitments include, among other things, limit the future to maintain certain financial ratios capital expenditure.

12. SALES

Sales comprised of the following for the periods ended September 30 as follow:

	<u>2015</u>	<u>2014</u>
Pastry factory	<u>26,810,170</u>	27,168,157
Vegetables factory	<u>26,398,382</u>	33,919,439
Food and meet factory	<u>4,751,491</u>	7,936,807
Breakfast cereals factory	<u>487,007</u>	276,685
Dates	<u>214,080</u>	-
	<u>58,661,130</u>	<u>69,301,088</u>

13. (LOSS) PROFIT PER SHARE

- (Loss) Profit per share from main operations is calculated by dividing the (loss) profit from main operations for the period by the weighted average number of shares during the period.
- (Loss) Profit per share for the period is calculated by dividing the net (loss) profit for the period by the weighted average number of shares during the period.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the interim balance sheet principally include cash and banks balances, other assets, investments, accounts payable, accruals, loan and other non-current liabilities.

- **Credit risk:** is the risk that one party will fail to fulfill an obligation and will cause the other party to incur a financial loss, The company does not have substantial concentration of credit risk. Worth clients and other receivables mainly from customers in the local market has been shown at their estimated recoverable.
- **Liquidity risk:** is the risk that the entity will encounter difficulties in raising funds to meet commitments associated with financial instruments, Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value, The company manages its liquidity risk by ensuring that the necessary funds are available when needed.
- **Currency risk:** is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates, The transactions of the company are principally in Saudi Riyals, other foreign currency transaction non-material, Currencies are managed on a regular basis.
- **Fair value:** is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in a arm's length transaction, As the Company's interim financial statements are prepared under the historical cost convention, differences can arise between book value and fair value estimates, Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

15. INTERIM FINANCIAL STATEMENTS APPROVAL

The accompanying interim financial statements is approved by the board of directors on 28 Du Al hijjah 1436H (corresponding to October 11, 2015).