

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

**THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2014
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)

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

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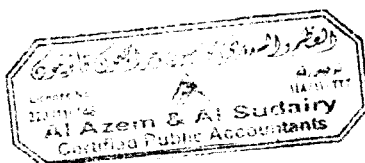
**AUDITORS' REPORT ON THE REVIEW OF INTERIM
FINANCIAL STATEMENTS**

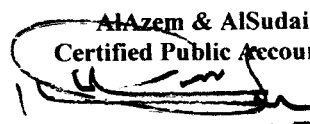
**SHAREHOLDERS OF
WAFRAH FOR INDUSTRY AND DEVELOPMENT CO.
(A Saudi Joint Stock Company)**

Scope of examination: We have examined the accompanying Interim balance sheet of **WAFRAH FOR INDUSTRY AND DEVELOPMENT CO. (A Saudi Joint Stock Company)** as of March 31, 2014 and the related interim statements of income, interim cash flows and interim changes in shareholders' equity for three months period then ended, and the notes from 1 to 13 which are an integral part of these interim financial statements which have been prepared by the Company's management and submitted to us together with all the information and explanations which we requested. These financial statements are the responsibility of the Company's management.

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.



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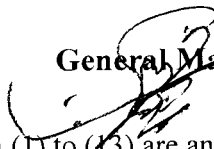
WAFRAH FOR INDUSTRY AND DEVELOPMENT CO.
(A Saudi Joint Stock Company)
INTERIM BALANCE SHEET (UNAUDITED)
AS OF MARCH 31, 2014
(Saudi Riyals)

	<u>Un-audited</u> <u>31/03/2014</u>	<u>Un audited</u> <u>31/03/2013</u>
<u>ASSETS</u>		
Current Assets:		
Cash and bank balances (Note 5)	12,204,141	30,712,340
Accounts receivable	33,153,821	28,002,235
Inventory (Notes 3b and 6)	27,055,711	19,450,343
Prepayments and other assets (Note 7)	<u>8,735,999</u>	<u>42,393,792</u>
Total current assets	<u>81,149,672</u>	<u>120,558,710</u>
Investments in companies (Notes 3c and 8a)	17,050,000	17,050,000
Investments in security		
available for sales, net (Note 3c)	17,313,417	14,765,564
Projects under progress	43,286,766	11,427,644
Deferred expenses	14,224	-
Property and equipment, net (Notes 3d and 9a)	79,486,122	45,102,289
Unused Property and equipment, net (Notes 3d and 9b)	<u>912,686</u>	<u>14,492,276</u>
Total non-current assets	<u>158,063,215</u>	<u>102,837,773</u>
Total assets	<u>239,212,887</u>	<u>223,396,483</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	5,102,985	502,056
Oversubscribed payable	3,285,800	3,285,800
Accrued expenses and other liabilities (Note 10)	1,246,445	1,234,532
Accrued Zakat (Note 3h)	<u>2,209,628</u>	<u>716,082</u>
Total current liabilities	11,844,858	5,738,470
End of Service Benefits (Note 3e)	<u>4,912,113</u>	<u>4,660,573</u>
Total liabilities	<u>16,756,971</u>	<u>10,399,043</u>
Shareholders' Equity:		
Paid-up capital	200,000,000	200,000,000
Statutory reserve	7,199,061	6,487,501
Unrealized profit (loss) from Investments		
in security available for sales (Note 3c)	2,438,528	(109,32)
Retained earnings	<u>12,818,327</u>	<u>6,619,264</u>
Total Shareholders' equity	<u>222,455,916</u>	<u>212,997,440</u>
Total liabilities and shareholders' equity	<u>239,212,887</u>	<u>223,396,483</u>

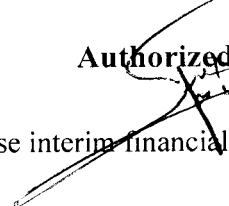
Finance Manager



General Manager



Authorized Member



The accompanying notes from (1) to (13) are an integral part of these interim financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT CO.
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2014
(Saudi Riyals)

	<u>Un-audited</u> <u>From 1/1/2014</u> <u>To 31/03/2014</u>	<u>Un - audited</u> <u>From 1/1/2013</u> <u>To 31/03/2013</u>
Sales (Notes 3f and 11)	22,085,776	21,363,976
Cost of sales (Note 3g)	(12,646,215)	(12,894,197)
Depreciations	<u>(1,286,162)</u>	<u>(1,426,382)</u>
Gross operation profit	8,153,399	7,043,397
General and administrative expenses (Note 3g)	(2,065,258)	(1,782,832)
Selling and distributing expenses (Note 3g)	<u>(4,512,864)</u>	<u>(3,570,116)</u>
Net operating profit	1,575,277	1,690,449
Other income (Note 3f)	<u>37,121</u>	<u>294,427</u>
Net profit for the year before Zakat	1,612,398	1,984,876
Zakat provision (Note 3h)	<u>(548,582)</u>	<u>(716,082)</u>
Net profit for the period	<u><u>1,063,816</u></u>	<u><u>1,268,794</u></u>
Earnings per share:		
From net operating profit (Note 12)	<u><u>0.079</u></u>	<u><u>0.085</u></u>
From net profit (Note 12)	<u><u>0.053</u></u>	<u><u>0.063</u></u>

Finance Manager

Signature

General Manager

Signature

Authorized Member

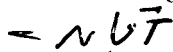
Signature

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WAFRAH FOR INDUSTRY AND DEVELOPMENT CO.
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2014
(Saudi Riyals)

	<u>Un-audited</u> <u>From 1/1/2014</u> <u>To 31/03/2014</u>	<u>Un - audited</u> <u>From 1/1/2013</u> <u>To 31/03/2013</u>
Cash Flows from Operating Activities:		
Net profit for the period	1,063,816	1,268,794
Adjustments to reconcile net profit to net cash (used in) provided by operating activities:		
Depreciation for the period	1,627,620	1,752,331
Amortization for the period	-	20,075
Gain from selling of property and equipment	-	(21,433)
Zakat provision for the period	548,582	716,082
End of Service Benefits	171,837	345,383
Changes in assets and liabilities:		
Accounts receivable	(1,222,951)	(1,078,687)
Inventory	(6,852,537)	545,291
Prepayments and other assets	(2,798,011)	(2,862,987)
Accounts payable	2,025,005	(1,116,251)
Accrued expenses and other liabilities	(758,230)	85,105
End of Service Benefits paid during the period	(60,220)	(242,073)
Zakat paid during the period	-	(2,705,116)
Net cash (used in) provided by operating activities	<u>(6,255,089)</u>	<u>(3,293,486)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(765,130)	(121,045)
Projects under progress	(2,165,717)	(4,457,502)
Proceeds from selling of property and equipment	-	24,850
Net cash used in investing activities	<u>(2,930,847)</u>	<u>(4,553,697)</u>
Net decrease in cash and banks balances	(9,185,936)	(7,847,183)
Cash and banks balances at beginning of the period	<u>21,390,077</u>	<u>38,559,523</u>
Cash and banks balances at end of the period	<u>12,204,141</u>	<u>30,712,340</u>
Non-cash item:		
Unrealized profit from Investments in security available for sales	<u>956,448</u>	<u>531,663</u>

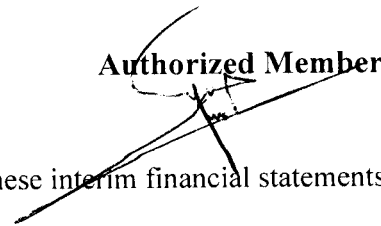
Finance Manager



General Manager



Authorized Member



The accompanying notes from (1) to (13) are an integral part of these interim financial statements

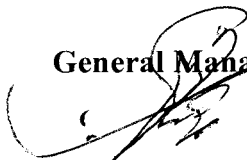
~~(A Saudi Joint Stock Company)~~
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2014
(Saudi Riyals)

	Un-audited From 1/1/2014 To 31/03/2014	Un - audited From 1/1/2013 To 31/03/2013
Paid-up capital	<u>200,000,000</u>	<u>200,000,000</u>
Statutory reserve	<u>7,199,061</u>	<u>6,487,501</u>
Unrealized profit (loss) from Investments in security available for sales (Note 3c):		
Beginning of the period	1,482,080	(640,988)
Net movement during the period	<u>956,448</u>	<u>531,663</u>
End of the period	<u>2,438,528</u>	<u>(109,325)</u>
Retained earnings:		
Beginning of the period	11,754,511	5,350,470
Net profit for the period	<u>1,063,816</u>	<u>1,268,794</u>
End of the period	<u>12,818,327</u>	<u>6,619,264</u>
Total Shareholders' Equity	<u>222,455,916</u>	<u>212,997,440</u>

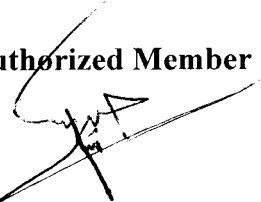
Finance Manager



General Manager



Authorized Member



The accompanying notes from (1) to (13) are an integral part of these interim financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT CO.
(A Saudi Joint Stock Company)
NOTES TO INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2014
(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 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

The company decided in an extra-ordinary general assembly meeting dated 08/24/1434H (corresponding 03/07/2013) to amend Article No. (2) of the statute change the name of the Company from a Food Products Company to Wafrah of Industry and Development Company, and the procedures to bring this decision in to effect was completed in the first quarter of 2014.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Use of estimates --

The preparation of 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 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 interim consolidated 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 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 statement of equity section.

d) 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:

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 --

Zakat is an obligation payable by the Company. Estimated Zakat is provided for in the accompanying financial statements and charged to the 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 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 March 31, 2014 and 2013 may or may reflect of the actual results of the audited yearly financial statement.

5. CASH AND BANKS BALANCES

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

	Un-audited <u>2014</u>	Un - audited <u>2013</u>
Cash on hand	62,665	361,152
Cash at banks	<u>12,141,476</u>	<u>30,351,188</u>
	<u>12,204,141</u>	<u>30,712,340</u>

6. INVENTORY

Inventory comprised of the following as of March 31:

	Un-audited <u>2014</u>	Un - audited <u>2013</u>
Raw materials	12,530,939	9,403,273
Finished goods	10,730,227	6,900,829
Spare parts	<u>3,794,545</u>	<u>3,146,241</u>
	<u>27,055,711</u>	<u>19,450,343</u>

7. PREPAYMENTS AND OTHER ASSETS

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

	Un-audited <u>2014</u>	Un - audited <u>2013</u>
Advance to suppliers	6,974,574	2,908,746
Other receivables	610,171	1,009,161
Prepaid rents	450,121	262,765
Employee receivables	359,910	423,163
Operation loans	322,910	359,626
Refundable deposit	18,313	18,313
LC's	-	37,412,018
	<u>8,735,999</u>	<u>42,393,792</u>

8. INVESTMENT IN COMPANIES

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

	Un-audited <u>2014</u>	Un - audited <u>2013</u>
East Asia Company for Development and Agricultural Investment (Note 7b)	10,000,000	10,000,000
Jannat for Agricultural Investment (Note 7c)	<u>7,050,000</u>	<u>7,050,000</u>
	<u>17,050,000</u>	<u>17,050,000</u>

a) Investment in East Asia Company for Development and Agricultural Investment (Closed Joint Stock Company) represent an investment of 10 % from disclosed company's capital amounted SAR 100 million. Were the paid in capital reached SAR 70 million.

b) Investment in Jannat for Agricultural Investment (A Saudi Limited Liabilities Company) represent 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 AND EQUIPMENT, NET

Property and equipment comprised of the following as of March 31, 2014 and 2013:

	<u>Cost</u>	<u>Accumulated Depreciations</u>	<u>Un-audited N.B.V 2014</u>	<u>Un - audited N.B.V 2013</u>
a) Used Property and equipment	<u>232,435,186</u>	<u>(152,949,064)</u>	<u>79,486,122</u>	<u>45,102,289</u>
	<u>232,435,186</u>	<u>(152,949,064)</u>	<u>79,486,122</u>	<u>45,102,289</u>
b) Unused production lines				
Dates production line	-	-	-	13,551,532
Pickles production line	<u>9,352,804</u>	<u>(8,440,118)</u>	<u>912,686</u>	<u>940,744</u>
	<u>9,352,804</u>	<u>(8,440,118)</u>	<u>912,686</u>	<u>14,492,276</u>
Total	<u>241,787,990</u>	<u>(161,389,182)</u>	<u>80,398,808</u>	<u>59,594,565</u>

10. ACCRUED EXPENSES AND OTHER LIABILITIES

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

	<u>Un-audited 2014</u>	<u>Un - audited 2013</u>
Accrued expenses salaries and vacation	<u>957,608</u>	<u>1,031,354</u>
Accrued expenses others	<u>288,837</u>	<u>203,178</u>
	<u>1,246,445</u>	<u>1,234,532</u>

11. SALES

Sales comprised of the following for the periods ended March 31 as follow:

	<u>Un-audited 2014</u>	<u>Un - audited 2013</u>
Vegetables factory	<u>11,807,623</u>	<u>9,498,174</u>
Pastry factory	<u>7,929,791</u>	<u>9,130,285</u>
Food and meet factory	<u>2,244,428</u>	<u>2,674,714</u>
Breakfast cereals factory	<u>103,934</u>	<u>60,803</u>
	<u>22,085,776</u>	<u>21,363,976</u>

12. NET PROFIT 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.

13. GENERAL

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