Wafrah for industry and development Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Index	Page

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion:
We have audited the financial statements of **WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY - A Saudi Joint Stock Company - (the "Company")**, which comprise the balance sheet as at 31 December 2017, the statements of comprehensive income, the statement of changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion:
We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters:
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters (continued)

Impairment of account receivables	
Refer to note 3-19 for the accounting policy for impairment and note 9 for account receivables disclosures.	
Key audit matter	**How the matter was addressed in our audit**
As at 31 December 2017, The balance of account receivable was SR 27.8 million against which provision for doubtful debts of SR 3.6 million was estimated by management (2016: SR 40.7 million against which provision for doubtful debts of SR 2 million was estimated by management). We considered this as a key audit matter as the assessment of impairment requires subjective judgments with respect to the estimation of the amount and timing of future cash flows. Specifically, the determination of impairment in value respect of receivables includes: - Using the accounting policy of the company for which the impairment of account receivables is calculated. - The determination of impairment in value and the estimates used in the calculation of impairment for account receivables.	Our procedures for impairment of receivables included evaluating the design, implementation and testing of the operational effectiveness of the key controls: included the following: - Management procedures regarding the calculation and monitoring of the provision and determination of doubtful accounts. In respect of receivables assessed in terms of impairment in accordance with the Company's policy, we have: - Tested the aging report and compared with related data. - Obtained the Company's approved policy for the provision of doubtful debts. - Tested the accuracy of determining the impairment in value and recording it on time. - Challenged management's key assumptions over credit risk and the calculation methodology.

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Key Audit Matters (continued)

Impairment of investments in companies	
Refer to note 3-19 for the accounting policy for Impairment and note 5 for disclosures on investments in companies.	
Key audit matter	**How the matter was addressed in our audit**
As at 31 December 2017, The balance of investments in companies was SR 9.2 million (2016: SR 13.8 million). The Company's investments consist of investments in companies that are included in the financial statements at cost. The management, at each reporting date reviews the investment values by comparing its recoverable amount with its carrying amount. The valuation of recoverable amounts is determined through the application of valuation techniques which often involve the exercise of judgment by the management and the use of assumptions and estimates. We considered that as a key audit matter due to the assumptions used by management in determining the allowance for impairment.	Our procedures for impairment of investments in companies included the following: - Verification of the company's policy regarding testing the impairment of investment in companies. - Evaluation the design, implementation and testing of the efficiency of key controls related to the Company's procedures in determining the impairment test. - Evaluation of the main assumptions used by the administration in the process of testing the impairment.

Key Audit Matters (continued)

Valuation of inventory	
Refer to note 3-4 for the accounting policy for inventory and note 10 for inventory disclosures.	
Key audit matter	**How the matter was addressed in our audit**
As at 31 December 2017, the balance of inventory was SR 26.2 million (SAR 40.3 million). Inventory are measured at the lower of cost and net realizable value, when necessary, the Company establishes a provision for slow moving items. The Company shall determine the level of obsolescence of inventory items by taking into consideration the nature, age, validity and expectations of selling those using previous trends and other qualitative factors. Cost is determined using the weighted average method. We considered that as a key audit matter due to the assumptions used by the management in determining the provision for slow moving items.	Our procedures for valuation of inventory included the following: - Evaluating the design, implementation and testing of the efficiency of the key controls related to the Company's procedures for the formation and control of slow moving provision. - Evaluating the Company's policy inventory for provision for slow moving items. - Recalculating the provision for slow moving items according to company policy. - Testing the net realizable value of the inventory to verify whether the inventory is valued at the lower of cost or net realizable value. - Inquiring and verifying about any stagnant or slow moving items during our inventory count.

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Key Audit Matters (continued)

Revenue recognition	
Refer to note 3-14 the accounting policy for revenue recognition and note 19 for revenue disclosures.	
Key audit matter	**How the matter was addressed in our audit**
The Company recognized revenue of SR 60.1 million for the year ended 31 December 2017 (2016: SR 81.6 million). Revenue represents retail and wholesale sales. Most of the company's sales are made directly on a point-of-sale basis, with the right to return to the Company if the sold product expires. Revenue recognition is considered a key audit matter as there is a risk that the management may override the controls and provide distort revenue transactions by recording non-validated revenue transactions.	Our procedures for revenue recognition included the following: - Assessed the appropriateness of revenue recognition as per the Company's policies relating to revenue recognition. - Assessed the design and implementation and tested the effectiveness of the Company's control, including anti-fraud controls, over the recognition of revenue. - Verify the sales transaction carried out before and after the date of the financial position to assess whether revenue has been recognized in the correct period. - Tested manual journals posted to revenue to identify unusual or irregular items. - Analyzed revenues based on monthly sales trends and profit margins.

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Key Audit Matters (continued)

Change in financial reporting framework	
Refer to note 2 for basis of preparation and note 26 for Effect of change in financial reporting framework disclosures.	
Key audit matter	**How the matter was addressed in our audit**
For all periods up to and including the year ended 31 December 2016, the Company prepared its financial statements in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia as issued by SOCPA. For the financial periods commencing 1 January 2017, the applicable regulations require the Company to prepare and present its financial statements in accordance with International Financial Reporting Standard as issued by the International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by SOCPA (IFRS as endorsed in Kingdom of Saudi Arabia). Accordingly, the Company has prepared its financial statements, for the year ended 31 December 2017, under IFRS that as endorsed in Kingdom of Saudi Arabia using IFRS 1 "First time Adoption of International Financial Reporting Standards". As part of this transition to IFRS as endorsed in Kingdom of Saudi Arabia, the Company's management performed a detailed gap analysis to identify differences between previous reporting framework and IFRS as endorsed in Kingdom of Saudi Arabia, determined the transition adjustments in light of this gap analysis and relevant requirements of IFRS 1, and assessed the additional disclosure required in the financial statements. We considered this as a key audit matter as the transitional adjustments, due to the change in the financial reporting framework, and transition related disclosures in the financial statements require additional attention during our audit.	Our procedures for change in financial reporting framework included the following: - Considered the Company's governance process around the adoption of IFRS as endorsed in Kingdom of Saudi Arabia. - Obtained an understanding of the analysis performed by management to identify all significant differences between previous reporting framework and IFRS as Kingdom of Saudi Arabia which can impact the Company's financial statement. - Evaluated the results of management's analysis and key decisions taken in respect of the transition using our knowledge of the relevant requirements of the IFRS as endorsed in Kingdom of Saudi Arabia and our understanding of the Company's business and its operations. - Tested the transition adjustments by considering management's gap analysis the underlying financial information and the computation of these adjustments. - Evaluated the disclosures made in relation to the transition to IFRS as endorsed in Kingdom of Saudi Arabia by considering the relevant requirements of IFRS 1 "First time Adoption of International Financial Reporting Standards".

Other Information:
Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements:
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements:
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements:
In our opinion these financial statements of **WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY - A Saudi Joint Stock Company - (the "Company")**, taken as a whole, comply with the requirements of the Regulations for Companies and Company's By-laws with respect to the preparation and presentation of financial statements, except the following:

- As described in Note 13, the Company's management has not amended its Company's By-laws in accordance with the Article 129 of the Companies Regulations.

Al Azem & Al Sudairy
Certified Public Accountants

AlAzem & AlSudairy
Certified Public Accountants

Salman B. AlSudairy
License No. 283

8 Rajab 1439H (March 25, 2018)
Riyadh, Saudi Arabia

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
BALANCE SHEET
As at 31 December 2017
(Saudi Riyals)

	Notes	31 December 2017	31 December 2016	1 January 2016
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipments, net	4	116,433,138	129,277,489	128,510,415
Investments in companies, net	5	9,241,438	13,762,438	17,050,000
Projects under progress	6	-	-	12,408,535
Real estate investments	7	11,127,708	11,127,708	11,127,708
Investments available for sale	8	605,179	569,853	341,764
TOTAL NON CURRENT ASSETS		**137,407,463**	**154,737,488**	**169,438,422**
CURRENT ASSETS				
Accounts receivable, net	9	24,165,997	38,695,218	46,198,688
Inventory, net	10	26,184,855	40,285,134	36,701,915
Prepayments and other assets	11	8,649,182	7,932,150	5,595,413
Cash and cash equivalents	12	5,489,742	4,268,368	9,185,976
TOTAL CURRENT ASSETS		**64,489,776**	**91,180,870**	**97,681,992**
TOTAL ASSETS		**201,897,239**	**245,918,358**	**267,120,414**
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Capital	1	200,000,000	200,000,000	200,000,000
Statutory reserve	13	7,202,424	7,202,424	7,202,424
Fair value reserve	8	(650,520)	(685,846)	(913,935)
Accumulated losses		(75,395,362)	(25,173,368)	(5,103,126)
TOTAL SHAREHOLDERS' EQUITY		**131,156,542**	**181,343,210**	**201,185,363**
LIABILITIES				
NON CURRENT LIABILITES				
Non - current portion of long term government loan	14	21,000,000	31,500,000	30,000,000
Employees' end of service indemnities	15	5,665,082	5,820,971	5,365,397
TOTAL NON CURRENT LIABILITIES		**26,665,082**	**37,320,971**	**35,365,397**
CURRENT LIABILITIES				
Accounts payable		24,962,160	17,486,885	18,984,463
Oversubscribed payable		3,258,720	3,282,200	3,282,200
Accrued expenses and other liabilities	16	1,899,683	2,142,770	1,823,725
Accrued dividend distribution	17	1,200,525	1,201,025	1,204,728
Current portion of long term government loan	14	10,500,000	-	3,000,000
Zakat estimated provision	18	2,254,527	3,141,297	2,274,538
TOTAL CURRENT LIABILITIES		**44,075,615**	**27,254,177**	**30,569,654**
TOTAL LIABILITIES		**70,740,697**	**64,575,148**	**65,935,051**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**201,897,239**	**245,918,358**	**267,120,414**

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

The accompany from (1) to (29) are integrated part of these financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017
(Saudi Riyals)

	Note	*2017*	*2016*
Sales	19	60,834,006	81,557,087
Cost of sales		(75,165,062)	(65,793,550)
Gross (loss) profit of operating income		**(14,331,056)**	**15,763,537**
General and administrative expenses	20	(9,806,988)	(9,519,065)
Selling and distributing expenses	21	(17,490,236)	(19,232,142)
Net loss from the main operation		**(41,628,280)**	**(12,987,670)**
Investments impairment provision	5	(4,521,000)	(3,287,562)
Provision for doubtful debts	9	(2,500,000)	(2,000,000)
Provision for slow moving items	10	(556,931)	-
Other revenue	22	340,688	239,674
Net loss for the year before Zakat estimated		**(48,865,523)**	**(18,035,558)**
Zakat estimate	18	(1,254,527)	(2,141,297)
Net loss for the year		**(50,120,050)**	**(20,176,855)**
OTHER COMPREHENSIVE INCOME:			
Net change fair value investments	8	35,326	228,089
Actuarial (losses) / gains End of service benefits	15	(101,944)	106,613
Total comprehensive (loss) income		**(66,618)**	**334,702**
Net comprehensive loss		**(50,186,668)**	**(19,842,153)**
Loss per share:	23		
From net loss from the main operation		(2,08)	(0,65)
From net loss for the year		(2,51)	(1,01)

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

The accompany from (1) to (29) are integrated part of these financial statements.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017
(Saudi Riyals)

	Capital	*Statutory reserve*	*Fair value reserve*	*Accumulated losses*	*Total*
Balance at 1 January 2016	**200,000,000**	**7,202,424**	**(913,935)**	**(5,103,126)**	**201,185,363**
Net loss for the year	-	-	-	(20,176,855)	**(20,176,855)**
Other comprehensive income	-	-	228,089	106,613	**334,702**
Balance at 31 December 2016	**200,000,000**	**7,202,424**	**(685,846)**	**(25,173,368)**	**181,343,210**
Balance at 1 January 2017	**200,000,000**	**7,202,424**	**(685,846)**	**(25,173,368)**	**181,343,210**
Net loss for the year	-	-	-	(50,120,050)	**(50,120,050)**
Other comprehensive income	-	-	35,326	(101,944)	**(66,618)**
Balance at 31 December 2017	**200,000,000**	**7,202,424**	**(650,520)**	**(75,395,362)**	**131,156,542**

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

The accompany from (1) to (29) are integrated part of these financial statements

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017
(Saudi Riyals)

	2017	2016
Cash Flows from operating Activities:		
Net loss for the year	(50,120,050)	(20,176,855)
Adjustments to:		
Depreciation	13,376,179	13,532,225
Zakat estimated provision during the year	1,254,527	2,141,297
Provision for employees' end-of-service indemnities	730,319	909,652
Allowance for doubtful debts during the year	2,500,000	2,000,000
Bad debts during the year	(899,559)	-
Provision for slow moving items	556,931	-
Investments impairment provision	4,521,000	3,287,562
profit on sale of property, plant and equipment	(107,537)	-
	(28,188,190)	**1,693,881**
Changes in:		
Accounts receivable	12,928,780	5,503,470
Inventory	13,543,348	(3,583,219)
Prepayments and other assets	(717,032)	(2,336,737)
Accounts payable	7,475,275	(1,497,578)
Oversubscribed payable	(23,480)	-
Accrued expenses and other liabilities	(243,087)	319,045
Cash from operations	**4,775,614**	**98,862**
Zakat paid during the year	(2,141,297)	(1,274,538)
Employees' end-of-service indemnities paid	(988,152)	(347,465)
Net cash provided by (used in) operating activities	**1,646,165**	**(1,523,141)**
Cash Flows from Investing Activities:		
Paid in purchase in property, plant and equipment	(626,071)	(1,238,264)
Projects under progress	-	(652,500)
Proceeds from sale of property, plant and equipment	201,780	-
Net cash used in investing activities	**(424,291)**	**(1,890,764)**
Cash Flows from Financing Activities:		
Net change in long term government loan	-	(1,500,000)
Accrued dividend distribution	(500)	(3,703)
Net cash used in financing activities	**(500)**	**(1,503,703)**
Net increase (decrease) in cash and cash equivalents	**1,221,374**	**(4,917,608)**
Cash and cash equivalents at beginning of the year	4,268,368	9,185,976
Cash and cash equivalents at end of the year	**5,489,742**	**4,268,368**
Non-cash Item:		
Net change fair value investments	35,326	228,089
Transfer from project under progress to property, plant and equipment	-	13,061,035

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

The accompany from (1) to (29) are integrated part of these financial statements.

(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:

Branch Name	Commercial registration No.	Activity
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

(a) Statement of compliance:

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") (here and after refer to as "IFRS as endorsed in KSA"). Up to and including the year ended December 31, 2016, the Company prepared and presented its statutory Financial Statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA and the requirements of the Saudi Arabian Regulations for Companies and the Company's By-laws in so far as they relate to the preparation and presentation of the Financial Statements. In these Financial Statements, the term "SOCPA Standards" refers to SOCPA Standards before the adoption of International Financial Reporting Standards ("IFRS").

For financial periods commencing January 1, 2017, the applicable regulations require the Company to prepare and present Financial Statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA. As part of this requirement, the Company has prepared these Financial Statements.

As required by the Capital Market Authority ("CMA") through its circular dated 16th October 2016 the Company needs to apply the cost model to measure the property, plant and equipment, investment property and intangible assets upon adopting the IFRS for three years period starting from the IFRS adoption date.

These Financial Statements are prepared in accordance with IFRS 1 First time Adoption of International Financial Reporting Standards. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

An explanation of how the transition to IFRS has affected the previously reported equity as at December 31, 2016 and January 01, 2016; and comprehensive income of the Company for the year ended December 31, 2016, including the nature and effect of significant changes in accounting policies from those used in the Company's Financial Statements for the year ended December 31, 2016 is provided in Note 26.

These Financial Statements should be read in conjunction with the Company's annual SOCPA Financial Statements for the year ended December 31, 2016, and the Company's Condensed Interim Financial Statements for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017 prepared in accordance with IFRS as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA.

2 BASIS OF PREPARATION (continued)

(b) basis of measurement:

The financial statements have been prepared on the historical cost basis except for certain financial assets that are measured at fair value through OCI and certain financial assets at fair value measured through OCI at fair value and financial assets and liabilities accounted at amortized cost.

(c) Functional and presentation currency:

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

3. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing these financial statements:

3-1 Current versus Non-Current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realized or intended to sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. All other liabilities are classified as non-current.

3-2 Use of estimates and judgments

The preparation of financial statements in conformity with international financial reporting standards ("IFRS"), requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The applied estimates and judgments are reviewed in continuous manner, and the in accounting estimates that recognize in the year which the changes of estimates and next years which effects with these changes.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

- Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incurred in the future.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-2 Use of estimates and judgments (continued)

- A provision for doubtful debts is taken on the basis and estimates for collect these debts approved by management in conformity with International Financial Reporting Standards international financial reporting standards ("IFRS").

- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and it selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.

- Management estimates the recoverable amount of the other financial assets to determine whether there was any impairment in its value.

- Management estimates the zakat expenses according to instructions and active law.

3-3 Cash and cash equivalents

Cash and cash equivalents consists of cash and banks balances amounts and demand deposits, which can be converted into cash within a period of three months or less .

3-4 Inventory

Iinventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost includes all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs. Net realisable value comprises estimated selling price less further production costs to completion and appropriate selling and distribution costs. Allowance is made, where necessary for slow moving inventories. Cost of inventories is recognised as an expense.

3-5 Accounts receivable

Accounts receivable are stated at original invoice amount less appropriate allowance for any doubtful trade accounts receivable. An estimate for allowance for doubtful trade accounts receivable is made when collection of the full amount is doubtful, Bad debts are written off as incurred.

3-6 Real estate investments

Real estate investment is a property acquired either to earn rental income or to increase in value or both, but not for the purpose of selling it through the normal activities of the Company. It is not used for production or supply of goods or services or for administrative purposes. Investment properties are stated at cost and their fair values are disclosed in the notes to the financial statements, which are estimated annually by an independent real estate expert based on the market prices of those properties within an active real estate market.

3-7 Investments in companies

Investments in 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.

3-8 Projects under progress

Projects under progress are carried at cost, and when the project is ready for use, it is transferred to its own item of property and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-9 Property, plant and equipments

- **Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other expense" in the statement of comprehensive income.

- **Subsequent costs**

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of comprehensive income as incurred.

- **Depreciation**

Items of property and equipment are depreciated on a straight-line basis in statement of income over the estimated useful lives of each component. Land is not depreciated.

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Leasehold improvements are amortized over the shorter of the estimated useful life or term of the lease.

The depreciations rate of property and equipment for the current and previous year are as follows:

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 %

3-10 Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3-12 Estimated Zakat

Zakat is provided on accrual basis in accordance with the Regulations of the General Authority for Zakat and Income ("DZIT") in the Kingdom of Saudi Arabia, The zakat provision is charged to the statement of income. Any differences resulting from the final assessments are recorded in the year of their finalization.

3-13 Employees Benefits

Short Term Obligations

Liabilities for wages and salaries and any other short term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Post-Employment Obligations

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when the employees have rendered service entitling them to the contributions.

Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the GOSI. The Company recognizes contribution payable to the GOSI as an expense, when an employee renders the related service.

Defined Benefits Plans

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The discount rate for discounting the estimated future cash outflows is required to be based on the yield on corporate bonds of duration and currency consistent with the liabilities. Where there is no deep market in corporate bonds in the currency under consideration, the yields on government bonds are used.

Past service costs are recognized in the statement of profit or loss on the earlier of the date of the plan amendment or curtailment and the date on which the Company recognizes related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the changes in the net defined benefit obligation under 'cost of revenue, 'general and administrative expenses' and 'selling and distribution expenses' in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-14 Revenue recognition

Revenue from sales is recognized when the goods are delivered and the services rendered to the customers. Revenue from the sale of the goods is recognized when all of the following conditions are met:

- The significant risks and rewards of ownership have been transferred to the customer.
- The Company no longer retains the ownership of the goods as an ongoing administrative intervention There is no continuing management involvement with the goods.
- The economic benefits associated with the sale are likely to flow.
- The associated costs and possible return of goods can be estimated reliably.

Other income is recorded when earned.

3-15 Expenses

Expenses incurred by the Company consist of administrative and general expenses, operating expenses and selling and marketing expenses. Sales costs are charged at full cost of materials, direct labor and indirect costs. Other direct and indirect expenses relating to management that are not related to the production function are classified as administrative and general expenses. Joint expenses are distributed, if necessary, between administrative and general expenses and operating expenses on a consistent basis. The accrual principle is applied in charging the financial period with administrative and general expenses. Sales and marketing expenses consist mainly of costs incurred in marketing the Company's products and services.

3-16 Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. At financial position date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing on that date. Gains and losses arising on settlement and translation of foreign currency transactions are recognized in the statement of comprehensive income.

3-17 Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

3-18 Financial Instruments

3-18-1 Non-Derivative Financial Assets

The Company initially recognises financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-18-1 Non-Derivative Financial Assets (continued)

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets;

Loans and Receivables

Loans and receivables of the Company comprise trade and other receivables.

These are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Available for Sale Financial Assets

Investments classified as available-for-sale are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in Statement of Other Comprehensive Income and accumulated in the fair value reserve shown under other reserves within equity. When these assets are derecognised, the gain or loss accumulated in reserve is reclassified to Statement of Profit or Loss.

3-18-2 Non-Derivative Financial Liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities of the Company comprises of government loan, account payables and other payables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-19 Impairment

3-19-1 Non-Derivative Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of result of one or more events that occurred after the initial recognition of the asset, and that loss events had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and Receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by companying together with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in Statement of Profit or Loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available for Sale Financial Assets

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to Statement of Profit or Loss. The amount reclassified is the difference between the acquisition cost (net of any principle repayment and amortisation and the current fair value), less any impairment loss previously recognised in Statement of Profit or Loss. If the fair value of the impaired available for sale financial asset subsequently increases and increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss, otherwise it is reversed through other comprehensive income.

Investments in Companies

An impairment loss in respect of investment in Companies and joint ventures is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in Statement of Profit or Loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-19-2 Non-Financial Assets

Non-financial assets (other than inventories) are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3-20 New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

New standards

- IFRS 9 Financial Instruments (effective from 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018).
- IFRS 16 Leases (effective from 1 January 2019).

Amendments

- IFRS 2 Classification and Measurement of Share-Based Payments (effective from 1 January 2018 with early application permitted).
- IAS 40, "Interpretation of Transfers of Assets to and from Consumer Property" (effective from 1 January 2018).

Improvements

Annual Improvements to IFRS 2014–2016 cycle, And amendments in (IFRS 1) (effective 1 January 2018).

(Saudi Riyals)

4. PROPERTIES, PLANT AND EQUIPMENTS, NET

	Machinery And equipments	Buildings	Tools	Artesian Wells	Furniture And Fixture	Air conditions	Motor Vehicles	Fitting and equipments	Total
Cost									
Beginning of the year	198,226,932	79,375,647	17,380,902	220,816	5,454,470	5,843,427	12,733,335	4,721,061	323,956,590
Additions during the year	17,050	78,218	310,262	-	67,447	28,750	40,794	83,550	626,071
Disposal during the year	-	-	(325)	-	(1,422,050)	-	(1,385,950)	-	(2,808,325)
End of the year	198,243,982	79,453,865	17,690,839	220,816	4,099,867	5,872,177	11,388,179	4,804,611	321,774,336
Deprecation									
Beginning of the year	129,928,815	32,505,314	11,364,443	105,415	4,676,417	5,223,238	8,571,915	2,303,544	194,679,101
Additions during the year	7,986,345	2,250,009	1,014,378	5,770	187,268	145,601	1,372,050	414,758	13,376,179
Disposal during the year	-	-	(324)	-	(1,417,951)	-	(1,295,807)	-	(2,714,082)
End of the year	137,915,160	34,755,323	12,378,497	111,185	3,445,734	5,368,839	8,648,158	2,718,302	205,341,198
Net Book Value									
December 31, 2017	60,328,822	44,698,542	5,312,342	109,631	654,133	503,338	2,740,021	2,086,309	116,433,138
December 31, 2016	68,298,117	46,870,333	6,016,459	115,401	778,053	620,189	4,161,420	2,417,517	129,277,489
January 01, 2016	62,803,690	48,645,119	6,976,459	11,611	899,003	726,758	5,707,915	2,739,860	128,510,415

- Depreciation amounted to SAR 13,376,179 and SAR 13,532,225 the years ended December 31, 2017 and 2016 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 14),

(Saudi Riyals)

5. INVESTMENT IN COMPANIES

	%	31 December 2017	31 December 2016	01 January 2016
East Asia Company for Development and Agricultural Investment (Note 5a)	14.285%	10,000,000	10,000,000	10,000,000
Jannat for Agricultural Investment (Note 5b)	11.1%	7,050,000	7,050,000	7,050,000
		17,050,000	**17,050,000**	**17,050,000**
Investments impairment provision (Note 5c)		(7,808,562)	(3,287,562)	-
Net		**9,241,438**	**13,762,438**	**17,050,000**

a) Investment in East Asia Company for Development and Agricultural Investment (Closed Joint Stock Company) represent an investment of 14.285 % from the company's paid up capital amounting to SAR 70 million.

b) 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.

c) During the year 2016 has been taking a provision for investments impairment in Jannat for Agricultural Investment Company amounting to SAR 3,287,562.
During the year 2017 has been taking a provision for investments impairment in Jannat for Agricultural Investment Company amounting to SAR 3,762,438 and provision for investments impairment in East Asia Company for Development and Agricultural investment amounting to SAR 758,562.

6. PROJECTS UNDER PROGRESS

	31 December 2017	31 December 2016	01 January 2016
Beginning of the year - Vegetables factory	-	12,408,535	12,408,535
Additions during the year	-	652,500	-
Transfer during the year	-	(13,061,035)	-
Net	-	-	**12,408,535**

7. REAL ESTATE INVESTMENTS

	31 December 2017	31 December 2016	01 January 2016
Lands investments – Jizan	11,127,708	11,127,708	11,127,708
	11,127,708	**11,127,708**	**11,127,708**

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.

(Saudi Riyals)

8. INVESTMENTS AVAILABLE FOR SALE

	31 December 2017	31 December 2016	01 January 2016
Cost			
Beginning balance for the year	1,255,699	1,255,699	1,255,699
Disposals	-	-	-
Ending balance for the year	**1,255,699**	**1,255,699**	**1,255,699**
Evaluation adjustment			
Beginning balance for the year	(685,846)	(913,935)	(752,051)
Unrealizable gain (losses) during the year	35,326	228,089	(161,884)
Ending balance for the year	**(650,520)**	**(685,846)**	**(913,935)**
Net book value	**605,179**	**569,853**	**341,764**

This account represent the invested shares in National Petrochemical Company (Yansab).

9. ACCOUNTS RECEIVABLE, NET

	31 December 2017	31 December 2016	01 January 2016
Account receivable	27,766,438	40,695,218	46,198,688
Provision for doubtful debts	(3,600,441)	(2,000,000)	-
Net	**24,165,997**	**38,695,218**	**46,198,688**

9-1 Movements in the allowance for doubtful debts were as follows:

	31 December 2017	31 December 2016	01 January 2016
Balance, beginning for the year	2,000,000	-	-
Provision for the year	2,500,000	2,000,000	-
Bad dibts during the year	(899,559)	-	-
Balance, ending for the year	**3,600,441**	**2,000,000**	-

10. INVENTORY, NET

	31 December 2017	31 December 2016	01 January 2016
Raw material	12,127,759	12,631,873	12,582,386
Finished goods	10,882,448	23,289,149	19,969,194
Spare parts	3,731,579	3,688,945	3,772,460
Work in process	-	675,167	377,875
	26,741,786	**40,285,134**	**36,701,915**
Deduct:			
Provision for slow moving items	(556,931)	-	-
Net	**26,184,855**	**40,285,134**	**36,701,915**

10-1 Movements in the provision for slow moving items were as follows:

	31 December 2017	31 December 2016	01 January 2016
Balance, beginning for the year	-	-	-
Provision for the year	556,931	-	-
Balance, ending for the year	**556,931**	-	-

(Saudi Riyals)

11. PREPAYMENTS AND OTHER ASSETS

	31 December 2017	31 December 2016	01 January 2016
Advance to suppliers	5,403,947	4,803,877	3,028,588
Prepaid expenses	1,035,330	1,228,214	1,067,615
Employee receivables	1,201,955	886,460	1,010,337
Letters of credit	500,000	500,000	-
Rents	369,396	421,470	458,015
Refundable deposit	88,465	76,312	20,313
Accrued revenue	50,089	15,817	10,545
	8,649,182	**7,932,150**	**5,595,413**

12. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016	01 January 2016
Cash in hand	63,556	142,079	25,730
Cash at banks	5,426,186	4,126,289	9,160,246
	5,489,742	**4,268,368**	**9,185,976**

13. STATUTORY RESERVE

In accordance with the Saudi Arabian Companies Regulations and the Company's statue 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.

14. 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. 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, 2017 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. The long term loan movement represents as follow:

	31 December 2017	31 December 2016	01 January 2016
Beginning of the year	31,500,000	33,000,000	34,000,000
Paid during the year	-	(1,500,000)	(1,000,000)
Additions during the year	-	-	-
Total long-term government loan	**31,500,000**	**31,500,000**	**33,000,000**
Current portion of long term government loan	(10,500,000)	-	(3,000,000)
Non-current portion of long term government loan	**21,000,000**	**31,500,000**	**30,000,000**

(Saudi Riyals)

15. EMPLOYEES' END OF SERVICE INDEMNITIES

15-1 General description

The Company has employee benefit liabilities represented by end of service benefits and payments due upon leaving the service under the Saudi Labor Law.

15-2 End of service benefit expense

	31 December 2017	31 December 2016	01 January 2016
Current service cost	517,243	701,985	458,522
Interest cost on benefit obligation	213,076	207,667	200,280
Cost charged to statement of profit or loss	**730,319**	**909,652**	**658,802**
Experience adjustments	101,944	(106,613)	113,951
Cost included in Other Comprehensive Income	**101,944**	**(106,613)**	**113,951**
Total benefit expense	**832,263**	**803,039**	**772,753**

15-3 Movement in present value of defined benefit obligation

	31 December 2017	31 December 2016	01 January 2016
Balance at beginning of the year	5,820,971	5,365,397	5,421,359
Current service cost	517,243	701,985	458,522
Interest cost	213,076	207,667	200,280
Benefit paid	(988,152)	(347,465)	(828,715)
Actuarial gain / (loss) on end of service	101,944	(106,613)	113,951
Ending balance of the year	**5,665,082**	**5,820,971**	**5,365,397**

16. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2017	31 December 2016	01 January 2016
Accrued expenses salaries and vacation	990,578	1,022,446	1,090,951
Other accrued expenses	519,310	596,445	550,141
Advance payment from customers	389,795	523,879	182,633
	1,899,683	**2,142,770**	**1,823,725**

17. 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, 2017.

18. ESTIMATED ZAKAT PROVISION

a) Status of assessments

The Company has filed zakat returns with the GAZT for all years up to 31 December 2016 and obtained the temporary Zakat Certificate for the year ended 31 December 2016. The company is still waiting final assessments for these years from the GAZT.

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.

(Saudi Riyals)

18 ESTIMATED ZAKAT PROVISION (continued)

b) Provision movement

	31 December 2017	31 December 2016	01 January 2016
Balance, beginning for the year	3,141,297	2,274,538	2,411,104
Provision for current year	1,254,527	2,141,297	1,274,538
Zakat paid during the year	(2,141,297)	(1,274,538)	(1,411,104)
Balance, end of the year	**2,254,527**	**3,141,297**	**2,274,538**

c) Zakat base

	31 December 2017	31 December 2016	01 January 2016
Shareholders' equity - as per GAZT	207,202,424	207,202,424	207,202,424
Beginning provisions and other adjustments	46,325,939	41,887,206	25,399,914
Book value of long term assets - as per GAZT	(116,433,138)	(115,085,583)	(120,458,975)
Adjusted losses	(25,275,013)	(4,899,117)	(4,185,333)
Other deducts	(20,974,325)	(25,474,223)	(45,405,218)
Adjusted loss for the year	(40,664,810)	(17,978,811)	(11,571,309)
Zakat base	**50,181,077**	**85,651,896**	**50,981,503**
Zakat calculated for the year at 2.5% of zakat base	**1,254,527**	**2,141,297**	**1,274,538**

The provision for zakat charge is based on the following:

Zakat is payable at 2.5% of higher of the approximate zakat base and adjusted net income attributable to the Saudi shareholders.

d) Adjusted net income for the year

	31 December 2017	31 December 2016	01 January 2016
Net loss for the year	(48,865,523)	(18,035,558)	(5,508,896)
Adjustments	8,200,713	56,747	(6,062,413)
Adjusted net loss for the year	**(40,664,810)**	**(17,978,811)**	**(11,571,309)**

The adjusted net income for the year reconciliation is as follows:

19. SALES, Net

	31 December 2017	31 December 2016
Sales of vegetables factory	43,635,867	50,430,086
Sales of pastry factory	25,250,738	33,799,351
Sales of food and meet factory	5,449,272	7,315,068
Sales of Breakfast cereals factory	335,316	312,932
Total	74,671,193	91,857,437
Sales discount	(13,837,187)	(10,300,350)
Net	**60,834,006**	**81,557,087**

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. 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 asset or liability, 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 an financial asset at fair value measures.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management believes that its estimates and judgments are reasonable and adequate.

The fair values of financial assets and liabilities are not significantly different from their carrying values in the financial statements as of December 31, 2017.

Fair value levels

Fair value of financial assets and financial liabilities of the Company Fair value is not determined on an ongoing basis:

Except as described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities denominated in the Company's financial statements approximate their fair value because management believes that the carrying amount of the items below is approximately fair value due either to short term maturity or to interest rates Re-priced during the year. The financial assets at amortized cost are as follows:

(Saudi Riyals)

24. FINANCIAL INSTRUMENTS (continued)

Fair value levels (continued)

	Book Value 31 December 2017	Fair Value 31 December 2017	Fair Value Level
Financial assets			
Accounts Receivable, net	24,165,997	24,165,997	**Third Level**
Prepayments and other assets	8,649,182	8,649,182	**Third Level**
Cash and cash equivalents	5,489,742	5,489,742	**Second Level**
	38,304,921	**38,304,921**	
Financial liabilities			
Government loan	31,500,000	31,500,000	**Third Level**
Accounts payable	24,962,160	24,962,160	**Third Level**
Oversubscribed payable	3,258,720	3,258,720	**Third Level**
Accrued dividend distribution	1,200,525	1,200,525	**Third Level**
Accrued expenses & other credit balances	1,899,683	1,899,683	**Third Level**
Estimated Zakat provision	2,254,527	2,254,527	**Third Level**
	65,075,615	**65,075,615**	

	Book Value 31 December 2016	Fair Value 31 December 2016	Fair Value Level
Financial assets			
Accounts Receivable, net	38,695,218	38,695,218	**Third Level**
Prepayments and other assets	7,932,150	7,932,150	**Third Level**
Cash and cash equivalents	4,268,368	4,268,368	**Second Level**
	50,895,736	**50,895,736**	
Financial liabilities			
Government loan	31,500,000	31,500,000	**Third Level**
Accounts payable	17,486,885	17,486,885	**Third Level**
Oversubscribed payable	3,282,200	3,282,200	**Third Level**
Accrued dividend distribution	1,201,025	1,201,025	**Third Level**
Accrued expenses & other credit balances	2,142,770	2,142,770	**Third Level**
Estimated Zakat provision	3,141,297	3,141,297	**Third Level**
	58,754,177	**58,754,177**	

(Saudi Riyals)

20. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2017	31 December 2016
Employees' salaries & benefits	6,578,569	6,685,001
Fees and subscription	680,526	719,381
Loan follow up expenses	617,950	-
Insurance	494,562	444,284
Depreciations	343,460	360,119
Rents	260,988	260,400
Allowances for presence in board of director meeting	145,000	204,000
Bonuses	110,735	48,200
Repair and maintenance	97,060	64,328
Telephone and postage	72,672	70,526
Hospitality and cleaning	63,759	125,837
Electricity, water and oils	43,776	31,729
Stationery and printing	35,765	60,144
Advertisement	26,520	50,938
Bank commission	25,690	22,090
Others	209,956	372,088
	9,806,988	9,519,065

21. SELLING AND DISTRIBUTION EXPENSES

	31 December 2017	31 December 2016
Employees' salaries and benefits	5,572,580	6,185,270
Damage	2,688,850	1,734,895
Transport and shipment	1,885,873	1,935,660
Depreciation	1,857,429	1,989,616
Rents	1,219,319	2,275,381
Electricity, water and oils	633,000	626,367
Insurance	588,693	777,047
Advertisement	588,143	460,422
Repair and maintenance	517,719	456,616
Temporary labor	495,328	719,180
Sales promotion	470,527	753,452
Subscription	359,413	465,333
Commission	219,200	516,767
Telephone and postage	96,205	130,680
Stationery and printing	37,065	48,682
Others	260,892	156,774
	17,490,236	19,232,142

22. OTHER REVENUE

	31 December 2017	31 December 2016
Sales of scrap	111,638	104,009
Sales of fixed assets	107,267	-
Other revenue	121,783	135,665
Net	340,688	239,674

(Saudi Riyals)

24. FINANCIAL INSTRUMENTS (continued)

Fair value levels (continued)

	Book Value 01 January 2016	Fair Value 01 January 2016	Fair Value Level
Financial assets			
Accounts Receivable, net	46,198,688	46,198,688	**Third Level**
Prepayments and other assets	5,595,413	5,595,413	**Third Level**
Cash and cash equivalents	9,185,976	9,185,976	**Second Level**
	60,980,077	**60,980,077**	
Financial liabilities			
Government loan	33,000,000	33,000,000	**Third Level**
Accounts payable	18,984,463	18,984,463	**Third Level**
Oversubscribed payable	3,282,200	3,282,200	**Third Level**
Accrued dividend distribution	1,204,728	1,204,728	**Third Level**
Accrued expenses & other credit balances	1,823,725	1,823,725	**Third Level**
Estimated Zakat provision	2,274,538	2,274,538	**Third Level**
	60,569,654	**60,569,654**	

For the above items, the fair value of financial assets and liabilities for the second and third levels has been determined in accordance with agreed pricing models that reflect the credit risk of the parties to be dealt with.

Management believes that amortized cost or cost is the most appropriate estimate of fair value as there is not sufficient and reliable information to measure the fair value.

Risk management

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

- Credit risk.
- Liquidity risk.
- Market risk.
- Capital management.

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 established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

(Saudi Riyals)

24. FINANCIAL INSTRUMENTS (continued)

Risk management (continued)

The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial instruments included in the statement of financial position include mainly cash and cash equivalents, receivables, other assets, investments, creditors, accrued liabilities, loans and other non-current liabilities.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company's policy is that all customers who wish to trade on credit terms are subject to credit worthiness evaluation process. Financial instruments that expose the Company to concentrations of credit risk consist primarily of accounts receivable. The Company places its bank balances with a number of financial institutions with sound credit ratings and has a policy of limiting its balances deposited with each institution. The Company does not believe that there is a significant risk of non-performance by these financial institutions. The Company does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries and located in many regions.

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

	Requested value as of		
	31 December 2017	31 December 2016	01 January 2016
Accounts receivable, net	24,165,997	38,695,218	46,198,688
Cash and cash equivalents	5,426,186	4,126,289	9,160,246
Accrued revenue	50,089	15,817	10,545
Other assets	7,194,367	6,266,649	4,059,238
	36,836,639	49,103,973	59,428,717

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.

24. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The contractual maturities of non-derivative financial liabilities are as follows:

Non-derivative financial liabilities	Carrying Amount	Contractual Cash Flows	Less than a year	More than a year
31 December 2017				
Government loan	31,500,000	31,500,000	10,500,000	21,000,000
Trade payables	24,962,160	24,962,160	24,962,160	-
Oversubscribed payable	3,258,720	3,258,720	3,258,720	-
Accrued dividend distribution	1,200,525	1,200,525	1,200,525	-
Accrued expenses and other liabilities	1,899,683	1,899,683	1,899,683	-
Estimated Zakat provision	2,254,527	2,254,527	2,254,527	-
Employees' end of service indemnities	5,665,082	5,665,082	-	5,665,082
	70,740,697	**70,740,697**	**44,075,615**	**26,665,082**

	Carrying Amount	Contractual Cash Flows	Less than a year	More than a year
31 December 2016				
Government loan	31,500,000	31,500,000	-	31,500,000
Trade payables	17,486,885	17,486,885	17,486,885	-
Oversubscribed payable	3,282,200	3,282,200	3,282,200	-
Accrued dividend distribution	1,201,025	1,201,025	1,201,025	-
Accrued expenses and other liabilities	2,142,770	2,142,770	2,142,770	-
Estimated Zakat provision	3,141,297	3,141,297	3,141,297	-
Employees' end of service indemnities	5,820,971	5,820,971	-	5,820,971
	64,575,148	**64,575,148**	**27,254,177**	**37,320,971**

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the prevailing market commission rates, The Company is subject to commission rate risk on its commission bearing Islamic short term and long term facilities.

Currency risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management monitors fluctuations in foreign currency exchange rates, and believes that the Company is not exposed to significant currency risk since the Company did not undertake significant transactions in currencies other than Saudi Riyal and US Dollars. The Saudi Riyal is pegged to the US Dollar, accordingly, balances and transactions in US Dollars are not considered to represent significant currency risk.

(Saudi Riyals)

24. FINANCIAL INSTRUMENTS (continued)

Capital Management:

The Company's capital management policy is to maintain a strong capital base to maintain shareholders, creditors and market confidence as well as the continued development of the company's future activities. The capital consists of ordinary shares, outstanding shares outstanding, retained earnings and non-controlling interests.
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 center.
The Company did not have any change in capital management during the year and the Company is not subject to any external capital requirements.

25. ADJUSTED CAPITAL RATIO

	31 December 2017	31 December 2016	01 January 2016
Liabilities at the end of the year	44,075,615	27,254,177	30,569,654
Less: Cash and cash equivalents	(5,489,742)	(4,268,368)	(9,185,976)
Net liabilities	**38,585,873**	**22,985,809**	**21,383,678**
Adjusted capital	131,156,542	181,343,210	201,185,363
	29.42%	**12.68%**	**10.63%**

26. EFFECT OF CHANGE IN FINANCIAL REPORTING FRAMEWORK

As stated in note 2.a, these Financial Statements for the year ended 31 December 2017, are the Company's first annual Financial Statements prepared in accordance with IFRS as endorsed in KSA. Further, the Company's opening Statement of Financial Position was prepared as at 01 January 2016, being the date of transition to IFRS.

Note 26-1 to 26-6 set out an explanation of how the transition to IFRS has affected the previously reported Statement of Financial Position as at December 31, 2016 and January 01, 2016; and Statements of Profit or Loss and Other Comprehensive Income of the Company for the year ended December 31, 2016, including the nature and effect of significant changes in accounting policies from those used in the Company's annual Financial Statements, under SOCPA, for the year ended December 31, 2016.

(Saudi Riyals)

26. EFFECT OF CHANGE IN FINANCIAL REPORTING FRAMEWORK (continued)

26-1 Reconciliation of financial position as at 1 January 2016

	Amounts previously reported (SOCPA)	*Effect of transition to IFRS*	*Opening IFRS statement of financial position*
ASSETS			
NON CURRENT ASSETS			
Property, plants and equipment, net	127,220,753	1,289,662	128,510,415
Unused property, plant and equipments	674,969	(674,969)	-
Investments in companies, net	17,050,000	-	17,050,000
Projects under progress	12,408,535	-	12,408,535
Real estate investments	11,127,708	-	11,127,708
Investments available for sale	341,764	-	341,764
Deferred expenses	14,224	(14,224)	-
TOTAL NON CURRENT ASSETS	**168,837,953**	**600,469**	**169,438,422**
CURRENT ASSETS			
Accounts receivable, net	46,198,688	-	46,198,688
Inventory	37,392,442	(690,527)	36,701,915
Prepayments and other assets	5,595,413	-	5,595,413
Cash and cash equivalents	9,185,976	-	9,185,976
TOTAL CURRENT ASSETS	**98,372,519**	**(690,527)**	**97,681,992**
TOTAL ASSETS	**267,210,472**	**(90,058)**	**267,120,414**
SHAREHOLDERS' EQUITY			
Capital	200,000,000	-	200,000,000
Statutory reserve	7,202,424	-	7,202,424
Fair value reserve	(913,935)	-	(913,935)
Accumulated losses	(4,899,117)	(204,009)	(5,103,126)
TOTAL SHAREHOLDERS' EQUITY	**201,389,372**	**(204,009)**	**201,185,363**
LIABILITIES			
NON CURRENT LIABILITES			
Non-current portion of long term government loan	30,000,000	-	30,000,000
Employees' end of service indemnities	5,251,446	113,951	5,365,397
TOTAL NON CURRENT LIABILITIES	**35,251,446**	**113,951**	**35,365,397**
CURRENT LIABILITIES			
Accounts payable	18,984,463	-	18,984,463
Oversubscribed payable	3,282,200	-	3,282,200
Accrued expenses and other liabilities	1,823,725	-	1,823,725
Accrued dividend distribution	1,204,728	-	1,204,728
Current portion of long term government loan	3,000,000	-	3,000,000
Zakat estimated provision	2,274,538	-	2,274,538
TOTAL CURRENT LIABILITIES	**30,569,654**	**-**	**30,569,654**
TOTAL LIABILITIES	**65,821,100**	**113,951**	**65,935,051**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**267,210,472**	**(90,058)**	**267,120,414**

(Saudi Riyals)

26. EFFECT OF CHANGE IN FINANCIAL REPORTING FRAMEWORK (continued)

26-2 Reconciliation on the statement of shareholders' equity as at 1 January 2016

	Balance as at 1 January 2016
Total equity under SOCPA	201,389,372
Actuarial value of end of service benefits	(113,951)
Accumulated depreciation for transferred spare parts	(75,834)
Deferred expenses balance as of December 31, 2015	(14,224)
Total equity under IFRS	201,185,363

26-3 Reconciliation of financial position as at 31 December, 2016

	Amounts previously reported (SOCPA)	*Effect of transition to IFRS*	*Opening IFRS statement of financial position*
ASSETS			
NON CURRENT ASSETS			
Property, plants and equipment, net	128,290,700	986,789	129,277,489
Unused property, plant and equipments	441,149	(441,149)	-
Investments in companies, net	13,762,438	-	13,762,438
Real estate investments	11,127,708	-	11,127,708
Investments available for sale	569,853	-	569,853
Deferred expenses	14,224	(14,224)	-
TOTAL NON CURRENT ASSETS	154,206,072	531,416	154,737,488
CURRENT ASSETS			
Accounts receivable, net	38,695,218	-	38,695,218
Inventory	40,975,661	(690,527)	40,285,134
Prepayments and other assets	7,932,150	-	7,932,150
Cash and cash equivalents	4,268,368	-	4,268,368
TOTAL CURRENT ASSETS	91,871,397	(690,527)	91,180,870
TOTAL ASSETS	246,077,469	(159,111)	245,918,358

(Saudi Riyals)

26. EFFECT OF CHANGE IN FINANCIAL REPORTING FRAMEWORK (continued)

26-3 Reconciliation of financial position as at 31 December, 2016 (continued)

SHAREHOLDERS' EQUITY			
Capital	200,000,000	-	200,000,000
Statutory reserve	7,202,424	-	7,202,424
Fair value reserve	(685,846)	-	(685,846)
Accumulated losses	(25,120,870)	(52,498)	(25,173,368)
TOTAL SHAREHOLDERS' EQUITY	**181,395,708**	**(52,498)**	**181,343,210**
LIABILITIES			
NON CURRENT LIABILITES			
Non-current portion of long term government loan	31,500,000	-	31,500,000
Employees' end of service indemnities	5,927,584	(106,613)	5,820,971
TOTAL NON CURRENT LIABILITIES	**37,427,584**	**(106,613)**	**37,320,971**
CURRENT LIABILITIES			
Accounts payable	17,486,885	-	17,486,885
Oversubscribed payable	3,282,200	-	3,282,200
Accrued expenses and other liabilities	2,142,770	-	2,142,770
Accrued dividend distribution	1,201,025	-	1,201,025
Zakat estimated provision	3,141,297	-	3,141,297
TOTAL CURRENT LIABILITIES	**27,254,177**	**-**	**27,254,177**
TOTAL LIABILITIES	**64,681,761**	**(106,613)**	**64,575,148**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**246,077,469**	**(159,111)**	**245,918,358**

26-4 Reconciliation on the statement of shareholders' equity as at 31 December, 2016

	Balance as at 31 December 2016
Total equity under SOCPA	**181,395,708**
Actuarial value of end of service benefits	106,613
Accumulated depreciation for transferred spare parts	(144,887)
Deferred expenses balance as of December 31, 2016	(14,224)
Total equity under IFRS	**181,343,210**

(Saudi Riyals)

26. EFFECT OF CHANGE IN FINANCIAL REPORTING FRAMEWORK (continued)

26-5 Reconciliation of comprehensive income as at 31 December 2016

	Amounts previously reported (SOCPA)	*Effect of transition to IFRS*	*IFRS statement of financial position*
Sales	91,857,437	(10,300,350)	81,557,087
Cost of sales	(54,611,060)	(11,182,490)	(65,793,550)
Depreciations	(11,113,437)	11,113,437	-
Gross of operating income	**26,132,940**	**(10,369,403)**	**15,763,537**
General and administrative expenses	(9,633,016)	113,951	(9,519,065)
Selling and distributing expenses	(29,532,492)	10,300,350	(19,232,142)
Net loss from the main operation	**(13,032,568)**	**44,898**	**(12,987,670)**
Investments impairment provision	(3,287,562)	-	(3,287,562)
Provision for doubtful debts	(2,000,000)	-	(2,000,000)
Other revenue	239,674	-	239,674
Net loss for the year before Zakat estimated	**(18,080,456)**	**44,898**	**(18,035,558)**
Zakat estimate	(2,141,297)	-	(2,141,297)
Net loss for the year	**(20,221,753)**	**44,898**	**(20,176,855)**
OTHER COMPREHENSIVE INCOME:			
Net change fair value investments	-	228,089	228,089
Actuarial gains End of service benefits	-	106,613	106,613
Total comprehensive income	-	**334,702**	**334,702**
Net comprehensive loss for the year	**(20,221,753)**	**379,600**	**(19,842,153)**

26-6 Notes to the reconciliation:

- Liabilities for end-of-service benefits International Accounting Standard No. 19 requires staff benefits to be assessed on an actuarial basis. The effect of this change in shareholders' equity is SAR 113,951 as at 31 December 2015 and SAR 106,613 as at 31 December 2016, respectively.

- Reconciliation related to Property, plant and equipments, The Accounting Standard No. 2 and The Accounting Standard No. 16 requires that inventory of spare parts used in production be recording as property, plant and equipments, which amounted SAR 690,527 as at 31 December 2015 and 31 December 2016, and its accumulated depreciation amounted SAR 75,834 as at 31 December 2015, and SAR 144,887 as at 31 December 2016.

- Reconciliation related to deferred expenses, International Accounting Standard No. 1 "Presentation of Financial Statements" requires to present the deferred expenses in the statement of comprehensive income, so it was recognized in the accumulated losses as at 31 December 2015 and 31 December 2016.

27. SEGMENT INFORMATION

The Company's operations are principally comprised of one operating segment, which is Manufacturing, producing and marketing food products as of the date of the accompanying financial statements. Accordingly, segment information is not applicable. Furthermore, Most of the Company's operations are conducted in Saudi Arabia.

28. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 8 Rajab 1439H (March 25, 2018).