

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Crowe Horwath™

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

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

FINANCIAL STATEMENT
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TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

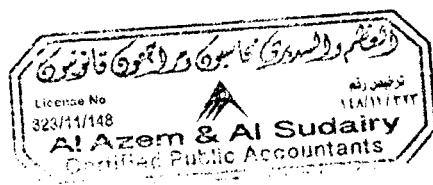
SHAREHOLDERS OF WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

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, 2016 and the related statements of income, cash flows and changes in shareholders equity for the year then ended, and the notes from (1) to (26) which are an integral part of these financial statements. These financial statements are the responsibility of the Company's management in accordance with Article (126) 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.

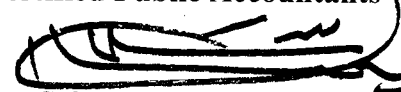
We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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, 2016 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 Companies' regulation and statute of the company.



**AlAzem & AlSudairy
Certified Public Accountants**



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

25 Jumada Al-Awal 1438H (February 21, 2017)
Riyadh, Saudi Arabia

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**(A Saudi Joint Stock Company)****BALANCE SHEET****AS OF DECEMBER 31, 2016****(Saudi Riyals)**

	<u>2016</u>	<u>2015 (Restated)</u>
<u>ASSETS</u>		
Current Assets:		
Cash and banks balances (Note 4)	4,268,368	9,185,976
Accounts receivable, net (Note 11)	38,695,218	46,198,688
Inventory (Notes 3a and 5)	40,975,661	37,392,442
Prepayments and other assets (Note 6)	<u>7,932,150</u>	<u>5,595,413</u>
Total current assets	<u>91,871,397</u>	<u>98,372,519</u>
Investments in companies, net (Notes 3b and 7a)	13,762,438	17,050,000
Investments in securities available for sales, net (Notes 3b and 8a)	569,853	341,764
Deferred expenses	14,224	14,224
Projects under progress (Note 13)	-	12,408,535
Lands investments (Note 12)	11,127,708	11,127,708
Property, plant and equipments, net (Notes 3c and 9)	128,290,700	127,220,753
Unused property, plant and equipments, net (Notes 3c and 10)	<u>441,149</u>	<u>674,969</u>
Total non-current assets	<u>154,206,072</u>	<u>168,837,953</u>
Total assets	<u>246,077,469</u>	<u>267,210,472</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	17,486,885	18,984,463
Oversubscribed payable	3,282,200	3,282,200
Accrued expenses and other liabilities (Note 14)	2,142,770	1,823,725
Accrued dividend distribution (Note 15)	1,201,025	1,204,728
Current portion of long term loan (Note 16)	-	3,000,000
Zakat estimated provision (Notes 3d and 17b)	<u>3,141,297</u>	<u>2,274,538</u>
Total current liabilities	<u>27,254,177</u>	<u>30,569,654</u>
Non - current portion Long term loan (Note 16)	31,500,000	30,000,000
End of service benefits (Note 3e)	<u>5,927,584</u>	<u>5,251,446</u>
Total non - current liabilities	<u>37,427,584</u>	<u>35,251,446</u>
Total liabilities	<u>64,681,761</u>	<u>65,821,100</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)	(685,846)	(913,935)
Accumulated losses	<u>(25,120,870)</u>	<u>(4,899,117)</u>
Total Shareholders' equity	<u>181,395,708</u>	<u>201,389,372</u>
Total liabilities and shareholders' equity	<u>246,077,469</u>	<u>267,210,472</u>

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

The accompanying notes from (1) to (26) 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, 2016
(Saudi Riyals)

	<u>2016</u>	<u>2015</u>
Sales (Notes 3f and 19)	91,857,437	88,030,689
Cost of sales (Note 3g)	(54,611,060)	(53,224,277)
Depreciations	(11,113,437)	(9,860,411)
Gross operation profit	26,132,940	24,946,001
General and administrative expenses (Notes 3g and 20)	(9,633,016)	(9,192,227)
Selling and distributing expenses (Notes 3g and 21)	(29,532,492)	(20,199,497)
Net loss from the main operation	(13,032,568)	(4,445,723)
Investments impairment provision (Note 7c)	(3,287,562)	-
Provision for doubtful debts (Note 11)	(2,000,000)	-
Other income (Note 3f and 22)	<u>239,674</u>	<u>211,365</u>
Net loss for the year before Zakat	(18,080,456)	(4,234,358)
Zakat provision for the year (Notes 3d and 17b)	<u>(2,141,297)</u>	<u>(1,274,538)</u>
Net loss for the year	<u>(20,221,753)</u>	<u>(5,508,896)</u>
Loss per share (Note 23):		
From net loss from the main operation	<u>(0,65)</u>	<u>(0,22)</u>
From net loss for the year	<u>(1,01)</u>	<u>(0,28)</u>

Finance Manager

CEO

Authorized Member

The accompanying notes from (1) to (26) 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, 2016
(Saudi Riyals)

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Net loss for the year	(20,221,753)	(5,508,896)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	13,463,172	12,346,316
Provision for doubtful debts	2,000,000	-
Investments impairment provision	3,287,562	-
Zakat estimated provision	2,141,297	1,274,538
End of service benefits	1,023,603	944,480
Changes in assets and liabilities:		
Accounts receivable	5,503,470	(12,646,202)
Inventory	(3,583,219)	(14,176,946)
Prepayments and other assets	(2,336,737)	5,219,780
Accounts payable	(1,497,578)	12,514,132
Accrued expenses and other liabilities	319,045	261,389
End of service benefits paid during the year	(347,465)	(828,715)
Zakat estimated provision paid during the year	(1,274,538)	(1,411,104)
Net cash used in by operating activities	<u>(1,523,141)</u>	<u>(2,011,228)</u>
Cash Flows from Investing Activities:		
Purchase in property, plant and equipment	(1,238,264)	(6,942,808)
Projects under progress	(652,500)	(7,791,267)
Oversubscribed payable	-	(3,600)
Deferred expenses	-	2,750,000
Net cash used in investing activities	<u>(1,890,764)</u>	<u>(11,987,675)</u>
Cash Flows from Financing Activities:		
Accrued dividend distribution	(3,703)	(67,797)
Net change in long term loan	(1,500,000)	16,146,000
Net cash (used in) provided by financing activities	<u>(1,503,703)</u>	<u>16,078,203</u>
Net (decrease) increase in cash and banks balances	(4,917,608)	2,079,300
Cash and banks balances at beginning of the year	<u>9,185,976</u>	<u>7,106,676</u>
Cash and banks balances at end of the year	<u>4,268,368</u>	<u>9,185,976</u>
Non-cash item:		
Unrealized losses from investments in security available for sales	<u>228,089</u>	<u>(161,884)</u>
Transfer from project under progress	<u>13,061,035</u>	<u>19,302,378</u>

Finance Manager

CEO

Authorized Member


The accompanying notes from (1) to (26) 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, 2016
(Saudi Riyals)

	<u>2016</u>	<u>2015 (Restated)</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	(913,935)	(752,051)
Net movement during the year	<u>228,089</u>	<u>(161,884)</u>
End of the year	<u>(685,846)</u>	<u>(913,935)</u>
Accumulated losses (Restated):		
Beginning of the year (Restated)	(4,899,117)	609,779
Net loss for the year	<u>(20,221,753)</u>	<u>(5,508,896)</u>
End of the year (Restated)	<u>(25,120,870)</u>	<u>(4,899,117)</u>
Total Shareholders' Equity	<u>181,395,708</u>	<u>201,389,372</u>

 Finance Manager

 CEO

 Authorized Member

The accompanying notes from (1) to (26) 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, 2016
(Saudi Riyals)

1. ACTIVITES

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 takeing 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>2016</u>	<u>2015</u>
Cash in hand	142,079	25,730
Cash at banks	<u>4,126,289</u>	<u>9,160,246</u>
	<u>4,268,368</u>	<u>9,185,976</u>

5. INVENTORY

Inventory comprised of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Finished goods	23,289,149	19,969,194
Raw material	12,631,873	12,582,386
Work in process	675,167	377,875
Spare parts	<u>4,379,472</u>	<u>4,462,987</u>
	<u>40,975,661</u>	<u>37,392,442</u>

6. PREPAYMENTS AND OTHER ASSETS

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

	<u>2016</u>	<u>2015</u>
Advance to suppliers	4,803,877	3,028,588
Prepaid expenses	1,228,214	1,067,615
Employee receivables	886,460	1,010,337
Letters of credit	500,000	-
Rents	421,470	458,015
Refundable deposit	76,312	20,313
Accrued revenue	<u>15,817</u>	<u>10,545</u>
	<u>7,932,150</u>	<u>5,595,413</u>

7. INVESTMENT IN COMPANIES

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

	<u>2016</u>	<u>2015</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>
	17,050,000	17,050,000
Investments impairment provision (Note 7c)	<u>(3,287,562)</u>	<u>-</u>
Net	<u>13,762,438</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.

During the year 2016 has been taking a provision for investments impairment in Jannat for Agricultural Investment Company amounting to SAR 3,287,562.

8. INVESTMENT IN SECURITIES AVAILABLE FOR SALE, NET

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

	<u>2016</u>	<u>2015</u>
Investment in stocks (Note 8b)	1,255,699	1,255,699
Unrealized loss from investments in securities available for sales	<u>(685,846)</u>	<u>(913,935)</u>
	<u>569,853</u>	<u>341,764</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 2016 Which resulted in unrealized losses . These losses were recorded as unrealized loss on investments securities available for sale 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:

	Machinery And equipment.	Buildings	Tools	Artesian Wells	Furniture And Fixture	Air conditions	Motor Vehicles	Fitting and equipments	Total
Beginning 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
Additions during the year	389,830	504,126	123,625	-	72,984	37,750	24,000	85,949	1,238,264
Transfer during the year	12,988,010	-	73,025	-	-	-	-	-	13,061,035
End of the year	188,874,128	79,375,647	16,690,375	220,816	5,454,470	5,843,427	12,733,335	4,721,061	313,913,259

Depreciation

Beginning 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
Additions during the year	7,649,594	2,278,912	978,036	5,770	193,934	144,319	1,570,495	408,292	13,229,352
End of the year	121,017,161	32,505,314	11,109,995	214,975	4,676,417	5,223,238	8,571,915	2,303,544	185,622,559

Net Book Value

December 31, 2016	67,856,967	46,870,333	5,580,380	5,841	778,053	620,189	4,161,420	2,417,517	128,290,700
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

- Depreciation amounted to SAR 13,229,352 and SAR 12,129,643 the years ended December 31, 2016 and 2015 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. UNUSED PROPERTIES, PLANT AND EQUIPMENTS, NET

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

	Pickles	
	Production line	Total
<u>Cost</u>		
Beginning of the year	9,352,804	9,352,804
Additions during the year	-	-
End of the year	9,352,804	9,352,804
<u>Depreciations</u>		
Beginning of the year	8,677,835	8,677,835
Additions during the year	233,820	233,820
End of the year	8,911,655	8,911,655
<u>Net Book Value</u>		
December 31, 2016	441,149	441,149
December 31, 2015	674,969	674,969

- Depreciation was amounted to SAR 233,820 and SAR 216,673 for the years ended December 31, 2016 and 2015 respectively.

11. ACCOUNTS RECEIVABLE, NET

Accounts receivable comprised of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Account receivable	40,695,218	46,198,688
Provision for doubtful debts	(2,000,000)	-
Net	<u>38,695,218</u>	<u>46,198,688</u>

12. LANDS INVESTMENTS

Lands investments comprised of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Lands investments – 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>2016</u>	<u>2015</u>
Vegetables factory	-	12,408,535
	<u>-</u>	<u>12,408,535</u>

14. ACCRUED EXPENSES AND OTHER LIABILITIES

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

	<u>2016</u>	<u>2015</u>
Accrued expenses salaries and vacation	1,022,446	1,090,951
Other accrued expenses	596,445	550,141
Advance payment from customers	523,879	182,633
	<u>2,142,770</u>	<u>1,823,725</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, 2016.

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, on December 31, 2016 with an amount of SAR 31,500,000 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 from this year, the Company repaid SAR 1,500,000 and during the fourth quarter from the year ended December 31, 2015, the Company repaid SAR 1,000,000. The total loan amount as of December 31, 2016 was SAR 31,500,000. During 2016, the loan has been re-scheduling out of which full loan amounting to SAR 31,500,000 represents non-current portion of the loan at the first installment due after rescheduling on 02/01/2018. 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.

17. ESTIMATED ZAKAT PROVISION

- a) The company has obtained the temporary Zakat Certificate up to 2014, and provided zakat for the year 2015 and obtained a letter facilitate.
- b) The following is an analysis of movements in the provision for Zakat during the years ended December 31:

	<u>2016</u>	<u>2015 (Restate)</u>
Balance, beginning for the year (Restated)	2,274,538	2,411,104
Provision for current year	2,141,297	1,274,538
Zakat paid during the year	(1,274,538)	(1,411,104)
Balance, end of the year (Restated)	<u>3,141,297</u>	<u>2,274,538</u>

During 2016, the company obtained the zakat clearance, and has adjusted the provision taken in 2014 based on the opinion of for the Company's consultant zakat for an amount of SAR 4,043,061 and based on the new objection to the adjusted zakat clearance, note (24).

18. STATUTORY RESERVE

In accordance with the Saudi Arabian Companies Regulations and the Company's statute of, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 30% of the capital. This reserve is not available for distribution to shareholders and until the date of the financial statements was not amend the statute of the company in accordance with the system of new companies.

19. SALES

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

	<u>2016</u>	<u>2015</u>
Sales of vegetables factory	50,430,086	44,604,862
Sales of pastry factory	33,799,351	35,583,906
Sales of food and meet factory	7,209,860	6,943,415
Sales of Breakfast cereals factory	418,140	581,535
Sales of dates	-	316,971
	<u>91,857,437</u>	<u>88,030,689</u>

20. GENERAL AND ADMINISTRATIVE EXPENSES

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

	<u>2016</u>	<u>2015</u>
Employees' salaries & benefits	6,798,952	6,405,673
Fees and subscription	719,381	582,911
Insurance	444,284	399,466
Depreciations	360,119	355,336
Rents	260,400	260,400
Allowances for presence in board of director meeting	204,000	132,231
Hospitality	125,837	58,087
Telephone and postage	70,526	77,280
Repair and maintenance	64,328	80,504
Stationery and printing	60,144	48,380
Advertisement	50,938	120,391
Bonuses	48,200	55,473
Electricity, water and oils	31,729	24,202
Bank commission	22,090	19,963
Others	372,088	571,930
	<u>9,633,016</u>	<u>9,192,227</u>

21. SELLING AND DISTRIBUTION EXPENSES

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

	<u>2016</u>	<u>2015</u>
Sales promotion	11,053,802	6,012,805
Employees' salaries and benefits	6,185,270	5,223,456
Rent	2,275,381	682,733
Depreciation	1,989,616	2,130,569
Transport and shipment	1,935,660	1,397,280
Damage	1,734,895	1,240,168
Insurance	777,047	554,713
Temporary labor	719,180	753,136
Electricity, water and oils	626,367	331,309
Commission	516,767	101,206
Subscription	465,333	610,780
Advertisement	460,422	420,799
Repair and maintenance	456,616	381,005
Telephone and postage	130,680	171,083
Stationery and printing	48,682	70,062
Others	156,774	118,393
	<u>29,532,492</u>	<u>20,199,497</u>

22. OTHER INCOME

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

	<u>2016</u>	<u>2015</u>
Investments gains	15,818	36,908
Other revenue	223,856	174,457
	<u>239,674</u>	<u>211,365</u>

23. 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 year by the weighted average number of shares during the year.

24 PRIOR YEAR ADJUSTMENTS

The company adjusted financial statements for the year ended December 31, 2015 in accordance with the generally accepted in Saudi Arabia accounting standards, the impact on the financial statements of these adjustments as follows:

	Before		
	<u>Restatement</u>	<u>Restated</u>	<u>Different</u>
Estimated zakat provision	6,317,599	2,274,538	(4,043,061)
Accumulated losses	(8,942,178)	(4,899,117)	4,043,061

25. 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.

26 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 25 Jumada Al-Awal 1438H corresponding to February 21, 2017.