



WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month and six-month period ended 30 June 2023

Together with The Independent Auditor's Review Report

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
And Independent Auditor's Review Report
FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2023

INDEX	PAGE
INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS	1
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	4
INTERIM CONDENSED STATEMENT OF CASH FLOWS	5
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	6 – 13

**PKF**Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE
INTERIM CONDENSED FINANCIAL STATEMENTS****TO THE SHAREHOLDERS OF WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY (1 /1)****INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of Wafrah for Industry and Development Company (the "Company") as at 30 June 2023 and the related interim statement of profit or loss and other comprehensive income, for the three-month and six-month periods then ended, and the interim statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard 34 - **"Interim Financial Reporting" ("IAS 34")** that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of 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 an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTER

The interim condensed financial statements of the Company for the three-month and six-month periods ended 30 June 2022, were reviewed by another auditor who expressed an unmodified opinion on those interim condensed financial statements on 14 August 2022. The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor, who expressed an unmodified opinion on those financial statements on 28 March 2023.

For Al-Bassam & Co.

Ibrahim Albassam
Certified Public Accountant
License No. 337

Riyadh: 04 Safar 1445 H
Corresponding to: 20August 2023

**RIYADH**

Tel: +966 11 206 5000 | P.O.Box 85604
Fax: +966 11 206 5444 | Riyadh 11657

JEDDAH

Tel: +966 12 650 5030 | P.O.Box 15657
Fax: +966 12 650 4194 | Jeddah 21134

AL KHOBAR

Tel: +966 13 830 1078 | P.O.Box 4826
Fax: +966 13 830 1048 | Al Khobar 31952

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As of 30 June 2023.

(All amounts in Saudi Arabian Riyals unless otherwise stated)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		80,294,918	82,983,772
Right-of-use assets		2,746,907	2,917,795
Intangible assets		445,817	548,038
Investments at fair value through other comprehensive income		500,360	438,672
Total Non-Current Assets		83,988,002	86,888,277
Current Assets			
Trade receivables, net		62,568,831	53,859,273
Inventory, net		23,805,563	20,704,936
Prepayments and other debit balances		34,942,832	20,842,273
Due from related parties		1,280,576	1,391,306
Financial assets at amortized cost – Term deposit	6/a	-	121,406,167
Cash and cash equivalents	7	-	5,914,288
Total Current Assets	8	113,728,899	224,118,243
TOTAL ASSETS		320,314,703	311,006,520
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	231,511,050	231,511,050
Fair value reserve		(755,339)	(817,027)
Actuarial reserve		699,805	699,805
Retained earnings / (losses)		486,628	(9,686,142)
TOTAL EQUITY		231,942,144	221,707,686
LIABILITIES			
Non-Current Liabilities			
Provision for loan guarantee - related party		2,540,938	2,540,938
Lease liability non-current portion		2,480,896	2,611,110
Employee defined benefits obligation		6,014,034	5,772,867
Total non-current liabilities		11,035,868	10,924,915
Current Liabilities			
Provision for loan guarantee - related party		4,177,540	4,177,540
Trade payables		23,640,809	23,461,342
Lease liability - current portion		485,088	485,088
Accrued expenses and other credit balances		8,643,228	7,150,501
Refunds obligation		1,200,964	441,186
Rights-issue and Shareholders' accruals		25,901,872	25,913,228
SIDF Loan – current portion	9	7,000,000	12,000,000
Zakat provision	11/1	6,287,190	4,745,034
Total Current Liabilities		77,336,691	78,373,919
TOTAL LIABILITIES		88,372,559	89,298,834
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		320,314,703	311,006,520

The accompanying notes from (1) to (18) are form integral part of these interim condensed financial statements.

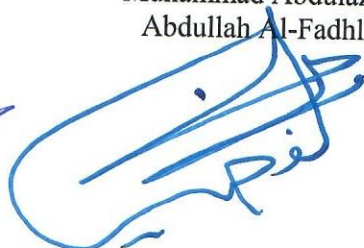
Chief Financial Officer

Ahmed Abdullah Saleh Al
Daham



Chief Executive Officer

Muhammad Abdulaziz
Abdullah Al-Fadhli



Managing Board Member

Maged Ibrahim Al-Otaibi



INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

	Note	For the three- months period ended 30 June		For the six-months period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
sales, net	14	39,527,080	32,997,048	78,301,263	67,558,647
Cost of sales		(24,989,910)	(20,095,275)	(50,891,424)	(41,515,731)
Gross profit		14,537,170	12,901,773	27,409,839	26,042,916
General and administrative expenses		(4,843,884)	(3,071,715)	(9,012,171)	(5,435,523)
Selling and marketing expenses		(5,145,734)	(3,571,135)	(9,560,463)	(7,224,528)
Operating income		4,547,552	6,258,923	8,837,205	13,382,865
Allowance for expected credit loss		(574,090)	(729,186)	(574,090)	(1,113,517)
Finance cost		(56,162)	(243,647)	(377,056)	(489,182)
Other income / (expenses)		1,880,313	7,663	3,934,912	(33,917)
Income for the period before zakat		5,797,613	5,293,753	11,820,971	11,746,249
Zakat charge	11/1	(1,248,201)	(270,289)	(1,648,201)	(570,289)
Income for the period		4,549,412	5,023,464	10,172,770	11,175,960
Items cannot be reclassified. to profit or loss in subsequent periods:					
change in investment at FVOCI		55,889	(172,939)	61,688	(191,919)
Total other comprehensive (loss) / income for the period		55,889	(172,939)	61,688	(191,919)
Total comprehensive income for the period		4,605,301	4,850,525	10,234,458	10,984,041
Basic and diluted earnings per share:					
Basic and diluted earnings per share	12	0,21	0,65	0,47	1,45

The accompanying notes from (1) to (18) are form an integral part of these interim condensed financial statements.

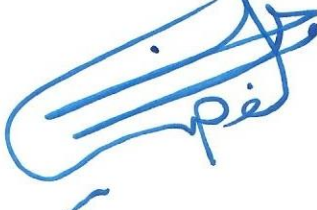
Chief Financial Officer

Ahmed Abdullah Saleh Al
Daham



Chief Executive Officer

Muhammad Abdulaziz
Abdullah Al-Fadhli



Managing Board Member

Maqed Ibrahim Al-Otaibi



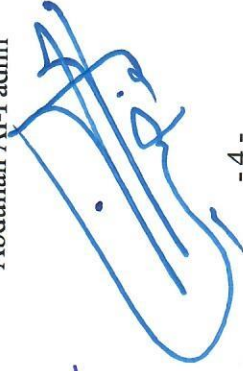
FRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
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ERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
THE SIX-MONTHS PERIOD ENDED 30 JUNE 2023
amounts in Saudi Arabian Riyals unless otherwise stated)

the six-months period ended 30 June 2022

	Share capital	FVOCI reserve for investments	Re-measurement Reserve for employee defined benefits	Retained earnings / (losses)	Total
nce on 1 January 2022 (Audited)	77,170,350	(531,258)	(33,914)	(23,745,401)	52,859,777
income for the period	-	-	-	11,175,960	11,175,960
r comprehensive loss for the period	-	(191,919)	-	-	(191,919)
l Other comprehensive income		(191,919)	-	11,175,960	10,984,041
nce as of 30 June 2022 (Unaudited)	77,170,350	(723,177)	(33,914)	(12,569,441)	63,843,818
the six months period ended in 30 June 2023					
nce on 1 January 2023 (Audited)	231,511,050	(817,027)	699,805	(9,686,142)	221,707,686
income for the period	-	-	-	10,172,770	10,172,770
r comprehensive income for the period	-	61,688	-	-	61,688
Other comprehensive income for the period	-	61,688	-	10,172,770	10,234,458
nce as of 30 June 2023 (Unaudited)	231,511,050	(755,339)	699,805	486,628	231,942,144

The accompanying notes from (1) to (18) are form an integral part of these interim condensed financial statements.

Chief Financial Officer	Chief Executive Officer	Managing Board Member
Ahmed Abdullah Saleh Al Daham	Muhammad Abdulaziz Abdullah Al-Fadhli	Maged Ibrahim Al-Otaibi


INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2023
(All amounts in Saudi Arabian Riyals unless otherwise stated)

	<u>Note</u>	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Income for the period before zakat		11,820,971	11,746,249
Adjustments for:			
Depreciation for the period		3,388,597	3,690,351
Amortization for Right of use Assets		155,258	208,304
Amortization for intangible assets		102,221	91,800
Allowance for expected crated loss		574,090	1,113,517
Refunds obligation		759,778	1,189,460
Finance cost		377,056	489,182
Employee defined benefits obligation Charged		445,541	398,939
		17,623,512	18,927,802
Changes in:			
Trade receivables		(9,172,918)	(19,163,540)
Inventory		(3,100,627)	(105,241)
Prepayments and other debit balances		(14,100,559)	(2,228,855)
Trade payables		179,467	1,832,045
Accrued expenses and other credit balances		1,492,727	794,724
Cash flows used in operating Activities		(7,078,398)	56,935
Zakat paid	11/1	(106,045)	(1,986,336)
Employee defined benefits obligation paid		(204,374)	(478,324)
Net cash flows used in operating activities		(7,388,817)	(2,407,725)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Proceeds from Financial assets at amortized Cost-time deposit		121,406,167	-
Paid for the purchase of property, plant and equipment		(684,112)	(604,558)
Cash flows generated from / (used in) investing activities		120,722,055	(604,558)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
Lease liabilities payments		(130,215)	(137,986)
Loan payments	9	(5,000,000)	-
Rights-issue and Shareholders' accruals		(11,356)	(275)
Finance cost paid		(377,056)	(489,182)
Cash flows used in financing activities		(5,518,627)	(627,443)
Change in cash and cash equivalents balances during the period		107,814,611	(3,639,726)
Cash and cash equivalents balances at beginning of the period		5,914,288	9,330,328
Cash and cash equivalents balances at end of the period		113,728,899	5,690,602
<u>Non-Cash Transactions</u>			
Net Change in Fair Value reserve		(61,688)	191,919
Transferred from due from related party to trade receivables		110,730	-
Additions in right-of-use assets		-	545,247

The accompanying notes from (1) to (18) are form an integral part of these interim condensed financial statements.

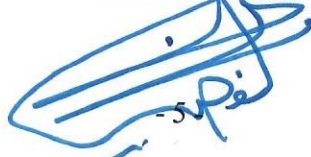
Chief Financial Officer

Ahmed Abdullah Saleh Al
Daham



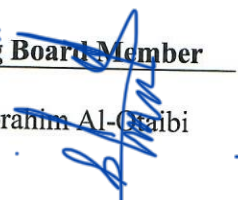
Chief Executive Officer

Muhammad Abdulaziz
Abdullah Al-Fadhli



Managing Board Member

Maged Ibranim Al-Gaibi



WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

1. ORGANIZATION AND ACTIVITY

Wafrah for Industry and Development Company is a Saudi Joint Stock Company founded under commercial registration No. 1010076996 issued in Riyadh dated 18 May 1990.

The share capital of the Company, amounting to SAR 200 million, consisting of 20 million shares of par value of SAR 10 each, during 2022, the Company's share capital was reduced by amortizing the accumulated losses to SAR 77,170,350 from 7,717,035 shares of SAR 10 each.

During 2022, the Company's share capital was increased via rights-issue to reach SAR 231,511,050 with total number of shares 23,151,105 shares of SAR 10 each.

The Company's activities are the production of fresh, chilled and frozen meat, 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 various kinds.

The Group's fiscal year starts at the beginning of January and ends at the end of December of the same year.

The accompanying interim condensed financial statements include the Company's accounts and branch's which are as follows:

Branch Name	CR No.	Activity
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. – Tabuk	3550151951	Shipping, storing and trading
Branch of Wafrah for Industry and Development	1011016029	Feed production
Branch of Wafrah for Industry and Development	1011016028	Drying and packing dates and Manufacture of their products
Wafrah for Industry and Development Co. – Khamis Mushait	5855339110	Marketing of the company's products.
Wafrah Food Factory- Riyadh	1010320953	Producing olive oil
Wafrah Pasta and Noodles Factory	1010320947	Manufacturing pasta of various kinds.
Wafrah Food Factory	1010320946	Manufacturing Foods from grains.
Wafrah Factory for Grain Products	1010320952	Manufacturing Foods from grains.
Wafrah Food Factory	1010320955	Producing frozen and Chilled meats
Wafrah Factory for Freezing Vegetables	1010320956	Manufacturing Pickles

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

2- Basis for preparation

2.1 The adopted Accounting Standards

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted in Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants. These interim condensed financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2022. These interim condensed financial statements do not include all of the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards, but accounting policies and accompanying notes have been included to explain important events and transactions to understand the changes in the financial position and financial performance of the company since the latest financial statements.

2.2 Bases of measurement

These interim condensed financial statements are prepared under historical cost method, except for the following certain items in the interim condensed balance sheet:

- Investments are measured at fair value through the statement of other comprehensive income.
- Employee end-of-service benefits are recognized at the present value of future obligations using projected credit unit method.

2.3 Functional and presentation currency:

The financial statements are presented in Saudi Arabian Riyals, which is the functional and presentation currency of the company. All amounts have been rounded off to the nearest SAR, unless otherwise stated.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are new standards and a number of amendments to the standards that are effective as of 1 January 2023, and they were clarified in the company's annual financial statements, but they do not have a material impact on the company's interim condensed financial statements.

3-1 Standards issued that have not yet been effective.

The following is a statement of the new standards and amendments to the standards applied for the years beginning on or after 1 January 2024.

3-1-1 IFRS Sustainability S1

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

3-1-2 IFRS Sustainability S2

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the preparation of these financial statements, management has made judgments and estimates that affect the application of accounting policies and the amounts reported for assets, liabilities, income, and expenses. The estimates and related assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant Judgements made by management in the application of the Group's accounting policies and the key sources of estimation uncertainty were similar to those disclosed in the latest annual financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparing the interim condensed financial statements are consistent with the policies applied in preparing the annual financial statements of the company for the year ended 31 December 2022.

6. RELATED PARTY TRANSACTIONS

Related party transactions are with the associate companies, non-executive board members, directors, and key management of the company, key management personnel are those who have authority and responsibility in directly or indirectly planning, managing and controlling the activities of the company, including directors

In its normal course of business, the company had the following significant transactions with main related parties during the period / year ended 30 June 2023, and 31 December 2022, the prices and terms of these transactions are also in line with the terms of the related party transactions.

6/a Due from related parties:

	Nature of relationship	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Premium Meat Company	Related Party	-	110,730
	Former Board Member		
Rakha for Agricultural Investment and development Company	Associate company	1,280,576	1,280,576
		1,280,576	1,391,306

6/b Benefits, remunerations and compensations to key management and executives

	30 June 2023 (Unaudited)		30 June 2022 (Unaudited)	
	Board members and related committees	Executive management	Board members and related committees	Executive management
Remunerations for board members and related committees	1,870,000	18,000	-	81,875
Allowances for board and committees attendance	162,000	-	111,000	-
Salaries, wages and equivalents	599,092	1,419,119	357,275	1,089,845
Accrued employee benefits obligations	19,062	60,511	29,773	68,151

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****(All amounts in Saudi Arabian Riyals unless otherwise stated)****7- Financial Assets at amortized cost – term deposit**

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Murabaha Deposit	-	120,000,000
Accrued Commission of Murabaha Deposit	-	1,406,167
	<u> </u>	<u>121,406,167</u>

The profit rate on the Murabaha deposits listed above is 3.85%, and the original maturity of the Murabaha deposits is within a period of less than 12 months and more than three months.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance in the beginning period/year	121,406,167	-
Addition murabaha within period/year	100,000,000	120,000,000
Collected within period/year	(121,406,167)	-
Accrued Commission of murabaha deposit within period/year	1,300,513	1,406,167
	<u>101,300,513</u>	<u>121,406,167</u>

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Short-term Murabaha with an original maturity not more than three months*	101,300,513	-
Short-term Murabaha with an original maturity less than three months	-	121,406,167

* Short-term Murabaha has been classified into cash and the like, as its original maturity period does not exceed three months, note No. 8.

8. Cash and Cash equivalent

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Short-term Murabaha with an original maturity not more than three months (8/1)	101,300,513	-
Cash at banks	12,326,357	5,867,428
Cash on hand	102,029	46,860
	<u>113,728,899</u>	<u>5,914,288</u>

8/1 The Murabaha listed above represents short-term Murabaha kept with local commercial banks, with an original maturity period not exceeding three months, and an interest rate of 5.80%.

9. SIDF LOAN

The Company obtained a long-term loan from the Saudi Industrial Development Fund on May 9, 2012, for the purpose of financing the project to establish and expand a factory for the production of frozen vegetables and potatoes. The total approved loan facility amounted to SAR 34,000,000. The loan is repaid over a period of six years in semi-annual instalments, starting from August 1, 2015. In 2016, the loan was rescheduled, with the first payment due after rescheduling on January 2, 2019. As of December 31, 2020, the total value of the loan was SAR 28,000,000. In 2019, the loan was rescheduled, with the first payment due after rescheduling on December 1, 2020, and it was not paid. As of December 31, 2020, the total value of the loan was SAR 28,000,000. In 2021, SAR 2,500,000 was paid, and in 2022, SAR 13,500,000 was paid. As of June 30, 2023, the balance of the loan is SAR 7,000,000. The loan is secured by the mortgage of both the food factory for the production of meat and the food factory for the freezing of vegetables in favour of the Fund as a guarantee for the loan. The loan agreement contains commitments, including, among other things, to limit future capital expenditures to maintain certain financial ratios.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

9. SIDF LOAN (Continued)

Movement in SIDF loan during the period / year is as follow:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance on 1 January	12,000,000	25,500,000
Payments during the period / year	(5,000,000)	(13,500,000)
Balance as at end of the period / year	7,000,000	12,000,000

10. SHARE CAPITAL

Company's Authorized and paid-up capital amounted to SAR 231,511,050 As of 30 June 2023 (31 December 2022: SAR 231,511,050), divided into 23,151,105 shares (31 December 2022: 23,151,105 shares) of SAR 10 each.

11. ZAKAT PROVISION

11.1 Movement in zakat

Movement in zakat provision is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	4,745,034	4,714,993
Charge for the period / year	1,648,201	2,016,088
Zakat settlements	-	289
Paid during the period / year	(106,045)	(1,986,336)
Balance at end of the period / year	6,287,190	4,745,034

11.2 Zakat status

The Company submitted its returns to the General Authority of Zakat and Income Tax ("ZATCA") until the year ended December 31, 2022, and the Company obtained a certificate from ZATCA valid until 21 Shawwal 1445 AH corresponding to April 30, 2024.

In 2018, ZATCA issued initial assessments for the years 2008 to 2011. Based on these assessments, the Company objected to them and received an amended Zakat assessment, which resulted in Zakat differences of SAR 4,021,425. The Zakat differences were recognized as a provision for estimated Zakat for the year 2018.

In 2020, ZATCA issued initial assessments for the years 2014 to 2018. Based on these assessments, the Company objected to them and received an amended Zakat assessment, which resulted in Zakat differences of SAR 3,582,039. The Company objected to the amended Zakat assessment and received an amended Zakat assessment of SAR 2,728,946. The Company then objected to this amended assessment and submitted a lawsuit to the General Secretariat of Tax Committees "The Primary Committee for the Settlement of Tax Violations and Disputes". The Committee issued a decision and the Company filed an appeal for the years 2014 to 2018. The date of the hearing has not yet been set by the Secretariat. The Zakat differences were recognized as a provision for Zakat for the year 2022.

In 2021, ZATCA issued a Zakat assessment for the years 2019 to 2020, which resulted in Zakat differences of SAR 483,478. The differences were paid within the same year.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

12. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the company's income for the period by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share is the same as basic earnings per share as the company has no diluted instruments.

The following table reflects the income and share data used for basic and diluted earnings per share calculations:

	For the three- months period ended 30 June		For the six-months period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Income for the period	4,549,412	5,023,464	10,172,770	11,175,960
Weighted average number of ordinary shares outstanding for basic & diluted EPS	21,671,126	7,717,053	21,671,126	7,717,053
Basic and diluted earnings per share	0.21	0.65	0.47	1.45

The weighted average number of shares for the periods ended 30 June 2023 and 30 June 2022 was obtained in accordance with the requirements of IAS 33 "Earnings per Share".

13. CONTINGENCIES AND COMMITMENTS

A. Contingent liabilities

The Company has no potential liabilities as of June 30, 2023.

B. Capital commitments

The Company's capital commitments as of June 30, 2023, amounted to SAR 37.5 million, which represents the purchase of new production lines, machines, and equipment.

14. SEGMENT INFORMATION

The main activity of the company consists of segments that include the segment of manufacturing and selling pastries of various kinds, as well as the segment of selling vegetables, as well as the segment of manufacturing breakfast cereals, in addition to the segment of manufacturing and selling meat products. The company operates in the Kingdom of Saudi Arabia.

The following is financial information in detail by segments:

Statement of profit and loss for the period ended 30 June 2023 (Unaudited)

Income Statement Items	Pastries Segment	Vegetables Segment	Breakfast Cereals Segment	Meat Products Segment	Total
Sales, net	21,995,428	50,473,286	1,962,746	3,869,803	78,301,263
Cost of sales	(13,208,035)	(32,319,493)	(1,749,787)	(3,614,109)	(50,891,424)
Gross profit	8,787,393	18,153,793	212,959	255,694	27,409,839
Administrative and general expenses	(2,531,588)	(5,809,279)	(225,905)	(445,399)	(9,012,171)
Selling and marketing expenses	(2,652,343)	(6,204,795)	(236,680)	(466,645)	(9,560,463)
Operating income / (loss)	3,603,462	6,139,719	(249,626)	(656,350)	8,837,205
Provision ECL	(161,266)	(370,061)	(14,390)	(28,373)	(574,090)
Finance cost	(104,607)	(244,711)	(9,334)	(18,404)	(377,056)
Other income	1,091,657	2,553,780	97,413	192,062	3,934,912
Income for the period before zakat	4,429,246	8,078,727	(175,937)	(511,065)	11,820,971
Zakat	(462,992)	(1,062,437)	(41,315)	(81,457)	(1,648,201)
Income for the period	3,966,254	7,016,290	(217,252)	(592,522)	10,172,770

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

14. SEGMENT INFORMATION (CONTINUED)

Statement profit and loss for the period ended 30 June 2022 (Unaudited)

<u>Income Statement Items</u>	<u>Pastries Segment</u>	<u>Vegetables Segment</u>	<u>Breakfast Cereals Segment</u>	<u>Meat Products Segment</u>	<u>Total</u>
Sales, net	20,404,258	42,244,563	1,214,649	3,695,177	67,558,647
Cost of sales	(9,958,284)	(19,375,508)	(3,321,243)	(8,860,696)	(41,515,731)
Gross profit	10,445,974	22,869,055	(2,106,594)	(5,165,519)	26,042,916
Administrative and general expenses	(1,303,807)	(2,536,774)	(434,840)	(1,160,102)	(5,435,523)
Selling and marketing expenses	(1,732,931)	(3,371,708)	(577,959)	(1,541,930)	(7,224,528)
Operating income / (loss)	7,409,236	16,960,573	(3,119,393)	(7,867,551)	13,382,865
Allowance for ECL	(267,097)	(519,682)	(89,080)	(237,658)	(1,113,517)
Finance cost	(117,339)	(228,302)	(39,135)	(104,406)	(489,182)
Other Income	(8,136)	(15,829)	(2,713)	(7,239)	(33,917)
Income for the period before zakat	7,016,664	16,196,760	(3,250,321)	(8,216,854)	11,746,249
Zakat	(136,794)	(266,155)	(45,623)	(121,717)	(570,289)
Income for the period	6,879,870	15,930,605	(3,295,944)	(8,338,571)	11,175,960

- Due to the nature of the Company's activities and its management structure, it is practically impossible to allocate the items of assets and liabilities to the different operating segments.

15. FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The principal or most advantageous market must be accessible by the company.

The fair value of an asset or liability is measured using the assumptions that market parties use when pricing the asset or liability, assuming that market parties act in their best economic interests.

The measurement of the fair value of a non-financial asset takes into account the ability of market participants to provide economic benefits by using the asset in its best use or by selling it to another market participant to use it in its best use.

The Group uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs substantially.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the interim condensed financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1: prices that are quoted in active markets for identical assets or liabilities.
- Level 2: other valuation techniques in which the lowest level of significant inputs is directly or indirectly observable to the fair value measurement.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(All amounts in Saudi Arabian Riyals unless otherwise stated)

15. FAIR VALUE (Continued)

- Level 3: Other valuation techniques in which the lowest level inputs that are significant are not observable to the fair value measurement.

For assets and liabilities recognized in the financial statements on an ongoing basis, the company determines whether transfers have occurred between levels of the hierarchy above by reassessing categorization (based on the lowest level inputs that are significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amount of financial assets that cannot be measured at fair value approximates its fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

All financial assets and liabilities are measured at amortized cost except for investments carried at FVTPL. The carrying amount of all other financial assets and liabilities measured at amortized cost approximates their fair values.

As of 30 June 2023	Fair Value Level			Total
	1	2	3	
Financial assets at FVOCI	500,360	-	-	500,360

As of 31 December 2022	Fair Value Level			Total
	1	2	3	
Financial assets at FVOCI	438,672	-	-	438,672

16. Comparative figures

During the period ending on June 30, 2023, the Company has reclassified certain balances as shown below, which management considers to be a more accurate presentation and reflects the relevant nature.

16.1 Balances of the statement of financial position that have been reclassified

	31 December 2023 Before reclassification Saudi riyal	Balance which reclassified Saudi riyal	31 December 2023 After reclassification Saudi riyal
Cash and Cash equivalent	125,914,288	(120,000,000)	5,914,288
Financial assets at amortized cost – term Deposit	-	121,406,167	121,406,167
Prepayments and other debit balances	22,248,440	(1,406,167)	20,842,273

16.2 The statement of cash flow amounts that have been reclassified

	30 June 2022 Before reclassification Saudi riyal	Balance which reclassified Saudi riyal	30 June 2022 After reclassification Saudi riyal
Net Cashflow from Operating Activities	(2,896,907)	489,182	(2,407,725)
Net cashflow from investment activities	(1,149,805)	545,247	(604,558)
Net cashflow from(used) financing activities	406,986	(1,034,429)	(627,443)

17. SUBSEQUENT EVENTS

There have been no significant subsequent events since the end of the period that would require disclosure or adjustment to these condensed interim financial statements.

18. DATE OF FINANCIAL STATEMENTS APPROVAL

The interim condensed financial statements have been approved for issuance by the Board of Directors on 25 Muharam 1445 H corresponding to 12 August 2023.