

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

**INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTH PERIODS ENDED  
SEPTEMBER 30, 2016  
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 CO.**  
**(A Saudi Joint Stock Company)**

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016**  
**TOGETHER WITH AUDITORS' REPORT ON THE REVIEW OF INTERIM**  
**FINANCIAL STATEMENTS**

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

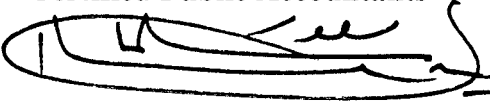
**SHAREHOLDERS OF  
WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY  
(A Saudi Joint Stock Company)**

**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, 2016 and the related interim statements of income for three and nine month periods ended September 30, 2016, interim cash flows and interim changes in shareholders equity for the nine month period then ended, and the notes from (1) to (22) 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**

12 Muharram 1438H (October 13, 2016)  
Riyadh, Saudi Arabia

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY****(A Saudi Joint Stock Company)****INTERIM BALANCE SHEET (UNAUDITED)****AS OF SEPTEMBER 30, 2016****(Saudi Riyals)**

	<b><u>Note</u></b> <b><u>No.</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	(5)	<b>4,364,480</b>	3,722,394
Accounts receivable, net	(6)	<b>42,114,929</b>	38,388,458
Inventory	(3b & 7)	<b>40,533,570</b>	39,004,151
Prepayments and other assets	(8)	<b>8,559,227</b>	6,312,945
<b>Total Current Assets</b>		<b><u>95,572,206</u></b>	<u>87,427,948</u>
<b>Non - Current Assets</b>			
Investments in companies	(3c & 9)	<b>17,050,000</b>	17,050,000
Investments in securities available for sales, net	(3c & 13)	<b>455,650</b>	454,279
Real estate investments	(12)	<b>11,127,708</b>	11,127,708
Deferred expenses		<b>14,224</b>	14,224
Projects under progress	(11)	<b>12,408,535</b>	16,246,997
Unused property, plant and equipments, net	(3d & 10)	<b>499,604</b>	733,424
Property, plant and equipments, net	(3d & 10)	<b>117,938,950</b>	119,995,639
<b>Total Non - Current Assets</b>		<b><u>159,494,671</u></b>	<u>165,622,271</u>
<b>TOTAL ASSETS</b>		<b><u>255,066,877</u></b>	<u>253,050,219</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable	(14)	<b>15,397,307</b>	13,780,657
Over subscribed payable		<b>3,282,200</b>	3,282,200
Accrued expenses and other liabilities	(15)	<b>1,413,108</b>	1,664,654
Accrued dividend distribution		<b>1,201,025</b>	1,260,593
Current portion of long term loan	(17)	<b>5,000,000</b>	2,000,000
Estimated zakat provision	(3h & 16)	<b>6,043,061</b>	6,349,913
<b>Total Current Liabilities</b>		<b><u>32,336,701</u></b>	<u>28,338,017</u>
<b>Non - Current Liabilities</b>			
Long term loan	(17)	<b>28,000,000</b>	25,118,400
End of service benefits provision	(3e)	<b>5,713,747</b>	5,351,247
<b>Total Non - Current Liabilities</b>		<b><u>33,713,747</u></b>	<u>30,469,647</u>
<b>Total liabilities</b>		<b><u>66,050,448</u></b>	<u>58,807,664</u>
<b>Shareholders' Equity</b>			
Paid-up capital		<b>200,000,000</b>	200,000,000
Statutory reserve		<b>7,202,424</b>	7,202,424
Unrealized losses from investments in security available for sales (3c & 13)		<b>(800,049)</b>	(801,419)
Accumulated losses		<b>(17,385,946)</b>	(12,158,450)
<b>Total Shareholders' Equity</b>		<b><u>189,016,429</u></b>	<u>194,242,555</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>255,066,877</u></b>	<u>253,050,219</u>

**Finance Manager****CEO****Authorized Member**




 The accompanying notes from (1) to (22) are an integral part of these financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS PERIODS ENDED AT SEPTEMBER 30, 2016**  
**(Saudi Riyals)**

	<u>Note No.</u>	<b>Three Month</b>		<b>Nine Month</b>	
		<u>From 1/7/2016 To 30/9/2016</u>	<u>From 1/7/2015 To 30/9/2015</u>	<u>From 1/1/2016 To 30/9/2016</u>	<u>From 1/1/2015 To 30/9/2015</u>
Sales	(3f & 18)	17,907,602	14,785,710	72,563,177	58,661,130
Cost of sales	(3g)	(11,988,799)	(9,713,946)	(40,995,063)	(36,952,154)
Depreciations		(2,748,074)	(2,514,530)	(8,328,312)	(7,251,742)
<b>Gross operation profit</b>		<b>3,170,729</b>	<b>2,557,234</b>	<b>23,239,802</b>	<b>14,457,234</b>
<b><u>Less:</u></b>					
General and administrative expenses	(3g)	(2,515,485)	(2,117,449)	(7,023,932)	(6,767,354)
Selling and distributing expenses	(3g)	(9,793,699)	(5,373,683)	(23,853,361)	(15,229,966)
<b>Net loss from the main operation</b>		<b>(9,138,455)</b>	<b>(4,933,898)</b>	<b>(7,637,491)</b>	<b>(7,540,086)</b>
<b><u>Add:</u></b>					
Other income	(3f & 19)	90,690	30,339	193,723	121,769
<b>Net loss for the period before estimated zakat</b>		<b>(9,047,765)</b>	<b>(4,903,559)</b>	<b>(7,443,768)</b>	<b>(7,418,317)</b>
Estimated zakat for the period		(270,000)	(586,017)	(1,000,000)	(1,306,852)
<b>Net loss for the period</b>		<b>(9,317,765)</b>	<b>(5,489,576)</b>	<b>(8,443,768)</b>	<b>(8,725,169)</b>
<b>Loss per share:</b>					
From net loss from the main operation	(20)	(0.46)	(0.25)	(0.38)	(0.38)
From net loss for the period	(20)	(0.46)	(0.27)	(0.42)	(0.44)


**Finance Manager**



**CEO**



**Authorized Member**



The accompanying notes from (1) to (22) are an integral part of these financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016**  
**(Saudi Riyals)**

	<b>Un-audited</b>	<b>Un-audited</b>
	<b><u>From 1/1/2016</u></b>	<b><u>From 1/1/2015</u></b>
	<b><u>To 30/9/2016</u></b>	<b><u>To 30/9/2015</u></b>
<b><u>Cash flows from operating activities</u></b>		
Net loss for the period	(8,443,768)	(8,725,169)
<b><u>Adjustments to reconcile net loss to net cash used in operating activities</u></b>		
Depreciation for the period	10,086,356	9,113,975
Estimated zakat for the period	1,000,000	1,306,852
End of service benefits provision for the period	797,051	704,281
<b>Operating profit before changes in working capital</b>	<b>3,439,639</b>	<b>2,399,939</b>
<b><u>Changes in working capital</u></b>		
Accounts receivable	4,083,759	(4,835,972)
Inventory	(3,141,128)	(15,788,655)
Prepayments and other assets	(2,963,814)	4,502,248
Accounts payable	(3,587,156)	7,310,326
Accrued expenses and other liabilities	(410,617)	102,318
End of service benefits paid during the period	(334,750)	(488,715)
Estimated zakat paid during the period	(1,274,538)	(1,411,104)
<b>Net cash flows used in operating activities</b>	<b>(4,188,605)</b>	<b>(8,209,615)</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase in property, plant and equipments	(629,188)	(15,846,184)
Projects under construction	--	7,672,649
Oversubscribed payable	--	(3,600)
Deferred expenses	--	2,750,000
<b>Net cash flows used in investing activities</b>	<b>(629,188)</b>	<b>(5,427,135)</b>
<b><u>Cash flows from financing activities</u></b>		
Accrued dividend distribution	(3,703)	(11,932)
Changes in long term loans	--	10,264,400
<b>Net cash (used in) provided by financing activities</b>	<b>(3,703)</b>	<b>10,252,468</b>
<b>Net decrease in cash and banks balances during the period</b>	<b>(4,821,496)</b>	<b>(3,384,282)</b>
Cash and banks equivalents at the beginning of the period	9,185,976	7,106,676
<b>Cash and banks equivalents at the end of the period</b>	<b>4,364,480</b>	<b>3,722,394</b>
<b>Non-cash item</b>		
Unrealized gain (losses) from investments in available for sales during the period	113,886	(117,682)

**Finance Manager**

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CEO

**Authorized Member**

The accompanying notes from (1) to (22) are an integral part of these financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016**  
**(Saudi Riyals)**

	<b><u>Un-audited</u></b> <b><u>From 1/1/2016</u></b> <b><u>To 30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>From 1/1/2015</u></b> <b><u>To 30/9/2015</u></b>
<b>Capital</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 losses from Investments in security available for sale:</b>		
Beginning of the period	<b><u>(913,935)</u></b>	<b><u>(683,737)</u></b>
Net movement during the period	<b><u>113,886</u></b>	<b><u>(117,682)</u></b>
End of the period	<b><u>(800,049)</u></b>	<b><u>(801,419)</u></b>
<b>Accumulated losses:</b>		
Beginning of the period	<b><u>(8,942,178)</u></b>	<b><u>(3,433,281)</u></b>
Net loss for the period	<b><u>(8,443,768)</u></b>	<b><u>(8,725,169)</u></b>
End of the period	<b><u>(17,385,946)</u></b>	<b><u>(12,158,450)</u></b>
<b>Total Shareholders' Equity</b>	<b><u>189,016,429</u></b>	<b><u>194,242,555</u></b>

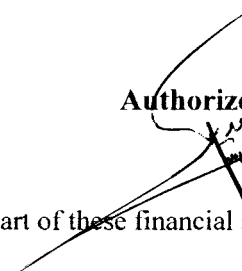
**Finance Manager**



**CEO**



**Authorized Member**



The accompanying notes from (1) to (22) are an integral part of these financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016**  
**(Saudi Riyals)**

**1. ACTIVITIES**

Wafrah For Industry And Development Company 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 Million 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 financial statements represent Company's financial statement and those of its branch's which are as follows:

<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 --

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.



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 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.

d) Properties, plant and equipments --

Properties, plant and equipments 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 %
Pickles production line	2.5 %

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) Zakat estimated provision --

Zakat estimated 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.

i) 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. 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, 2016 and 2015 may or may not reflect of the actual results of the audited annual financial statement.

#### **5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprised of the following as of September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Cash in hand	8,729	25,013
Cash at banks	4,355,751	3,697,381
	<b><u>4,364,480</u></b>	<b><u>3,722,394</u></b>

#### **6. ACCOUNTS RECEIVABLE, NET**

Accounts receivable comprised of the following as of September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Account receivable	42,151,960	38,388,458
Less: provision for doubtful debts	(37,031)	--
	<b><u>42,114,929</u></b>	<b><u>38,388,458</u></b>

#### **7. INVENTORY**

Inventory comprised of the following as of September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Finished goods	24,664,334	20,243,293
Raw material	11,141,413	14,543,966
Spare parts	4,110,881	4,216,892
Work in process	616,942	--
	<b><u>40,533,570</u></b>	<b><u>39,004,151</u></b>

#### **8. PREPAYMENTS AND OTHER ASSETS**

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

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Advance to suppliers	5,320,750	3,657,946
Prepaid expenses	1,236,848	986,380
Rents	432,710	458,291
Employee advances	859,180	1,054,448
Employee flouts	117,609	155,880
Refundable deposit	76,313	--
Accrued revenue	15,817	--
L.Cs	500,000	--
	<b><u>8,559,227</u></b>	<b><u>6,312,945</u></b>

## 9. INVESTMENT IN COMPANIES

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

	<u>Un-audited</u> <u>30/9/2016</u>	<u>Un-audited</u> <u>30/9/2015</u>
East Asia Company for Development *	10,000,000	10,000,000
Jannat for Agricultural Investment **	7,050,000	7,050,000
	<u>17,050,000</u>	<u>17,050,000</u>

\* Investment in East Asia Company for Development and Agricultural Investment (Closed Joint Stock Company) represent an investment of 10 % from the company's capital amounting to SAR 100 million. Where the paid up capital reached SAR 70 million.

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

## 10. PROPERTIES, PLANT AND EQUIPMENTS, NET

Properties, plant and equipments, used and unused, comprised of the following at September 30:

	<u>Un-audited</u> <u>Total</u> <u>cost</u>	<u>Un-audited</u> <u>Accumulated</u> <u>depreciation</u>	<u>Un-audited</u> <u>Net book value</u> <u>30/9/2016</u>	<u>Un-audited</u> <u>Net book value</u> <u>30/9/2015</u>
Properties, plant and equipments, used	300,243,148	(182,304,198)	117,938,950	119,995,639
	<u>300,243,148</u>	<u>(182,304,198)</u>	<u>117,938,950</u>	<u>119,995,639</u>
	<u>Un-audited</u> <u>Total</u> <u>cost</u>	<u>Un-audited</u> <u>Accumulated</u> <u>depreciation</u>	<u>Un-audited</u> <u>Net book value</u> <u>30/9/2016</u>	<u>Un-audited</u> <u>Net book value</u> <u>30/9/2015</u>
Properties, plant and equipments, unused	9,352,804	(8,853,200)	499,604	733,424
	<u>9,352,804</u>	<u>(8,853,200)</u>	<u>499,604</u>	<u>733,424</u>

There are mortgaged property included within the item of properties, plant and equipments (used) with a value of 71 million Saudi Riyals; which was used as collateral in exchange for a loan from the Saudi Industrial Development Fund (Note 17).

## 11. PROJECTS UNDER PROGRESS

Projects under progress comprised of the following as of September 30:

	<u>Un-audited</u> <u>30/9/2016</u>	<u>Un-audited</u> <u>30/9/2015</u>
Vegetables factory	12,408,535	16,246,997
	<u>12,408,535</u>	<u>16,246,997</u>

## **12. REAL ESTATE INVESTMENTS**

Real estate investments comprised of the following as of September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Real estate investment – Jizan *	11,127,708	11,127,708
	<b><u>11,127,708</u></b>	<b><u>11,127,708</u></b>

\* Investment represent land purchased by the Company based on the Boards decision at its meeting dated 04/12/2014 and consists of 18 plots in Mohammedia, Jazan with a total area of 10,803.60 square meters purchased from Tanmiyat Commercial Investment Company.

## **13. INVESTMENT IN SECURITIES AVAILABLE FOR SALE, NET**

Investments in securities available for sales comprised of the following as of September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Investment in stocks *	1,255,699	1,255,698
Unrealized loss	(800,049)	(801,419)
	<b><u>455,650</u></b>	<b><u>454,279</u></b>

\* This item represents the balance of the company's investment in Yanbu National Petrochemicals (YNSAB) and these investments which are presented at fair value at the end of the period, the losses resulted were recorded as unrealized losses and adjusted towards shareholders' equity in the Balance Sheet.

## **14. ACCOUNTS PAYABLE**

Accounts payable comprised of the following as of September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Trade creditors	14,628,172	13,770,657
Other creditors	769,135	10,000
	<b><u>15,397,307</u></b>	<b><u>13,780,657</u></b>

## **15. ACCRUED EXPENSES AND OTHER LIABILITIES**

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

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Accrued salaries and vacation	893,224	38,583
Other accrued expenses	519,884	1,626,071
	<b><u>1,413,108</u></b>	<b><u>1,664,654</u></b>

## **16. ESTIMATED ZAKAT PROVISION**

The following is an analysis of movements in the provision for Zakat during the periods ended September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Balance, beginning for the period	6,317,599	6,454,165
Provision for current period	1,000,000	1,306,852
Paid during the period	(1,274,538)	(1,411,104)
Balance, end of the period	<b><u>6,043,061</u></b>	<b><u>6,349,913</u></b>

## **17. 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, as of September 30, 2016, an amount of SAR 33,000,000 out of the total of the approved facilitate loan SR 34,000,000 remains unpaid. The loan is repayable in a period of six-years and the semi-annual installments started on August 1, 2015. During the fourth quarter, the Company repaid SAR 1,000,000. As of December 31, 2015, the total loan amount as of September 30, 2016 was SAR 33,000,000 out of which SAR 5,000,000 represents current portion and SAR 28,000,000 represents non-current portion of the loan.

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Total loan balance	<b>33,000,000</b>	27,118,400
<b><u>Less:</u></b>		
Loan installment due within the next year (current potion)	<b>(5,000,000)</b>	(2,000,000)
<b>Long term loan balance</b>	<b><u>28,000,000</u></b>	<u>25,118,400</u>

The loan is secured by mortgaging the entire meat product factory and the entire freeze vegetables as collateral for the loan. The Loan Agreement contains commitments which include, among other things, commitment maintain certain financial ratios capital expenditure.

## **18. SALES**

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

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Sales of vegetables factory	<b>39,186,310</b>	26,398,382
Sales of pastry factory	<b>27,688,477</b>	26,810,170
Sales of food and meet factory	<b>5,343,700</b>	4,751,491
Sales of Breakfast cereals factory	<b>344,690</b>	487,007
Sales of dates	<b>--</b>	214,080
	<b><u>72,563,177</u></b>	<u>58,661,130</u>

## **19. OTHER INCOME**

Other income comprised of the following for the periods ended September 30:

	<b><u>Un-audited</u></b> <b><u>30/9/2016</u></b>	<b><u>Un-audited</u></b> <b><u>30/9/2015</u></b>
Other revenue	<b>193,723</b>	121,769
	<b><u>193,723</u></b>	<u>121,769</u>

## **20. LOSS PER SHARE**

Loss per share from net main operating loss is calculated by dividing net main operating loss for the year by the weighted average number of shares during the year.

Loss per share on net loss is calculated by dividing the net loss for the period by the weighted average number of shares during the period. The weighted average of shares numbers have reached 20,000,000 shares.

## **21. RISK MANAGEMENT**

Financial instruments carried on the balance sheet principally include cash and cash equivalents balance, accounts receivables and other assets, investments, accounts payable, accruals, loans 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.

## **22. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on October 13, 2016.