

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

**FINANCIAL STATEMENTS  
FOR THE PERIODS OF THREE MONTHS AND YEAR ENDED  
AT DECEMBER 31, 2015  
TOGETHER WITH AUDITORS' REPORT ON THE REVIEW OF  
INTERIM FINANCIAL STATEMENTS**



**Crowe Horwath™**

**Al Azem & Al Sudairy**

**CPA's & Consultants**

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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 December 31, 2015 and the related interim statements of income for the period of three months and year ended December 31, 2015 , interim cash flows and interim changes in shareholders' equity for the year 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**

9 Rabi Al Thani 1437H (January 19, 2016)  
Riyadh, Saudi Arabia

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

**FINANCIAL STATEMENT**

**FOR THE PERIODS OF THREE MONTHS AND YEAR ENDED AT DECEMBER 31, 2015**

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

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**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM BALANCE SHEET (UNAUDITED)**  
**AS OF DECEMBER 31, 2015**  
**(Saudi Riyals)**

	<b><u>Unaudited</u></b> <b><u>31/12/2015</u></b>	<b><u>Audited</u></b> <b><u>31/12/2014</u></b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and banks balances (Note 5)	9,185,976	7,106,676
Accounts receivable	46,198,687	33,552,486
Inventory, net (Notes 3b and 6)	37,296,783	23,215,496
Prepayments and other assets (Note 7)	<u>5,595,412</u>	<u>10,815,193</u>
Total current assets	<u>98,276,858</u>	<u>74,689,851</u>
Investments in Companies (Notes 3c and 8a)	17,050,000	17,050,000
Investments in security available for sales, net (Note 3c)	341,763	503,648
Projects under progress	12,408,535	23,919,646
Deferred expenses	14,224	2,764,224
Real estate investment	11,127,708	11,127,708
Used property, plant and equipment, net (Notes 3d and 9a)	127,220,754	113,105,210
Unused property, plant and equipment, net (Notes 3d and 9b)	<u>674,969</u>	<u>891,642</u>
Total non - current assets	<u>168,837,953</u>	<u>169,362,078</u>
Total assets	<u>267,114,811</u>	<u>244,051,929</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current Liabilities:		
Accounts payable	18,984,463	6,470,331
Oversubscribed payable	3,282,200	3,285,800
Accrued expenses and other liabilities (Note 10)	1,823,725	1,562,336
Accrued dividend distribution	1,204,727	1,272,525
Current portion of long term loan (Note 11)	3,000,000	1,000,000
Zakat estimated (Note 3h)	<u>6,349,913</u>	<u>6,454,165</u>
Total current liabilities	<u>34,645,028</u>	<u>20,045,157</u>
Long term loan (Note 11)	30,000,000	15,854,000
End of service benefits (Note 3e)	<u>5,251,446</u>	<u>5,135,681</u>
Total non - current liabilities	<u>35,251,446</u>	<u>20,989,681</u>
Total liabilities	<u>69,896,474</u>	<u>41,034,838</u>
Shareholders' Equity:		
Paid-up capital (Note 1)	200,000,000	200,000,000
Statutory reserve	7,202,424	7,202,424
Unrealized loss from investments in security available for sales (Note 3c)	(913,935)	(752,051)
Accumulated loss	<u>(9,070,152)</u>	<u>(3,433,282)</u>
Total shareholders' equity	<u>197,218,337</u>	<u>203,017,091</u>
Total liabilities and shareholders' equity	<u>267,114,811</u>	<u>244,051,929</u>

**Finance Manager**

**Chief Executive Officer**

**Authorized Member**

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

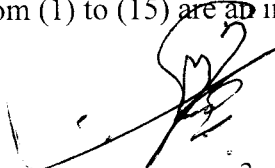
**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIODS OF THREE MONTHS AND YEAR ENDED AT DECEMBER 31, 2015**

	(Saudi Riyals)			
	Unaudited From 01/10/2015 To 31/12/2015	Unaudited From 01/10/2014 To 31/12/2014	Unaudited From 01/01/2015 To 31/12/2015	Audited From 01/01/2014 To 31/12/2014
Sales (Notes 3f and 12)	29,369,559	17,518,803	88,030,689	86,819,891
Cost of sales	(16,325,760)	(11,088,469)	(53,277,914)	(53,561,661)
Depreciation	(2,650,692)	(3,213,656)	(9,902,434)	(7,493,177)
Gross operating profit	10,393,107	3,216,678	24,850,341	25,765,053
Selling and distribution expenses (Note 3g)	(4,969,531)	(5,870,390)	(20,199,496)	(19,693,124)
General and administrative expenses (Note 3g)	(2,424,873)	(2,265,185)	(9,192,227)	(8,676,700)
Net profit (loss) from main operations	2,998,703	(4,918,897)	(4,541,382)	(2,604,771)
Other income (Note 3f)	89,596	1,633,352	211,364	4,049,506
Net (Loss) profit for the year before zakat	3,088,299	(3,285,545)	(4,330,018)	1,444,735
Zakat estimated (Note 3h)	-	-	(1,306,852)	(1,411,105)
Net (loss) profit for the period /year	3,088,299	(3,285,545)	(5,636,870)	33,630
<b>(Loss) Profit per share:</b>				
From (loss) profit from main operations (Note 13)	0,15	(0,25)	(0,23)	(0,13)
From (loss) profit for the period (Note 13)	0,15	(0,16)	(0,28)	0.002

**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 CASH FLOWS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Saudi Riyals)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>From 1/1/2015</b>	<b>From 1/1/2014</b>
	<b>To 31/12/2015</b>	<b>To 31/12/2014</b>
<b>Cash Flows from Operating Activities:</b>		
Net (loss) profit for the period	(5,636,870)	33,630
<b>Adjustments to reconcile net (loss) profit to net cash (used in) provided by operating activities:</b>		
Depreciation for the period	12,346,316	10,012,065
Gain from selling of property and equipment	-	(238,861)
Zakat estimated provision for the period	1,306,852	1,411,105
Provision Slow moving	-	283,681
Provision for doubtful debts	-	52,286
End of service benefits	944,480	823,835
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(12,646,201)	(1,905,297)
Inventory	(14,081,287)	(3,064,608)
Prepayments and other assets	5,219,781	(4,877,205)
Accounts payable	12,514,133	3,431,351
Accrued expenses and other liabilities	261,389	(481,339)
End of service benefits paid during the period	(828,715)	(488,650)
Zakat estimated paid during the period	(1,411,104)	(1,661,046)
Net cash (used in) provided by operating activities	<u>(2,011,226)</u>	<u>3,330,947</u>
<b>Cash Flows from Investing Activities:</b>		
Net change in securities available for sale investments	-	13,619,190
Purchase real estate investment	-	(11,127,708)
Purchase in property and equipment	(26,245,187)	(4,418,980)
Projects under progress	11,511,111	(21,178,450)
Oversubscribed payable	(3,600)	-
Deferred income expense	2,750,000	(2,750,000)
Proceeds from selling of property and equipment	<u>-</u>	<u>290,075</u>
Net cash used in investing activities	<u>(11,987,676)</u>	<u>(25,565,873)</u>
<b>Cash Flows from Financing Activities:</b>		
Accrued dividend distribution	(67,798)	(8,902,475)
Net change in current portion of long term loan	2,000,000	-
Net change in long term loan	14,146,000	16,854,000
Net cash provided by financing activities	<u>16,078,202</u>	<u>7,951,525</u>
<b>Net decrease in cash and banks balances</b>	<b>2,079,300</b>	<b>(14,283,401)</b>
Cash and banks balances at beginning of the period	<u>7,106,676</u>	<u>21,390,077</u>
<b>Cash and banks balances at end of the period</b>	<u><b>9,185,976</b></u>	<u><b>7,106,676</b></u>
<b>Non-cash item:</b>		
Unrealized losses from Investments		
in security available for sales	<u>(161,884)</u>	<u>(274,136)</u>
Revenue dividend	<u>-</u>	<u>1,272,525</u>
Transfer from project under progress	<u>19,302,377</u>	<u>39,379,855</u>
Prior-years' Zakat differences	<u>-</u>	<u>5,043,060</u>

**Finance Manager**

**Chief Executive Officer**

**Authorized Member**

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

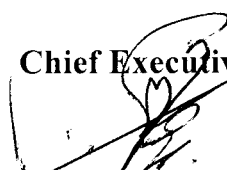
**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMOANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Saudi Riyals)**

	<b>Unaudited</b> <b>From 1/1/2015</b> <b><u>To 31/12/2015</u></b>	<b>Audited</b> <b>From 1/1/2014</b> <b><u>To 31/12/2014</u></b>
<b>Paid-up capital (Note 1)</b>	<b><u>200,000,000</u></b>	<b><u>200,000,000</u></b>
<b>Statutory reserve</b>	<b><u>7,202,424</u></b>	<b><u>7,202,424</u></b>
<b>Unrealized loss from Investments</b> <b>in security available for sales (Note 3c):</b>		
Beginning of the period	<b>(752,051)</b>	1,482,080
Net movement during the period	<b><u>(161,884)</u></b>	<b><u>(2,234,131)</u></b>
End of the period	<b><u>(913,935)</u></b>	<b><u>(752,051)</u></b>
<b>Accumulated loss:</b>		
Beginning of the period	<b>(3,433,282)</b>	11,754,511
Prior-years' Zakat differences from year (2008 to 2011)	-	(5,043,060)
Transfer to Statutory reserve	-	(3,363)
Dividends distribution for shareholders	-	(10,000,000)
Dividends distribution for the board	-	(175,000)
Net (loss) profit for the period	<b><u>(5,636,870)</u></b>	<b><u>33,630</u></b>
End of the period	<b><u>(9,070,152)</u></b>	<b><u>(3,433,282)</u></b>
<b>Total Shareholders' Equity</b>	<b><u>197,218,337</u></b>	<b><u>203,017,091</u></b>

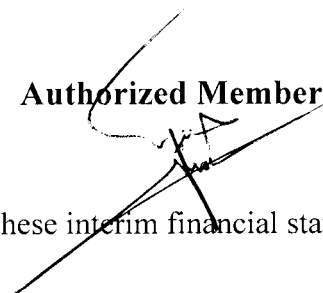
**Finance Manager**



**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 YEAR ENDED DECEMBER 31, 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.

<b><u>Branch Name</u></b>	<b><u>Commercial registration No.</u></b>	<b><u>Activity</u></b>
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 --

Inventory 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 companies: Investments in 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 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 financial statements at fair value. Realized gains or losses on sale are recorded in the interim 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 %
Fixture 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 interim 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 December 31, 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 December 31:

	<b>Unaudited</b>	<b>Audited</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
Cash in hand	<b>25,730</b>	3,740
Cash at banks	<b><u>9,160,246</u></b>	<u>7,102,936</u>
	<b><u>9,185,976</u></b>	<u>7,106,676</u>

#### 6. INVENTORY, NET

Inventory comprised of the following as of December 31:

	<b>Unaudited</b>	<b>Audited</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
Finished goods	<b>20,365,429</b>	7,050,183
Raw materials	<b>12,569,054</b>	12,545,626
Spare parts	<b><u>4,362,300</u></b>	<u>3,671,973</u>
	<b>37,296,783</b>	23,267,782
Provision slow moving	<b>-</b>	<u>(52,286)</u>
	<b><u>37,296,783</u></b>	<u>23,215,496</u>

#### 7. PREPAYMENTS AND OTHER ASSETS

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

	<b>Unaudited</b>	<b>Audited</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
Advance to suppliers	<b>3,028,588</b>	4,960,541
Prepayments	<b>1,067,615</b>	208,108
Employee receivables	<b>1,010,337</b>	643,539
Prepaid rents	<b>458,015</b>	1,336,057
Refundable insurance	<b>20,312</b>	724,255
Accrued revenue	<b><u>10,545</u></b>	<u>2,942,693</u>
	<b><u>5,595,412</u></b>	<u>10,815,193</u>

#### 8. INVESTMENTS IN COMPANIES

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

	<b>Unaudited</b>	<b>Audited</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>
East Asia Company for Development and Agricultural Investment (Note 8b)	<b>10,000,000</b>	10,000,000
Jannat for Agricultural Investment (Note 8c)	<b><u>7,050,000</u></b>	<u>7,050,000</u>
	<b><u>17,050,000</u></b>	<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 December 31:

	<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>299,613,960</u>	<u>(172,393,206)</u>	<u>127,220,754</u>	<u>113,105,210</u>
	<u>299,613,960</u>	<u>(172,393,206)</u>	<u>127,220,754</u>	<u>113,105,210</u>
b) Unused property, plant and equipment production line	<u>9,352,804</u>	<u>(8,677,835)</u>	<u>674,969</u>	<u>891,642</u>
	<u>9,352,804</u>	<u>(8,677,835)</u>	<u>674,969</u>	<u>891,642</u>
Total	<u>308,966,764</u>	<u>(181,071,041)</u>	<u>127,895,723</u>	<u>113,996,852</u>

There are mortgaged property included within the item of property, plant and equipment (used) value of 71 million Saudi riyals; which was used as collateral in exchange for a loan from the Saudi Industrial Development Fund (Note 11).

## 10. ACCRUED EXPENSES AND OTHER LIABILITIES

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

	<u>Unaudited 2015</u>	<u>Audited 2014</u>
Accrued expenses salaries and vacation	<u>1,090,951</u>	<u>998,858</u>
Accrued expenses salaries and vacation	<u>550,141</u>	<u>416,018</u>
Advance payment from customers	<u>182,633</u>	<u>135,297</u>
Employees deposits	<u>-</u>	<u>12,163</u>
	<u>1,823,725</u>	<u>1,562,336</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 December 31, 2015 with an amount of SAR 33,000,000 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. During the fourth quarter, the Company repaid SAR 1,000,000 during this quarter; the total loan amount as of December 31, 2015 was SAR 33,000,000 out of which SAR 3,000,000 represents current portion and SAR 30,000,000 represents non-current portion of the loan. 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 years ended December 31 as follow:

	<u>Unaudited 2015</u>	<u>Audited 2014</u>
Vegetables factory	<u>44,604,862</u>	<u>42,164,132</u>
Pastry factory	<u>35,583,906</u>	<u>33,557,267</u>
Food and meet factory	<u>6,943,415</u>	<u>10,455,616</u>
Breakfast cereals factory	<u>581,535</u>	<u>452,126</u>
Dates	<u>316,971</u>	<u>190,750</u>
	<u>88,030,689</u>	<u>86,819,891</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 January 19, 2016.