

FOOD PRODUCTS CO.
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
TOGETHER WITH INDEPENDENT AUDITORS'
REPORT



Crowe Horwath™

Al Azem & Al Sudairy
CPA's & Consultants
Member Crowe Horwath International

FOOD PRODUCTS CO.
(A Saudi Joint Stock Company)

FINANCIAL STATEMENT TOGETHER WITH INDEPENDENT AUDITORS'
REPORT FOR THE YEAR ENDED DECEMBER 31, 2012

Index	Page
Independent Auditors Report	1
Balance Sheet	2
Statement of Income	3
Statement of Cash Flows	4
Statement of Changes in Shareholders' Equity	5
Notes to Financial Statements	6-14

INDEPENDENT AUDITORS' REPORT

SHAREHOLDERS OF FOOD PRODUCTS CO. (A Saudi Joint Stock Company)

Scope of audit: We have audited the accompanying balance sheet of **FOOD PRODUCTS CO. (A Saudi Joint Stock Company)** as of December 31, 2012 and the related statements of income, cash flows and changes in shareholders equity for the year then ended, and the notes from 1 to 21 which are an integral part of these financial statements. These financial statements are the responsibility of the Company's management in accordance with Article (123) of the Companies Regulations. Our responsibility is to express our opinion on these financial statements based on our audit and the information and explanations we obtained which we considered necessary for the purposes of our audit. The comparative financial statements for the year ended December 31, 2011 have been audited by other auditors who issued unqualified opinion in their report dated February 2, 2012.


We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion: In our opinion, the financial statements referred to above:

1. Present fairly, in all material respects, the financial position of **FOOD PRODUCTS CO. (A Saudi Joint Stock Company)** as of December 31, 2012 and the results of its operations and its cash flows for the year then ended based on the presentation and disclosure of the information included in the financial statements and in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia which are suitable to the Company's operations.
2. Comply with the financial statement preparation and presentation requirement of the Commercial Code and the Company's by-laws.



**AlAzem & AlSudairy
Certified Public Accountants**



**Salman B. AlSudairy
License No. 283**

4 Rabi Al Awal 1434H (January 16, 2013)
Riyadh, Saudi Arabia

FOOD PRODUCTS CO.
(A Saudi Joint Stock Company)
BALANCE SHEET
AS OF DECEMBER 31, 2012
(Saudi Riyals)

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and bank balances (Note 4)	38,559,523	74,379,391
Accounts receivable	26,923,548	23,715,831
Inventory (Notes 3a and 5)	19,995,634	18,538,253
Prepayments and other assets (Note 6)	<u>39,530,805</u>	<u>7,597,119</u>
Total current assets	<u>125,009,510</u>	<u>124,230,594</u>
Investments in companies (Notes 3b and 7a)	17,050,000	12,050,000
Investments in security available for sales, net (Notes 3b and 8)	14,233,901	13,386,594
Deferred expenses	20,075	913,596
Projects under progress (Note 9)	6,970,142	12,514,199
Property and equipment, net (Notes 3c and 11)	46,652,180	41,206,800
Unused Property and equipment, net (Notes 3c and 12)	<u>14,577,088</u>	<u>14,916,368</u>
Total non-current assets	<u>99,503,386</u>	<u>94,987,557</u>
Total assets	<u>224,512,896</u>	<u>219,218,151</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	1,618,307	3,141,991
Oversubscribed payable	3,285,800	3,285,800
Accrued expenses and other liabilities (Note 10)	1,149,427	1,452,412
Zakat provision(Notes 3d and 13b)	<u>2,705,116</u>	<u>2,439,544</u>
Total current liabilities	8,758,650	10,319,747
End of Service Benefits (Note 3e)	<u>4,557,263</u>	<u>4,387,837</u>
Total liabilities	<u>13,315,913</u>	<u>14,707,584</u>
Shareholders' Equity:		
Paid-up capital	200,000,000	200,000,000
Statutory reserve (Note 14)	6,487,501	5,903,590
Unrealized loss from Investments in securities available for sales (Notes 3b and 8)	(640,988)	(1,488,295)
Retained earnings	<u>5,350,470</u>	<u>95,272</u>
Total Shareholders' equity	<u>211,196,983</u>	<u>204,510,567</u>
Total liabilities and shareholders' equity	<u>224,512,896</u>	<u>219,218,151</u>

Finance Manager



General Manager



Managing Director




The accompanying notes from (1) to (21) are an integral part of these financial statements

FOOD PRODUCTS CO.
(A Saudi Joint Stock Company)
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012
(Saudi Riyals)

	<u>2012</u>	<u>2011</u>
Sales (Notes 3f and 15)	80,077,755	81,888,671
Cost of sales (Note 3g)	(48,168,255)	(48,193,287)
Depreciations	<u>(5,271,574)</u>	<u>(4,998,319)</u>
Gross operation profit	26,637,926	28,697,065
General and administrative expenses (Notes 3g and 16)	(6,582,601)	(6,927,733)
Selling and distributing expenses (Notes 3g and 17)	<u>(12,170,828)</u>	<u>(12,643,816)</u>
Net profit from the main operation	7,884,497	9,125,516
Other income (Note 3f)	<u>659,728</u>	<u>3,140,148</u>
Net profit for the year before Zakat	8,544,225	12,265,664
Zakat provision for the year (Notes 3d and 13b)	<u>(2,705,116)</u>	<u>(2,439,544)</u>
Net profit for the year	<u>5,839,109</u>	<u>9,826,120</u>
Earnings per share:		
From net income from the operation (Note 18)	<u>0.39</u>	<u>0.46</u>
From net income (Note 18)	<u>0.29</u>	<u>0.49</u>


Finance Manager


General Manager


Managing Director


The accompanying notes from (1) to (21) are an integral part of these financial statements

FOOD PRODUCTS CO.
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Saudi Riyals)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Net profit for the year	5,839,109	9,826,120
Adjustments to reconcile net profit to net cash (used in) provided by operating activities:		
Depreciation	6,757,347	6,700,638
Amortization	893,521	978,222
Gain from selling of property and equipment	(63,614)	(40,392)
Zakat provision	2,705,116	2,439,544
End of Service Benefits	683,468	660,289
Changes in assets and liabilities:		
Accounts receivable	(3,207,717)	(4,432,694)
Inventory	(1,457,381)	(557,828)
Prepayments and other assets	(31,933,686)	(4,464,150)
Accounts payable	(1,523,684)	(1,026,094)
Accrued expenses and other liabilities	(302,985)	488,560
End of Service Benefits paid during the year	(514,042)	(296,018)
Zakat paid during the year	<u>(2,439,544)</u>	<u>(2,960,732)</u>
Net cash (used in) provided by operating activities	<u>(24,564,092)</u>	<u>7,315,465</u>
Cash Flows from Investing Activities:		
Net change in Investments	(5,000,000)	1,999,255
Purchase of property and equipment	(5,425,809)	(2,243,527)
Projects under progress	(893,592)	(161,890)
Proceeds from selling of property and equipment	<u>63,625</u>	<u>65,000</u>
Net cash used in investing activities	<u>(11,255,776)</u>	<u>(341,162)</u>
Net (decrease) increase in cash and bank balances	(35,819,868)	6,974,303
Cash and bank balances at beginning of the year	<u>74,379,391</u>	<u>67,405,088</u>
Cash and bank balances at end of the year	<u>38,559,523</u>	<u>74,379,391</u>
Non-cash transaction:		
Transfers from projects under progress during the year	6,437,649	-
Unrealized loss from Investments in security available for sales	<u>847,307</u>	<u>390,237</u>


Finance Manager


General Manager


Managing Director


The accompanying notes from (1) to (21) are an integral part of these financial statements

FOOD PRODUCTS CO.
(A Saudi Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012
(Saudi Riyals)

	<u>2012</u>	<u>2011</u>
Paid-up capital	<u>200,000,000</u>	<u>200,000,000</u>
Statutory reserve (Note 14):		
Beginning of the year	5,903,590	4,920,978
Transfer from retained earnings	<u>583,911</u>	<u>982,612</u>
End of the year	<u>6,487,501</u>	<u>5,903,590</u>
Unrealized loss from Investments		
in security available for sales (Notes 3b and 8):		
Beginning of the year	(1,488,295)	(1,878,532)
Net movement during the year	<u>847,307</u>	<u>390,237</u>
End of the year	<u>(640,988)</u>	<u>(1,488,295)</u>
Retained earnings:		
Beginning of the year	95,272	(8,748,236)
Transfer to statutory reserve	(583,911)	(982,612)
Net profit for the year	<u>5,839,109</u>	<u>9,826,120</u>
End of the year	<u>5,350,470</u>	<u>95,272</u>
Total Shareholders' Equity	<u>211,196,983</u>	<u>204,510,567</u>


Finance Manager


General Manager


Managing Director

The accompanying notes from (1) to (21) are an integral part of these financial statements

FOOD PRODUCTS CO.
(A Saudi Joint Stock Company)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Saudi Riyals)

1. ACTIVITIES

Food Products 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 principal activities of the Company are manufacturing, canning, preserving, processing and development and marketing food products for the local and foreign markets and to take advantage of seasonal surplus from agricultural crops, especially those which are perishable in nature, which are presented to the consumers after treatment and are subjected to varying degrees of agro-processing services.

The accompanying 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>
Food Products Co. – Jeddah	4030108227	Marketing of the company's products
Food Products Co. – Dammam	2050028895	Marketing of the food products

2. BASIS OF PREPARATION

The accompanying 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.

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

The figures in these financial statements are rounded to the nearest Saudi Riyal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the accounting principles generally accepted in Saudi Arabia which are included in the financial statement standards. The following is a summary of Company's significant accounting policies:

a) 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 raw materials direct labor and manufacturing overheads appropriate provisions are made for slow moving and redundant inventories, if any.

b) 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 financial statements at market value. Realized gains or losses on sale of these investments are reported in the statement of income.

Investments in securities available for sale: Investments in securities available for sale are reported in the accompanying 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 statement of equity section.

c) Property and equipment --

Property 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:

Machinery and equipments	5 %
Buildings	3 – 15 %
Tools	5 – 15 %
Artesian wells	5 %
Furniture and fixture	2.5 – 15 %
Air conditions	15 %
Motor vehicles	25 %
Fitting and equipments	10 %
Pickles production	0.6 %

d) Zakat provision --

Zakat is a company obligation and the estimated Zakat is provided within the accompanying financial statements and is charged to the statement of income in accordance with Zakat standards issued by the Saudi Organization for Certified Public Accountants.

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 --

Expenses incurred by the Company comprised of operating expenses, selling and marketing expenses and general and administrative expenses. All expenses relating to marketing, selling and distribution of finished goods are classified under a separate line item as selling and marketing expenses. Other direct and indirect management expenses, which are not related to operating or selling and marketing functions, are classified as general and administrative expenses. Un-allocated expenses, if any, are distributed between general and administrative expenses, selling and marketing expenses, and operating expenses using fixed basis. General and administrative expenses and selling and marketing expenses are accounted for based on the accrual basis of accounting and charged to the related financial year.

h) Transfer of foreign currencies --

The accompanying 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 year.

4. CASH AND BANKS BALANCES

Cash and banks balances comprised of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Cash on hand	4,138	79,099
Cash at banks	38,555,385	47,300,292
Time deposits	<u>-</u>	<u>27,000,000</u>
	<u>38,559,523</u>	<u>74,379,391</u>

5. INVENTORY

Inventory comprised of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Raw materials	10,307,793	9,866,720
Finished goods	6,374,800	5,628,576
Spare parts	<u>3,313,041</u>	<u>3,042,957</u>
	<u>19,995,634</u>	<u>18,538,253</u>

6. PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets comprised of the following as of December 31:

	<u>2012</u>	<u>2011</u>
LC's	37,179,211	-
Advance to suppliers	1,595,859	4,959,373
Employee receivables	451,775	427,490
Prepaid rents	195,694	445,650
Other receivables	70,453	1,722,475
Operation loans	20,000	19,819
Refundable deposit	17,813	17,812
Accrued revenue	<u>-</u>	<u>4,500</u>
	<u>39,530,805</u>	<u>7,597,119</u>

7. INVESTMENT IN COMPANIES

a) Investments in companies comprised of the following as of December 31:

	<u>2012</u>	<u>2011</u>
East Asia Company for Development and Agricultural Investment (Note 7b)	10,000,000	5,000,000
Jannat for Agricultural Investment (Note 7c)	<u>7,050,000</u>	<u>7,050,000</u>
	<u>17,050,000</u>	<u>12,050,000</u>

- b) Investment in East Asia Company for Development and Agricultural Investment represents advance payment to purchase investments in the Company's capital (Closed Joint Stock Company under formation) Which ranges from SAR 100 million to SAR 150 million, The final determination of capital will be made after the completion of a business plan based on the signing of the agreement dated 9/1/1433H (corresponding 4/12/2011). and the company paid SAR 5 million during the year 2012.
- c) Investment in Jannat for Agricultural Investment (A Saudi Limited Liabilities Company) is for 11.10 % in 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.

8. INVESTMENT IN SECURITIES AVAILABLE FOR SALES

- a) Investments in securities available for sales comprised of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Investment in local		
portfolio (Note 8b)	13,619,190	13,619,190
Investment in stocks (Note 8c)	1,255,699	1,255,699
Unrealized loss from Investments		
in securities available for sales	<u>(640,988)</u>	<u>(1,488,295)</u>
	<u>14,233,901</u>	<u>13,386,594</u>

- b) This item represents the balance of investments in local portfolio managed by local banks and these investments which are assessed at fair value as of 31 December 2012 has recorded as net portfolio result towards shareholders' equity in the Balance Sheet.
- c) This item represents the balance of the company's investment in Yanbu National Petrochemicals (YNSAB) and these investments which are assessed at fair value as of 31 December 2012 has resulted in losses. These losses were recorded as unrealized loss on investments securities available for sale at 31 December 2012 and were later adjusted towards shareholders' equity in the Balance Sheet.

9. PROJECTS UNDER PROGRESS

Following is a summary of Projects under progress as of December 31:

	<u>2012</u>	<u>2011</u>
Pastries factory	6,850,142	5,297,369
Study of potatoes production line	120,000	210,000
Food factory	<u>-</u>	<u>7,006,830</u>
	<u>6,970,142</u>	<u>12,514,199</u>

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprised of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Accrued expenses salaries and vacation	1,107,021	621,048
Other payable balances	42,406	799,680
Advance payment from suppliers	<u>-</u>	<u>31,684</u>
	<u>1,149,427</u>	<u>1,452,412</u>

11. PROPERTIES AND EQUIPMENTS, NET

Property and equipment comprised of the following at December 31:

	Machinery And Equip.	Building	Tools	Artesian Wells	Furniture & Fixture	Air conditions.	Motor Vehicles	Fitting & equip.	Total
<u>Cost</u>									
Beginning of the year	86,309,581	38,985,073	8,243,437	105,416	5,002,619	4,993,210	6,679,358	1,159,985	151,478,679
Additions during the year	1,743,942	-	666,465	-	266,070	9,761	21,100	2,718,471	5,425,809
Transfers during the year	-	5,562,931	874,718	-	-	-	-	-	6,437,649
Disposals during the year	-	-	-	-	(2,150)	(2,500)	(149,280)	-	(153,930)
End of the year	88,053,523	44,548,004	9,784,620	105,416	5,266,539	5,000,471	6,551,178	3,878,456	163,188,207
<u>Depreciations</u>									
Beginning of the year	69,650,224	19,485,400	6,569,126	105,413	4,428,715	4,668,370	4,883,380	481,251	110,271,879
Additions during the year	3,562,621	1,169,793	388,189	-	174,202	37,815	815,175	270,272	6,418,067
Disposals during the year	-	-	-	-	(2,143)	(2,498)	(149,278)	-	(153,919)
End of the year	73,212,845	20,655,193	6,957,315	105,413	4,600,774	4,703,687	5,549,277	751,523	116,536,027
<u>Net Book Value</u>									
December 31, 2012	14,840,678	23,892,811	2,827,305	3	665,765	296,784	1,001,901	3,126,933	46,652,180
December 31, 2011	16,659,357	19,499,673	1,674,311	3	573,904	324,840	1,795,978	678,734	41,206,800

- Depreciation was amounted to SAR 6,418,067 and SAR 6,361,358 for the years ended December 31, 2012 and 2011 respectively.

12. PROPERTIES AND EQUIPMENTS UNUSED, NET

Property and equipment comprised of the following at December 31:

	Machinery And Equip.	Building	Tools	Artesian Wells	Furniture & Fixture	Air conditions	pickles production	Chips line & others	Total
<u>Cost</u>									
Beginning of the year	28,919,812	12,203,130	1,368,458	115,400	89,200	37,300	9,352,804	2,022,709	54,108,813
Additions during the year	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
End of the year	28,919,812	12,203,130	1,368,458	115,400	89,200	37,300	9,352,804	2,022,709	54,108,813
<u>Realizable fair value losses</u>									
Beginning of the year	22,885,339	4,371,364	1,312,828	96,794	89,131	37,295	8,376,985	2,022,709	39,192,445
Realizable fair value losses	177,441	131,563	1,653	554	11	-	28,058	-	339,280
Disposals during the year	-	-	-	-	-	-	-	-	-
End of the year	23,062,780	4,502,927	1,314,481	97,348	89,142	37,295	8,405,043	2,022,709	39,531,725
<u>Net Book Value</u>									
December 31, 2012	5,857,032	7,700,203	53,977	18,052	58	5	947,761	-	14,577,088
December 31, 2011	6,034,473	7,831,766	55,630	18,606	69	5	975,819	-	14,916,368

- Realizable fair value losses was amounted to SAR 339,280 and SAR 339,280 the years ended December 31, 2012 and 2011 respectively.
- The apparent explanation for the balance of unused assets stated above is that it refers to balance of machinery and equipment unused from 1998 until the date of preparation of these financial statements however there are internal indicators which infer that there might be a fall in the value of the asset or there may be restructuring of operations related to the asset.

13. ZAKAT PROVISION

- a) The company has submitted all the Zakat declaration for the previous years up to 2011, and obtained the temporary Zakat up to 2011.
- b) The following is an analysis of movements in the provision for Zakat during the years ended December 31:

	<u>2012</u>	<u>2011</u>
Balance, beginning for the year	2,439,544	2,960,732
Provision for current year	2,705,116	2,439,544
Zakat provision adjustment, beginning for the year	-	(1,076,532)
Zakat paid during the year	(2,439,544)	(1,884,200)
Balance, end of the year	<u>2,705,116</u>	<u>2,439,544</u>

- c) Following is a summary of the main items included in the Zakat base for the years ended December, 31:

	<u>2012</u>	<u>2011</u>
Non current assets	99,503,386	94,987,557
Non current liabilities	4,557,263	4,387,837
Shareholders' Equity	211,196,983	204,510,567
Adjusted net profit for the year	2,274,970	4,200,128

14. STATUTORY RESERVE

In accordance with the Saudi Arabian Companies Regulations and the Company's Articles of Association, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 50% of the capital. This reserve is not available for dividend distribution.

15. SALES

Sales comprised of the following for the years ended December 31 as follow:

	<u>2012</u>	<u>2011</u>
Pastry factory	40,983,055	38,289,862
Vegetables factory	28,333,210	33,310,683
Food factory	9,894,310	9,211,799
Breakfast cereals factory	867,180	1,076,327
	<u>80,077,755</u>	<u>81,888,671</u>

16. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Employees' salaries & benefits	4,135,392	4,267,653
Depreciations	730,848	743,177
Prior year expenses	427,316	427,382
Subscriptions	277,951	327,333
Rents	206,150	-
Advertisement	159,075	187,896
Professionals fees	102,500	80,000
Travel and transportation	90,800	100,566
Allowances for presence board of director meeting	80,000	40,000
Telephone and postage	63,637	52,441
Bonuses	54,000	442,500
Repair and maintenance	53,402	51,664
Insurance	51,272	53,743
Stationery and printing	43,020	53,488
Electricity, water and oils	39,102	27,751
Cleaning	37,518	61,317
Others	30,618	10,822
	<u>6,582,601</u>	<u>6,927,733</u>

17. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses comprised of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Promotion	3,913,416	3,609,830
Employees' salaries and benefits	2,783,093	3,167,983
Amortizations	893,521	978,222
Temporary labor	826,685	777,584
Depreciation	754,926	959,143
Shipment	737,014	761,020
Damage	389,033	256,818
Travel and transportation	304,085	366,585
Repair and maintenance	300,026	347,642
Rents	228,050	509,756
Subscriptions	213,730	115,351
Consulting	140,000	-
Commissions	136,929	18,087
Telephone and postage	133,773	128,382
Electricity, water and oils	108,835	128,114
Insurance	79,139	82,315
Stationery and printing	37,354	27,517
Cleaning	23,680	21,055
Bonus	3,300	210,230
Others	<u>164,239</u>	<u>178,182</u>
	<u>12,170,828</u>	<u>12,643,816</u>

18. EARNING PER SHARE

Earnings per share on net operating income is calculated by dividing net operating income for the year by the weighted average number of shares during the year.

Earnings per share on net income is calculated by dividing the net income for the year by the weighted average number of shares during the year.

19. RISK MANAGEMENT

Financial instruments carried on the balance sheet principally include cash and its equivalents, accounts receivables and other assets, investments, accounts payable, accruals 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 seeks to reduce its credit risk with respect to customers by regular monitoring of outstanding receivables.
- **Liquidity risk:** is the risk that the company 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 and US Dollars. Management keeps monitoring the associated currency risk which is mostly not material.
- **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 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.

20. RECLASSIFICATIONS

Certain reclassifications have been made to the year of 2011 to confirm to the classification used in the year of 2012.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on February 02, 2013 corresponding to 21/03/1434H.