

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

**FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

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

FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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


Scope of audit: We have audited the accompanying balance sheet of **WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)** as of December 31, 2015 and the related statements of income, cash flows and changes in shareholders equity for the year then ended, and the notes from (1) to (25) 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.

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 **WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)** as of December 31, 2015 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.



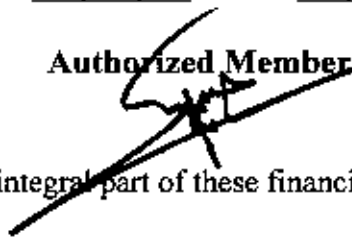
AlAzem & AlSudairy
Certified Public Accountants

Salman B. AlSudairy
License No. 283

7 Jumada Al-Awal 1437H (February 16, 2016)
Riyadh, Saudi Arabia

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

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets:		
Cash and banks balances (Note 4)	9,185,976	7,106,676
Accounts receivable, net (Note 11)	46,198,688	33,552,486
Inventory (Notes 3a and 5)	37,392,442	23,215,496
Prepayments and other assets (Note 6)	<u>5,595,413</u>	<u>10,815,193</u>
Total current assets	<u>98,372,519</u>	<u>74,689,851</u>
Investments in companies (Notes 3b and 7a)	17,050,000	17,050,000
Investments in securities available for sales net (Notes 3b and 8a)	341,764	503,648
Deferred expenses	14,224	2,764,224
Projects under progress (Note 13)	12,408,535	23,919,646
Real estate investments (Note 12)	11,127,708	11,127,708
Property, plant and equipments, net (Notes 3c and 9)	127,220,753	113,105,210
Unused property, plant and equipments, net (Notes 3c and 10)	<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>267,210,472</u>	<u>244,051,929</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	18,984,463	6,470,331
Oversubscribed payable	3,282,200	3,285,800
Accrued expenses and other liabilities (Note 14)	1,823,725	1,562,336
Accrued dividend distribution (Note 15)	1,204,728	1,272,525
Current portion of long term loan (Note 16)	3,000,000	1,000,000
Zakat estimated provision (Notes 3d and 17b)	<u>6,317,599</u>	<u>6,454,165</u>
Total current liabilities	<u>34,612,715</u>	<u>20,045,157</u>
Non - current portion Long term loan (Note 16)	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>69,864,161</u>	<u>41,034,838</u>
Shareholders' Equity:		
Capital (Note 1)	200,000,000	200,000,000
Statutory reserve (Note 18)	7,202,424	7,202,424
Unrealized (loss) from investments in security available for sales (Notes 3b and 8a)	(913,935)	(752,051)
Accumulated losses	<u>(8,942,178)</u>	<u>(3,433,282)</u>
Total Shareholders' equity	<u>197,346,311</u>	<u>203,017,091</u>
Total liabilities and shareholders' equity	<u>267,210,472</u>	<u>244,051,929</u>

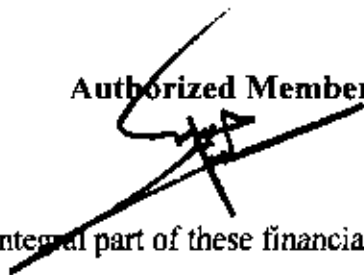
Finance Manager


Authorized Member


The accompanying notes from (1) to (25) are an integral part of these financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**(A Saudi Joint Stock Company)****STATEMENT OF INCOME****FOR THE YEAR ENDED DECEMBER 31, 2015****(Saudi Riyals)**

	<u>2015</u>	<u>2014</u>
Sales (Notes 3f and 19)	88,030,689	86,819,891
Cost of sales (Note 3g)	(53,224,277)	(53,561,661)
Depreciations	<u>(9,860,411)</u>	<u>(7,493,177)</u>
Gross operation profit	24,946,001	25,765,053
General and administrative expenses (Notes 3g and 20)	(9,192,227)	(8,676,700)
Selling and distributing expenses (Notes 3g and 22)	<u>(20,199,497)</u>	<u>(19,693,124)</u>
Net loss from the main operation	(4,445,723)	(2,604,771)
Other income (Note 3f and 21)	<u>211,365</u>	<u>4,049,506</u>
Net (loss) profit for the year before Zakat	(4,234,358)	1,444,735
Zakat provision for the year (Notes 3d and 17b)	<u>(1,274,538)</u>	<u>(1,411,105)</u>
Net (loss) profit for the year	<u>(5,508,896)</u>	<u>33,630</u>
(Loss) Earnings per share (Note 23):		
From net loss from the main operation	<u>(0.22)</u>	<u>(0.13)</u>
From net (loss) profit for the year	<u>(0.28)</u>	<u>0.002</u>

Finance Manager
CEO**Authorized Member**

The accompanying notes from (1) to (25) are an integral part of these financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Saudi Riyals)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Net (loss) profit for the year	(5,508,896)	33,630
Adjustments to reconcile net (loss) profit to net cash (used in) provided by operating activities:		
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	1,274,538	1,411,105
Provision for doubtful debts	-	283,681
Provision slow moving	-	52,286
End of service benefits	944,480	823,835
Changes in assets and liabilities:		
Accounts receivable	(12,646,202)	(1,905,297)
Inventory	(14,176,946)	(3,064,608)
Prepayments and other assets	5,219,780	(4,877,205)
Accounts payable	12,514,132	3,431,351
Accrued expenses and other liabilities	261,389	(481,339)
End of service benefits paid during the year	(828,715)	(488,650)
Zakat estimated provision paid during the year	(1,411,104)	(1,661,046)
Net cash (used in) provided by operating activities	<u>(2,011,228)</u>	<u>3,330,947</u>
Cash Flows from Investing Activities:		
Net change in securities available for sale	-	13,619,190
Purchase real estate investment	-	(11,127,708)
Purchase in property, plant and equipments	(6,942,808)	(4,418,980)
Projects under progress	(7,791,267)	(21,178,450)
Oversubscribed payable	(3,600)	-
Deferred expenses	2,750,000	(2,750,000)
Proceeds from selling of property and equipment	-	290,075
Net cash used in investing activities	<u>(11,987,675)</u>	<u>(25,565,873)</u>
Cash Flows from Financing Activities:		
Accrued dividend distribution	(67,797)	(8,902,475)
Net change in current portion of long term loan	2,000,000	-
Net change in non - current portion of long term loan	14,146,000	16,854,000
Net cash provided by financing activities	<u>16,078,203</u>	<u>7,951,525</u>
Net increase (decrease) in cash and banks balances	2,079,300	(14,283,401)
Cash and banks balances at beginning of the year	<u>7,106,676</u>	<u>21,390,077</u>
Cash and banks balances at end of the year	<u>9,185,976</u>	<u>7,106,676</u>
Non-cash item:		
Unrealized losses from investments in security available for sales	<u>(161,884)</u>	<u>(2,234,131)</u>
Dividend distribution	-	1,272,525
Transfer from project under progress	<u>19,302,378</u>	<u>39,379,855</u>
Prior-years' zakat differences	-	5,043,060

Finance Manager

Authorized Member

The accompanying notes from (1) to (25) are an integral part of these financial statements

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

	<u>2015</u>	<u>2015</u>
Capital (Note 1)	<u>200,000,000</u>	<u>200,000,000</u>
Statutory reserve (Note 18)	<u>7,202,424</u>	<u>7,202,424</u>
Unrealized loss from investments		
in security available for sales (Note 3b and note 8a):		
Beginning of the year	(752,051)	1,482,080
Net movement during the year	<u>(161,884)</u>	<u>(2,234,131)</u>
End of the year	<u>(913,935)</u>	<u>(752,051)</u>
Accumulated loss:		
Beginning of the year	(3,433,282)	11,754,511
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 year	<u>(5,508,896)</u>	<u>33,630</u>
End of the year	<u>(8,942,178)</u>	<u>(3,433,282)</u>
Total Shareholders' Equity	<u>197,346,311</u>	<u>203,017,091</u>

Finance Manager



CEO



Authorized Member



The accompanying notes from (1) to (25) are an integral part of these financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

(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 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 of food products for the local and foreign markets and taking 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 the those of its branch's which are as follows:

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

2. BASIS OF PREPARATION

The accompanying 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 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) 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:

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 line	2.5 %

d) 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.

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

5. INVENTORY

Inventory comprised of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Finished goods	19,969,194	7,050,183
Raw material	12,582,386	12,545,626
Work in process	377,875	-
Spare parts	4,462,987	3,671,973
	<u>37,392,442</u>	<u>23,267,782</u>
Provision for slow movement inventory	-	(52,286)
	<u>37,392,442</u>	<u>23,215,496</u>

6. PREPAYMENTS AND OTHER ASSETS

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

	<u>2015</u>	<u>2014</u>
Advance to suppliers	3,028,588	4,960,541
Prepaid expenses	1,067,615	208,108
Employee receivables	1,010,337	643,539
Rents	458,015	1,336,057
Refundable deposit	20,313	724,255
Accrued revenue	10,545	2,942,693
	<u>5,595,413</u>	<u>10,815,193</u>

7. INVESTMENT IN COMPANIES

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

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

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

c) 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.

8. INVESTMENT IN SECURITIES AVAILABLE FOR SALE

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

	<u>2015</u>	<u>2014</u>
Investment in stocks (Note 8b)	1,255,699	1,255,699
Unrealized loss from investments in securities available for sales	(913,935)	(752,051)
	<u>341,764</u>	<u>503,648</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 as of 31 December 2015 Which resulted in unrealized losses . These losses were recorded as unrealized loss on investments securities available for sale at 31 December 2015 and adjusted towards shareholders' equity in the Balance Sheet.

9. PROPERTIES, PLANT AND EQUIPMENTS, NET

Properties, plant and equipments comprised of the following at December 31:

	<u>Machinery And equipment.</u>	<u>Buildings</u>	<u>Tools</u>	<u>Artesian Wells</u>	<u>Furniture & Fixture</u>	<u>Air conditions</u>	<u>Motor Vehicles</u>	<u>Fitting and equipments</u>	<u>Total</u>
<u>Cost</u>									
Beginning of the year	165,733,956	64,572,318	15,588,225	220,816	5,098,968	5,737,477	12,053,460	4,363,554	273,368,774
Additions during the year	3,605,731	1,695,926	825,500	-	282,518	68,200	193,375	271,558	6,942,808
Transfer during the year	6,156,601	12,603,277	80,000	-	-	-	462,500	-	19,302,378
End of the year	175,496,288	78,871,521	16,493,725	220,816	5,381,486	5,805,677	12,709,335	4,635,112	299,613,960
<u>Deprecation</u>									
Beginning of the year	106,733,466	28,328,944	8,936,951	203,868	4,302,281	4,938,199	5,309,904	1,509,951	160,263,564
Additions during the year	6,634,101	1,897,458	1,195,008	5,337	180,202	140,720	1,691,516	385,301	12,129,643
End of the year	113,367,567	30,226,402	10,131,959	209,205	4,482,483	5,078,919	7,001,420	1,895,252	172,393,207
<u>Net Book Value</u>									
December 31, 2015	62,128,721	48,645,119	6,361,766	11,611	899,003	726,758	5,707,915	2,739,860	127,220,753
December 31, 2014	59,000,490	36,243,374	6,651,274	16,948	796,687	799,278	6,743,556	2,853,603	113,105,210

- Depreciation amounted to SAR 12,129,643 and SAR 9,984,004 the years ended December 31, 2015 and 2014 respectively.
- 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 16).

10. PROPERTIES, PLANT AND EQUIPMENTS UNUSED, NET

Properties, plant and equipments comprised of the following at December 31:

	<u>Pickles</u>	
	<u>Production line</u>	<u>Total</u>
Cost		
Beginning of the year	9,352,804	9,352,804
Additions during the year	-	-
End of the year	<u>9,352,804</u>	<u>9,352,804</u>
Depreciations		
Beginning of the year	8,461,162	8,461,162
Additions during the year	216,673	216,673
End of the year	<u>8,677,835</u>	<u>8,677,835</u>
Net Book Value		
December 31, 2015	<u>674,969</u>	<u>674,969</u>
December 31, 2014	<u>891,642</u>	<u>891,642</u>

- Depreciation was amounted to SAR 216,673 and SAR 28,061 for the years ended December 31, 2015 and 2014 respectively.

11. ACCOUNTS RECEIVABLE, NET

Accounts receivable comprised of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Account receivable	46,198,688	33,836,167
Provision for doubtful debts	-	(283,681)
Net	<u>46,198,688</u>	<u>33,552,486</u>

12. REAL ESTATE INVESTMENTS

Real estate investments comprised of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Real estate investment – Jizan	11,127,708	11,127,708
	<u>11,127,708</u>	<u>11,127,708</u>

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, Jizan with a total area of 10,803.60 square meters purchased from Tanmiyat Commercial Investment Company.

13. PROJECTS UNDER PROGRESS

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

	<u>2015</u>	<u>2014</u>
Vegetables factory	12,408,535	23,919,646
	<u>12,408,535</u>	<u>23,919,646</u>

14. ACCRUED EXPENSES AND OTHER LIABILITIES

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

	<u>2015</u>	<u>2014</u>
Accrued expenses salaries and vacation	1,090,951	998,858
Other accrued expenses	550,141	416,018
Advance payment from customers	182,633	135,297
Employees deposits	-	12,163
	<u>1,823,725</u>	<u>1,562,336</u>

15. ACCRUED DIVIDEND DISTRIBUTION

Accrued dividend distribution balance which appears in the accompanying balance sheet represents the unpaid balance for amounts decided in the common general assembly meeting, and dividend distribution for the previous years which are not received by the shareholders up to December 31, 2015.

16. 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 December 31, 2015, 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. 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 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.

17. ZAKAT PROVISION

- a) The company has obtained the temporary Zakat Certificate up to 2014.
b) The following is an analysis of movements in the provision for Zakat during the years ended December 31:

	<u>2015</u>	<u>2014</u>
Balance, beginning for the year	6,454,165	1,661,046
Provision for current year	1,274,538	1,411,105
Differences in previous year zakat	-	5,043,060
Zakat paid during the year	(1,411,104)	(1,661,046)
Balance, end of the year	<u>6,317,599</u>	<u>6,454,165</u>

18. 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.

19. SALES

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

	<u>2015</u>	<u>2014</u>
Sales of vegetables factory	44,604,862	42,164,132
Sales of pastry factory	35,583,906	33,557,267
Sales of food and meet factory	6,943,415	10,455,616
Sales of Breakfast cereals factory	581,535	452,126
Sales of dates	<u>316,971</u>	<u>190,750</u>
	<u>88,030,689</u>	<u>86,819,891</u>

20. GENERAL AND ADMINISTRATIVE EXPENSES

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

	<u>2015</u>	<u>2014</u>
Employees' salaries & benefits	6,745,026	5,752,168
Fees and subscription	582,911	418,354
Depreciations	355,336	416,287
Rents	260,400	260,400
Allowances for presence in board of director meeting	132,231	160,344
Advertisement	120,391	126,368
Repair and maintenance	80,504	107,743
Telephone and postage	77,280	94,999
Insurance	60,113	49,093
Hospitality	58,087	93,015
Bounces	55,473	123,495
Stationery and printing	48,380	87,779
Electricity, water and oils	24,202	28,740
Bank commission	19,963	362,082
Others	571,930	595,833
	<u>9,192,227</u>	<u>8,676,700</u>

21. OTHER INCOME

Other income comprised of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Investments gains	36,908	3,287,087
Capitalized gain	-	238,861
Other revenue	174,457	523,558
	<u>211,365</u>	<u>4,049,506</u>

22. SELLING AND DISTRIBUTION EXPENSES

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

	<u>2015</u>	<u>2014</u>
Sales promotion	6,012,805	7,114,886
Employees' salaries and benefits	5,546,098	4,678,432
Depreciation	2,130,569	2,102,601
Transport and shipment	1,397,280	1,140,550
Damage	1,240,168	648,686
Temporary labor	753,136	550,465
Rent	682,733	269,000
Subscription	610,780	576,918
Advertisement	420,799	934,037
Repair and maintains	381,005	307,357
Electricity, water and oils	331,309	226,662
Insurance	232,071	177,154
Telephone and postage	171,083	188,763
Commission	101,206	179,242
Stationery and printing	70,062	54,378
Doubtful debts	-	283,681
Others	118,393	260,312
	<u>20,199,497</u>	<u>19,693,124</u>

23. (LOSS) EARNING PER SHARE

(Loss) Earnings 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) Earnings per share on net (loss) profit is calculated by dividing the net (loss) profit for the year by the weighted average number of shares during the year.

24. RISK MANAGEMENT

Financial instruments carried on the balance sheet principally include cash and banks 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.

25 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 7 Jumada Al-Awal 1437H corresponding to February 16, 2016.