

**Wafrah for Industry and Development Company**  
**SAUDI JOINT STOCK COMPANY**  
**CONDENSED INTERIM FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**Wafrah for Industry and Development Company**  
**SAUDI JOINT STOCK COMPANY**  
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**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

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

**To the Shareholders**

Wafrah for Industry and Development Company  
(A Saudi Joint Stock Company)  
Riyadh - Kingdom of Saudi Arabia

**Introduction:**

We have reviewed the accompanying condensed interim statement of financial position of **Wafrah for Industry and Development Company** (the "Company") as at June 30, 2021, and the related condensed interim statements of comprehensive income for the three- and six-month periods then ended, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

**Scope of Review:**

We conducted our review in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 endorsed in the Kingdom of Saudi Arabia.

**Material Uncertainty Related to Going Concern:**

We would like to draw attention to Note No. (2-e) about the attached condensed interim financial statements, which indicates that the Company's accumulated losses amounted to SR 17,029,876 as on June 30, 2021. Additionally, the Company's current liabilities exceeded its current assets by SR 19,104,721 on that date. These circumstances indicate the existence of a material uncertainty, that may cast significant doubt on the Company's ability to continue as a going concern, and our conclusion has not been modified in this respect.


**Other matter: -**

The Company's financial statements for the year ended December 31, 2020 were audited by another auditor, who expressed a modified opinion on March 29, 2021. The basis of qualified opinion is that the predecessor auditor was not able to reach a sufficient conclusion on the bases and assumptions used in the valuation of property, plant and equipment as on December 31, 2020, whose book value amounted to SR 95,540,216, and would not be able, through alternative procedures, to reach a conclusion about the impairment in the value of property, plant and equipment as on December 31, 2020. As a result, the predecessor auditor was unable to determine whether it was necessary to make any adjustments related to the balance of property, plant and equipment in the statement of financial position and items in the statements of comprehensive income, changes in shareholders' equity and cash flows.

During the process of reviewing the Company's condensed interim financial statements for the three-month period ended March 31, 2021, property, plant and equipment were evaluated by an external valuer. Accordingly, as on March 31, 2021, an unmodified conclusion on May 23, 2021 was issued on the condensed interim financial statements.

The Company's condensed interim financial statements for the three- and six-month periods ended June 30, 2020 were reviewed by another auditor, who expressed an unmodified conclusion on August 20, 2020 on those condensed interim financial statements

For Al-Kharashi Co.

  
Suliman Al-Kharashi  
Certified Public Accountant  
License No. (91)

August 19, 2021  
Muharram 11, 1443



**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**  
**(Saudi Riyals)**

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment's, net		91,876,907	95,540,216
Right of use Assets, net		2,564,613	2,744,955
Intangible Assets, net		803,446	894,402
Real estate investments, net		10,452,824	10,452,824
Investments at fair value through other comprehensive income		765,567	673,826
<b>TOTAL NON-CURRENT ASSETS</b>		<b>106,463,357</b>	<b>110,306,223</b>
<b>CURRENT ASSETS</b>			
Accounts receivable, net		16,077,618	20,630,795
Inventory, net		20,363,576	21,248,791
Prepayments and other receivables, net		6,707,898	6,019,977
Due From Related Party	5	725,576	725,576
Cash and cash equivalents		8,578,428	2,391,880
<b>TOTAL CURRENT ASSETS</b>		<b>52,453,096</b>	<b>51,017,019</b>
<b>TOTAL ASSETS</b>		<b>158,916,453</b>	<b>161,323,242</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Capital	1	77,170,350	77,170,350
Reserve of Investments at fair value through other comprehensive income		(490,132)	(581,873)
Accumulated losses		(17,029,876)	(14,243,531)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>59,650,342</b>	<b>62,344,946</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
loan guarantee provision - related party		4,500,372	4,950,407
long-term government loan	6	12,000,000	16,000,000
lease liabilities		2,290,068	2,416,127
Employees' defined benefits liabilities		8,917,854	8,758,013
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>27,708,294</b>	<b>32,124,547</b>
<b>CURRENT LIABILITIES</b>			
loan guarantee provision - related party		2,700,218	2,250,183
accounts payable		37,224,266	34,726,057
Due to related parties	5	270,736	-
lease liabilities		385,836	419,348
Oversubscribed payable		3,258,720	3,258,720
Accrued expenses and other payables		5,328,554	4,927,639
Accrued dividends	7	1,194,622	1,194,822
Current portion of long-term government loan	6	16,000,000	12,000,000
Refund Liability	8	1,430,759	1,684,706
Zakat provision		3,764,106	6,392,274
<b>TOTAL CURRENT LIABILITIES</b>		<b>71,557,817</b>	<b>66,853,749</b>
<b>TOTAL LIABILITIES</b>		<b>99,266,111</b>	<b>98,978,296</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>158,916,453</b>	<b>161,323,242</b>

Financial Manager

CEO

Authorized Board of directors Member

The accompanying notes from (1) to (17) are integrated part of these condensed interim financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

**(Saudi Riyals)**

	Note	For the three-period ended 30 June		For the six-period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Sales, net	9	15,147,496	17,124,335	36,717,925	39,190,799
Cost of sales		(11,903,573)	(11,836,254)	(27,373,154)	(25,649,522)
<b>Gross profit</b>		<b>3,243,923</b>	<b>5,288,081</b>	<b>9,344,771</b>	<b>13,541,277</b>
General and administrative expenses		(2,856,347)	(1,891,606)	(4,858,718)	(4,256,323)
Selling and marketing expenses		(3,158,018)	(3,843,927)	(6,756,922)	(8,010,440)
<b>Net (loss) income from the main operation</b>		<b>(2,770,442)</b>	<b>(447,452)</b>	<b>(2,270,869)</b>	<b>1,274,514</b>
Provision for expected credit		-	(327,240)	(387,689)	(589,495)
PPE impairment		-	-	(468,578)	-
Finance cost		(42,225)	(47,125)	(84,449)	(94,249)
Other income		424,910	456,088	825,240	659,783
<b>Net (loss) income for the period before zakat</b>		<b>(2,387,757)</b>	<b>(365,729)</b>	<b>(2,386,345)</b>	<b>1,250,553</b>
zakat		(200,000)	(300,000)	(400,000)	(600,000)
<b>Net (loss) income for the period</b>		<b>(2,587,757)</b>	<b>(665,729)</b>	<b>(2,786,345)</b>	<b>650,553</b>

**OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD:**

Items cannot be reclassified

to profit or loss in subsequent periods:

Net change in reserve of investments at FVTOCI		35,852.00	101,232	91,741	(49,562)
<b>Total other comprehensive (loss) income for the period</b>		<b>35,852.00</b>	<b>101,232</b>	<b>91,741</b>	<b>(49,562)</b>
<b>Total comprehensive (loss) income for the period</b>		<b>(2,551,905)</b>	<b>(564,497)</b>	<b>(2,694,604)</b>	<b>600,991</b>
<b>Earnings per share:</b>	10				
Earnings from the main operation for the period		(0.36)	(0.06)	(0.29)	0.17
Earnings for the period		(0.34)	(0.09)	(0.36)	0.08

Financial Manager

CEO

Authorized Board of directors Member

The accompanying notes from (1) to (17) are integrated part of these condensed interim financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

(Saudi Riyals)

	<b>Capital</b>	<b>Fair value reserve</b>	<b>(Accumulated losses)</b>	<b>Total</b>
<b>Balance at 1 January 2020</b>	200,000,000	(666,233)	(123,637,776)	75,695,991
Net profit for the period	-	-	650,553	650,553
Other comprehensive loss for the period	-	(49,562)	-	(49,562)
Capital reduction by amortizing accumulated losses	(122,829,650)		122,829,650	
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>77,170,350</b>	<b>(715,795)</b>	<b>(157,573)</b>	<b>76,296,982</b>
<b>Balance at 01 January 2021</b>	<b>77,170,350</b>	<b>(581,873)</b>	<b>(14,243,531)</b>	<b>62,344,946</b>
Net loss for the period			(2,786,345)	(2,786,345)
Other comprehensive loss for the period		91,741		91,741
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>77,170,350</b>	<b>(490,132)</b>	<b>(17,029,876)</b>	<b>59,650,342</b>

  
Financial Manager  
CEO  
Authorized Board of directors Member

The accompanying notes from (1) to (17) are integrated part of these condensed interim financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(Saudi Riyals)**

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<b>Cash Flows from operating Activities:</b>		
Net loss/profit for the period	(2,786,345)	650,553
<b>Adjustments to:</b>		
Depreciation	4,187,296	4,540,418
Impairment	468,578	-
Amortization	90,956	90,956
Provision for expected credit losses	387,689	589,495
Bad debts during the period	-	(29,016)
Finance charges	84,449	94,249
Zakat	400,000	600,000
Employees' end of service cost	450,022	414,076
Gain on disposal of property, plant and equipment	(113,038)	-
	<b>3,169,607</b>	<b>6,950,731</b>
<b>Changes in:</b>		
Accounts receivable	4,165,488	(4,357,039)
Inventory	885,215	(12,972,321)
Prepayments and other receivables	(687,921)	618,872
Accounts payable	2,498,209	11,984,037
Due to related parties	270,736	-
Accrued expenses and payables	316,466	897,822
Refund liabilities	(253,947)	562,645
<b>Cash from operation activities</b>	<b>10,363,853</b>	<b>3,684,747</b>
Zakat paid	(3,028,169)	(459,579)
Employees' defined benefits paid	(290,181)	(318,913)
<b>Net cash provided by operating activities</b>	<b>7,045,503</b>	<b>2,906,255</b>
<b>Cash Flows from Investing Activities:</b>		
Paid in purchase in property, plant and equipment	(817,384)	(621,141)
Proceeds from disposal of property, plant and equipment	118,200	-
<b>Net cash used in investing activities</b>	<b>(699,184)</b>	<b>(621,141)</b>
<b>Cash Flows from Financing Activities:</b>		
lease liabilities paid	(159,571)	(46,325)
loan guarantee provision - related party paid	-	(862,800)
Dividends paid	(200)	(283)
<b>Net cash used in financing activities</b>	<b>(159,771)</b>	<b>(909,408)</b>
<b>Net change in cash and cash equivalent during the period</b>	<b>6,186,548</b>	<b>1,375,706</b>
Cash and cash equivalents at beginning of the period	2,391,880	1,723,876
<b>Cash and cash equivalents at end of the period</b>	<b>8,578,428</b>	<b>3,099,582</b>
<b>Non-cash transactions</b>		
Capital reduction by amortizing accumulated losses	-	122,829,650
Net change from investments at FVTOCI	<b>91,741</b>	<b>(49,562)</b>

Financial Manager

CEO

Authorized Board of directors Member

The accompanying notes from (1) to (17) are integrated part of these condensed interim financial statements

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(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 18/05/1990). The paid-up capital of the Company is SR 200 million comprising of 20 million shares at a par value of SR 10 per share. During the year 2020, the Company's capital was reduced by amortizing the accumulated losses to SR 77,170,350 from 7,717,035 shares, each valued at SR 10.

The principal activities of the Company are the production of chilled and frozen meats, the manufacture of food products manufactured from potatoes, including (potato chips), the manufacture of cereal breakfast foods in the form of chips, and includes (corn flakes, chips ... etc.) and the manufacture of pasta of all kinds.

The accompanying condensed interim financial statements represents Company's accounts and 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	wholesale of food and beverages
Wafrah for Industry and Development CO. – Khamis Mushait	5855339110	Marketing of the company's products
Wafrah factory for pasta and noodles	1010320947	Macaroni industry of all kinds
Branch of Wafrah for Industry and Development	1011016029	Feed production
Wafrah food factory	1010320946	Foods industry from the grain
Wafrah factory for grain products	1010320952	Foods industry from the grain
Wafrah food factory	1010320955	Chilled and frozen meat production
Wafrah factory for freezing vegetables	1010320956	Pickles and industry
Branch of Wafrah for Industry and Development	1011016028	Dates drying and packing and Manufacture of their products

**2. BASIS OF PREPARATION**

**(a) Applicable accounting principles:**

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization of Certified Public Accountants (SOCPA) and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2020 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements, however; accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**(b) Preparation of the condensed interim financial statements:**

These condensed interim Financial Statements have been prepared on the historical cost basis except for the following material items in the condensed interim Statement of Financial Position.

- Equity investments is measured at condensed statement of comprehensive income.
- The Company's net obligation in respect of defined benefit plans is calculated separately for each individual plan by estimating mount of future benefits that employees have earned in the current and prior periods, deducting this amount and deducting the fair value of the plan assets.

The defined benefit obligation is calculated annually by a qualified actuary using the unit method. When the results of the calculation lead to the emergence of potential assets of the company. The credit expected assets recognized are limited to the present value of the economic benefits available in the form of future refunds from the program or in the form of a reduction in future contributions to the program. For the purpose of calculating the present value of economic benefits, the applicable minimum financing requirements are taken into account.

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
(Saudi Riyals)

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**(c) Functional and presentation currency:**

The condensed interim financial statements are presented in Saudi Riyal, which is the Company's functional currency.

**(d) Use of Judgments and Estimates**

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements

**(e) Going concern:**

The company achieved accumulated losses amounting to 17,029,876 Saudi riyals as on June 30, 2021, and the company's current liabilities exceeded its current assets by 19,104,721 Saudi riyals on that date, which indicates the existence of a material uncertainty, which may cast great doubt about the company's ability to continue as a going concern and may be The company is unable to realize its assets and meet its obligations in the normal course of activity, the management conducted an assessment of the company's ability to continue as an existing facility, and came to the conviction that the company has the necessary resources to continue operating in the foreseeable future for a period of not less than 12 months from the date of approval of this Financial Statements The company is in the process of increasing its capital by offering priority rights in order to support its working capital and support its operational operations, and therefore these statements were prepared on the basis of continuity..

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied to these condensed interim financial statements are the same as those applied to the last year's financial statements as in the year ended December 31, 2020.

**New standards and amendments to standards and interpretations**

No new standards have been issued. However, a number of amendments to the standards are in effect as of January 1, 2021 and are shown below, but they have no material impact on the Company's condensed interim financial statements.

The following is a statement of the new standards and amendments to the standards applied for the years beginning on or after January 1, 2021:

**Amendments to IAS 1 "presentation of financial statements" – classification of liabilities**

These narrowly defined amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as current or non-current, depending on the rights in place at the end of the reporting period. The rating is not affected by the entity's expectations or by events after the reporting date (for example, receipt of a waiver or breach of undertaking). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of an obligation.

**Amendments to IFRS 3, IAS 16 and IAS 37**

IFRS 3 "Business combinations" updates a reference in IFRS 3 to the conceptual framework for financial reporting without changing the accounting requirements for business combinations.

International Accounting Standard No. 16 "Property, plant and equipment" prohibits the company from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the company prepares the asset for its intended use. Instead, the company will recognize this sales proceeds and related costs in the statement of profit or loss.

International Accounting Standard No. (37) "Provisions, Liabilities and Contingent Assets" specifies the costs that the company includes when assessing whether the contract will cause a loss.

**Annual Amendments to International Financial Reporting Standards (2018-2020 cycle)**

These amendments are effective on or after January 1, 2021.

IFRS 9 "Financial Instruments" clarifies the fees that the company includes when performing the "10% test in order to assess whether to derecognize a financial liability.

IFRS 16 "Leases" removes the possibility of ambiguity regarding lease incentives by amending Illustration (13) accompanying IFRS 16.

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(Saudi Riyals)**

**4. 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.

**5. RELATED PARTIES TRANSACTION**

The related parties are represented in the dealings with the sister company, non-executive members of the board of directors, managing director and senior management employees of the company, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the company's activities, directly or indirectly, including the managers.

During the normal course of its operations, the Company had the following significant transactions with related parties during the year ended 30 June 2021 and 2020 along with their balances:

Due from related party represents as follow:

Name	Transaction natural	Transaction amount		Balance as of	
		30 June 2021	30 June 2020	30 June 2021	31 December 2020
Finance:					
Rakhaa Agricultural Investment and development Company	Finance	725,576	760,638	725,576	725,576
				725,576	725,576

Due to related parties represents as follow:

Name	Nature of transaction	Transaction amount		Balance as of	
		31 March 2021	31 March 2020	31 March 2021	31 December 2020
Food world company	Sales	375,373	-	-	-
Food world company	Purchases	642,314	-	266,941	-
Premium meat company	Purchases	3,795	-	3,795	-
				<u>270,736</u>	<u>-</u>

The prices and terms of these transactions are carried out according to the terms of dealing with related parties. The related parties shall achieve the following:

Name	Relationship
Rakhaa Agricultural Investment and development Company	associate
Food world company	Related party to a board member
Premium meat company	Related party to a board member

The following details of remuneration and compensation paid to non-executive board members and senior management personnel:

Non-executive board members and senior management personnel	30 June 2021	30 June 2020
Salaries and compensation	968,186	985,800
Allowances	316,301	370,139
Annual incentives	29,975	19,975
	<u>1,314,462</u>	<u>1,375,914</u>

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(Saudi Riyals)**

**6. LONG TERM GOVERNMENT LOAN**

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, the total of the approved facilitate loan amounted to SR 34,000,000. The loan is to be paid over a period of six-years and the semi-annual installments start from August 1, 2015, and during 2016, the loan was rescheduled, with the first installment due after the rescheduling on 2/1/2018. This amount was paid in SAR 1,000,000 during 2015, SAR 1,500,000 in 2016, and 3,500,000 Saudi riyals during 2018, so the total value of the loan as of December 31, 2019 the amount of 28,000,000 Saudi riyals. During 2019, the loan was rescheduled, with the first installment due after the rescheduling on 1/12/2020 and wasn't paid. Then, on March 3, 2021, the loan was rescheduled again by the Saudi Industrial Development Fund, with the first installment due after the restructuring on January 28, 2021 AD, and it was also not paid. The loan is secured by mortgaging the entire food plant to fully produce the meat and the food plant to completely freeze the vegetables in favor of the fund as collateral for the loan. The loan agreement contains pledges that include, among other things, to reduce future capital expenditures to maintain certain financial ratios. The long-term loan movement represents as follow:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of the period / year	28,000,000	28,000,000
Paid during the period / year	-	-
<b>Total long-term government loan</b>	<b>28,000,000</b>	<b>28,000,000</b>
Current portion of long-term government loan	(16,000,000)	(12,000,000)
<b>Non-current portion of long-term government loan</b>	<b>12,000,000</b>	<b>16,000,000</b>

**7. DIVIDENDS**

The balance which appears in the accompanying condensed interim financial statements represents the remaining amounts decided in the common general assembly meeting, and dividends distribution for the previous years which are not received by the shareholders up to 30 June 2021.

**8. REFUND LIABILITES**

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b><u>Sales discount:</u></b>		
Balance at beginning of the period / year	784,627	2,176,375
Additions during the period / year	3,914,337	13,134,547
Used during the period / year	(3,900,543)	(14,526,295)
<b>Balance at end of the period / year</b>	<b>798,421</b>	<b>784,627</b>
<b><u>Sales returns:</u></b>		
Balance at beginning of the period / year	900,079	1,087,806
Additions during the period / year	1,220,667	1,902,301
Used during the period / year	(1,488,408)	(2,090,028)
<b>Balance at end of the period / year</b>	<b>632,338</b>	<b>900,079</b>
<b>Total</b>	<b>1,430,759</b>	<b>1,684,706</b>

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**9. SALES, NET**

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Sales of pastry factory	16,346,663	26,006,302
Sales of vegetables factory	18,062,206	13,209,910
Sales of food and meet factory	6,055,789	6,583,172
Sales of Breakfast cereals factory	1,388,271	1,421,969
<b>Total</b>	<b>41,852,929</b>	<b>47,221,353</b>
Deduct: Sales discount	(3,914,337)	(6,978,380)
Deduct: Sales return	(1,220,667)	(1,052,174)
<b>Net</b>	<b>36,717,925</b>	<b>39,190,799</b>

**10. EARNINGS PER SHARE**

Earnings per share from net (loss) profit the main operating is calculated by dividing net main operating (loss) profit for the period by the weighted average number of shares during the period. Earnings per share on net (loss) profit is calculated by dividing the net (loss) profit for the period by the weighted average number of shares during the period.

The following table reflects the profit and share data used in the basic and diluted earnings per share computations:

	For the three-period ended as at		For the six-period ended as at	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Net income for the period	(2,587,757)	(665,729)	(2,786,345)	650,553
<b>Earnings per share - basic and diluted</b>	<b>(0.34)</b>	<b>(0.09)</b>	<b>(0.36)</b>	<b>0.08</b>
Net income from the main operation	(2,770,442)	(447,452)	(2,270,869)	1,274,514
<b>Earnings per share - basic and diluted</b>	<b>(0.36)</b>	<b>(0.06)</b>	<b>(0.29)</b>	<b>0.17</b>
<b>Weighted average number of shares outstanding for basic &amp; diluted EPS</b>	<b>7,717,035.00</b>	<b>7,717,035</b>	<b>7,717,035.00</b>	<b>7,717,035</b>

The weighted average number of shares was reached by taking the effect of the capital decrease from the beginning of the earliest period offered to comply with the requirements of IAS 33.

**11. FINANCIAL INSTRUMENTS**

**Fair value measurement**

Fair value represents the amount may be collected from the asset sale or a boost to convert commitment between knowledgeable parties on the same terms and dealing with others and depends on the fair value measurement of the following conditions:

1. In the principal market for the assets or liabilities, or
2. The most advantageous market for the asset or liability in the absence of a principal market the company should be able to handle through the most advantageous market.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of a financial asset at fair value measures.

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**11. FINANCIAL INSTRUMENTS (continued)**

**Fair value levels**

Details of financial instruments carried at fair value are as below:

<b>30 June 2021</b>	<b>Amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments determined by fair value through other comprehensive income	765,567	765,567	-	-
<b>31 December 2020</b>				
Investments determined by fair value through other comprehensive income	673,826	673,826	-	-

**Transfers between Levels 1 & 2**

There have been no transfers between Level 1 and Level 2 during the reporting periods

**Risk management**

The company has exposure to the following risks from its use of financial instruments.

- Credit risk.
- Liquidity risk.
- Market risk.
- Currency risk.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

**Risk management framework**

The management has overall responsibility for the establishment and oversight of company's risk management framework.

The Company's risk management policies are designed to identify and analyse risks faced by the Company and to establish appropriate limits and limits on exposure to those risks and then monitor them to ensure that the limits are not exceeded.

Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The management of the company through the training, standards and procedures developed by the management aims to develop a constructive and organized regulatory environment so that each employee understands his role and the duties entrusted to him.

The Company's Audit Committee monitors the management's performance in monitoring compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks facing the Company.

Financial instruments included in the statement of interim condensed financial position include mainly cash and cash equivalents, receivables, Due from related party, other assets, investments, creditors, accrued liabilities, government loan and other non-current liabilities.

**Credit risk**

Credit risk represents the risk that the Company will incur a financial loss as a result of a failure of the customer or the counterparty to meet a financial instrument with its contractual obligations. These risks arise mainly from its bank balances, trade and other receivables.

The Company's exposure to credit risk is mainly affected by the specificity of each customer. The demographic nature of the Company's customers, including the default risk of the activity and the country in which the customer operates, has a lower impact on credit risk.

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**11. FINANCIAL INSTRUMENTS (continued)**

**Credit risk (continued)**

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the condensed interim financial position date was as follows:

	<u>Requested value as of</u>	
	<u>30 June 2021</u> <u>(Unaudited)</u>	<u>31 December 2020</u> <u>(Audited)</u>
Accounts receivable, net	16,077,618	20,630,795
Cash at banks	8,482,687	2,342,669
Accrued revenue	81,724	65,906
Other assets	5,608,246	5,816,567
	<u>30,250,275</u>	<u>28,855,937</u>

**Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its financial liabilities as they fall due to its financial liabilities that are settled through the provision of cash or other financial assets. The Company's liquidity management is to ensure, to the extent possible, that the Company always maintains sufficient liquidity to meet its obligations when it becomes payable under normal and stressful circumstances without incurring unacceptable losses or risks that may affect the Company's reputation.

The Company ensures that it has sufficient cash to cover expected operating expenses including coverage of financial liabilities but without any potential impact on difficult and unpredictable conditions such as natural disasters. In addition, the Company maintains a credit source from its banks to meet any sudden cash needs.

**Market risk**

Market risk is the risk that arises from changes in market prices such as foreign exchange rates and equity prices that affect the Company's profits or the value of the Company's financial instruments.

The objective of market risk management is to control the Company's exposure to market risk within acceptable limits and to maximize returns.

**Currency risk**

Most of the Company's financial assets and liabilities are denominated in Saudi Riyals and most of the Company's transactions are denominated in Saudi Riyals and US Dollars. Since the exchange rate of the dollar against the riyal is stable, the management of the company believes that it is not exposed to the risk of exchange rate fluctuations substantially.

**Capital Management**

The company's policy regarding capital management is to maintain a strong capital base to maintain shareholders, creditors and market confidence as well as the continued development of the company's activity in the future. The capital consists of ordinary shares, unpaid redeemable shares, retained earnings and the non-controlling interests of the company.

The management monitors the return on equity, which is determined by dividing net operating profit on shareholders' equity.

The Company aim to maintain the balance between the highest return possible in case of borrowing as high as possible and the preference and safety of a strong capital centre.

The Company did not have any change in capital management during the year and the Company is not subject to any external capital requirements.

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**12. LIABILITIES TO ADJUSTED CAPITAL RATIO**

	<b>30 June 2021</b> <b>(Unaudited)</b>	<b>31 December 2020</b> <b>(Audited)</b>
Liabilities at the end of the period / year	71,557,817	66,853,749
Less: Cash and cash equivalents	(8,578,428)	(2,391,880)
<b>Net liabilities</b>	<b>62,979,389</b>	<b>64,461,869</b>
Adjusted capital	59,650,342	62,344,946
	<b>%105.58</b>	<b>%103.40</b>

**13. INTERIM RESULTS**

The results of operations for the condensed interim periods may not be an accurate indication of the results of the full year operations.

**14. IMPORTANT EVENTS**

In response to the spread of the Covid-19 virus around the world and the resulting disruption to social and economic activities in those markets, the company's management has proactively assessed its impact on its operations and has taken a series of preventive actions, including the formation of teams and ongoing crisis management operations to ensure the health and safety of its employees, customers and society as a broader scope, as well as ensuring the continuity of supplying its products in all its markets.

Based on these factors, the company's management believes that the Covid-19 epidemic did not have a material impact on the company's financial results that were reported for the period ending on 30 June 2021.

In view of the continuation of the pandemic, the company is closely monitoring the situation, especially in the coming months of this year, and the company expects the situation to improve gradually and hopes that the outbreak of Covid 19 will end during the current year.

**15. COMPARATIVE NUMBERS**

The comparative figures for the previous period have been modified to correspond with the figures of the current period.

The impairment in property, plant and equipment amounting to 468,578 SAR, which was previously classified within other comprehensive income for the period ending on 31 March 2021, has been reclassified to the impairment account in the value of property, plant and equipment as an item of the income statement for the period ending on 30 June 2021.

**16. EVENTS AFTER REPORTING PERIOD**

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Interim Financial Statements, except for what was mentioned in note No. (14) important events.

**17. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements were approved by The Board of Directors on 11 Muharram 1443H (August 19, 2021).