

**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
SAUDI JOINT STOCK COMPANY
CONDENSED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2022**

**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
SAUDI JOINT STOCK COMPANY**

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022**

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

To the Shareholders of Wafrah Company for Industry and Development
(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of Wafrah Company for Industry and Development (A Saudi joint stock company) (the "Company") as of 30 September 2022 and the related condensed interim statements of comprehensive income, changes of shareholders' equity and cash flows for the three-month and nine-month periods then ended, and a summary of significant accounting policies and other explanatory notes.

The Company's management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard No.34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review:

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

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of 30 September 2022 are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 endorsed in the Kingdom of Saudi Arabia.

Al-Kharashi & Co.



Abdullah S. AL-Msnad
Certified Public Accountant
License No. 456



Riyadh at:

8 Rabi' al-Thani 1444H

2 November 2022

WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2022
(Saudi Riyals)

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-Current Assets:			
Property, plant and equipment, net		83,975,177	88,629,802
Right of use assets, net		2,569,524	2,384,268
Intangible assets, net		583,520	721,220
Equity investment designated at fair value through other comprehensive income		488,233	724,441
Total non-current assets		87,616,454	92,459,731
Current Assets:			
Inventory, net		17,737,766	15,250,921
Due from a related party	7	1,391,306	1,391,306
Prepayments and other receivables, net		11,552,516	5,703,185
Accounts receivable, net		36,536,962	18,910,797
Cash and cash equivalents		158,370,327	9,330,328
Total current assets		225,588,877	50,586,537
Total assets		313,205,331	143,046,268
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity:			
Share capital paid	8	231,511,050	77,170,350
Fair value reserve of equity investment designated through other comprehensive income		(767,466)	(531,258)
Re-measurement reserve of Employees' defined benefits liabilities		(33,914)	(33,914)
Accumulated losses		(14,485,661)	(23,745,401)
Total shareholders' equity		216,224,009	52,859,777
LIABILITIES			
Non-Current Liabilities:			
loan guarantee provision - related party		3,600,281	4,050,345
long-term government loan	9	-	6,000,000
Long-term lease liabilities		2,683,327	2,128,422
Employees' defined benefits liabilities		7,114,635	7,036,000
Total non-current liabilities		13,398,243	19,214,767
Current Liabilities:			
Loan guarantee provision - related party		3,118,197	3,150,245
Accounts payable		23,907,342	33,539,153
Lease liabilities		230,448	477,232
Accrued expenses and other payables		6,883,046	7,076,006
Shareholders' dues		25,930,608	1,193,417
Current portion of government loan	9	17,500,000	19,500,000
Sales provisions	10	2,514,492	1,320,678
Zakat provision		3,498,946	4,714,993
Total current liabilities		83,583,079	70,971,724
Total liabilities		96,981,322	90,186,491
Total shareholders' equity and liabilities		313,205,331	143,046,268


Financial Manager


CEO


Authorized Board of directors Member

The accompanying notes are integrated part of these condensed interim financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(Saudi Riyals)

	Note	For the three-period ended 30 September		For the nine-period ended 30 September	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Sales, net	11	28,881,635	15,970,159	96,440,282	52,688,084
Cost of sales		(19,322,654)	(14,633,609)	(60,838,385)	(42,006,763)
Gross profit		9,558,981	1,336,550	35,601,897	10,681,321
General and administrative expenses		(3,367,572)	(2,660,437)	(8,803,095)	(7,519,155)
Selling and marketing expenses		(3,679,363)	(2,597,507)	(10,903,891)	(9,354,429)
Profit / (loss) from main operation		2,512,046	(3,921,394)	15,894,911	(6,192,263)
Provision for expected credit loss		-	-	(1,113,517)	(387,689)
Reversal of unnecessary expected credit loss provision		-	118,160	-	118,160
Impairment of property, plant and equipment		-	-	-	(468,578)
Reversal of unnecessary spare parts provision		-	761,698	-	761,698
Reversal of loan guarantee provision - related party		482,112	-	482,112	-
Finance cost		(252,445)	(42,225)	(741,627)	(126,674)
Other income		474,966	1,547,266	441,049	2,372,506
Profit / (loss) for the period before zakat		3,216,679	(1,536,495)	14,962,928	(3,922,840)
Zakat		(200,000)	(195,463)	(770,289)	(595,463)
Profit / (loss) for the period		3,016,679	(1,731,958)	14,192,639	(4,518,303)
Other comprehensive income					
For the period:					
Items that will not be reclassified to Profit or loss in subsequent periods:					
Net unrealized (loss) / gain from revaluation equity investment designated at fair value through other comprehensive income		(44,289)	(14,763)	(236,208)	76,978
Actuarial loss of remeasurement of defined employees' benefit		-	(10,440)	-	(10,440)
Other comprehensive income / (loss) for the period		(44,289)	(25,203)	(236,208)	66,538
Total comprehensive income / (loss) for the period		2,972,390	(1,757,161)	13,956,431	(4,451,765)
Basic and diluted profit / (Loss) per share:					
Net profit / (loss) per share of main operating	12	0.25	(0.40)	1.60	(0.62)
Basic and diluted profit / (loss) per share	12	0.30	(0.17)	1.43	(0.46)


Financial Manager


CEO


Authorized Board of directors member

The accompanying notes are integrated part of these condensed interim financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(Saudi Riyals)

	Share capital	Fair value reserve of equity investment designated through other comprehensive income	Re-measurement reserve of Employees' defined benefits liabilities	Accumulated losses	Total
Balance at 1 January 2021 (Audited)	77,170,350	(581,873)	(1,428,717)	(12,814,814)	62,344,946
Loss for the period	-	-	-	(4,518,303)	(4,518,303)
Other comprehensive income	-	76,978	(10,440)	-	66,538
Total other comprehensive loss for the period	-	76,978	(10,440)	(4,518,303)	(4,451,765)
Balance at 30 September 2021 (Unaudited)	77,170,350	(504,895)	(1,439,157)	(17,333,117)	57,893,181
Balance at 1 January 2022 (Audited)	77,170,350	(531,258)	(33,914)	(23,745,401)	52,859,777
Profit for the period	-	-	-	14,192,639	14,192,639
Other comprehensive loss for the period	-	(236,208)	-	-	(236,208)
Total other comprehensive loss / (income) for the period	-	(236,208)	-	14,192,639	13,956,431
Capital increase via rights shares issue	154,340,700	-	-	-	154,340,700
Rights shares issue cost	-	-	-	(4,932,899)	(4,932,899)
Balance at 30 September 2022 (Unaudited)	231,511,050	(767,466)	(33,914)	(14,485,661)	216,224,009


Financial Manager


CEO


Authorized Board of directors Member

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WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022
(Saudi Riyals)

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Cash flows from operating activities:		
Profit / (loss) before zakat	14,962,928	(3,922,840)
Adjustments to:		
Depreciation of property, plants and equipment and right of use assets	5,768,381	6,142,372
Impairment of property, plants and equipment	-	468,578
Amortization of intangible assets	137,700	127,281
Provision for expected credit losses	1,113,519	269,529
Reversal of unnecessary spare parts provision	-	(761,698)
Finance cost	-	126,674
Employees' defined benefits liabilities cost	596,294	675,814
Gain on sale of property, plant and equipment	-	(761,590)
Gain on sale of investments	-	(47,176)
	22,578,822	2,316,944
Changes in working capital:		
Accounts receivable	(18,739,684)	(1,520,999)
Inventory	(2,486,845)	5,727,111
Prepayments and other receivables	(5,849,331)	(2,058,445)
Accounts payable	(9,631,811)	3,864,258
Sales Provision	1,193,814	163,324
Accrued expenses and other payables	(192,960)	367,384
Cash flows (used in) / generated from operating activities	(13,127,995)	8,859,577
Zakat paid	(1,986,336)	(3,663,328)
Employees' defined benefits liabilities paid	(517,659)	(668,602)
Net cash (used in) / generated from operating activities	(15,631,990)	4,527,647
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment	(753,765)	(926,168)
Proceeds on disposal of investment property	-	10,500,000
Proceeds on disposal of property, plant and equipment	-	857,330
Changes in right to use assets	(545,247)	-
Net cash (used in) / generated from investing activities	(1,299,012)	10,431,162
Cash flows from financing activities:		
lease liabilities paid	308,121	(356,495)
Loan guarantee provision - related party	(482,112)	(1,000,000)
Government loan payments	(8,000,000)	-
Shareholders' dues	24,737,191	(1,200)
Net proceeds from capital increase	149,407,801	-
Net cash generated / (used in) financing activities	165,971,001	(1,357,695)
Net change in cash and cash equivalent during the period	149,039,999	13,601,114
Cash and cash equivalents at beginning of the period	9,330,328	2,391,880
Cash and cash equivalents at end of the period	158,370,327	15,992,994


Financial Manager


CEO


Authorized Board of directors Member

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WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(Saudi Riyals)

1. ACTIVITIES

Wafrah Company for Industry and Development is a Saudi Joint Stock Company founded according to the commercial registration No. 1010076996 issued in Riyadh dated 24/10/1410H (corresponding to 18/05/1990).

The paid-up capital of the Company is SR 200 million comprising of 20 million shares, each of SR 10. During the year 2020, the Company's capital was reduced by amortizing the accumulated losses to SR 77,170,350 from 7,717,035 shares, each of SR 10.

During the year 2022 the Company's capital was increased via rights shares issue amounted to SR 231,511,050 with number of shares 23,151,105 shares, each of SR 10.

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

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

<u>Branch Name</u>	<u>Commercial Registration No.</u>	<u>Activity</u>
Wafrah for Industry and Development CO. – Jeddah	4030108227	Marketing of the company's products
Wafrah for Industry and Development CO. – Dammam	2050028895	wholesale of food and beverages
Wafrah for Industry and Development CO. – Khamis Mushait	5855339110	Marketing of the company's products
Wafrah factory for pasta and noodles	1010320947	Macaroni industry of all kinds
Branch of Wafrah for Industry and Development	1011016029	Feed production
Wafrah food factory	1010320946	Foods industry from the grain
Wafrah factory for grain products	1010320952	Foods industry from the grain
Wafrah food factory	1010320955	Chilled and frozen meat production
Wafrah factory for freezing vegetables	1010320956	Pickles and industry
Branch of Wafrah for Industry and Development	1011016028	Dates drying and packing and Manufacture of their products

The Company's financial year begins at the beginning of each January of each year and ends in December of each year.

The Company's head office located in the third industrial area - Riyadh, Kingdom of Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance:

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization of Certified Public Accountants (SOCPA) and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2021 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements, however; accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation:

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

- Equity investments is measured at condensed interim statement of comprehensive income.
- The Company's net obligation in respect of defined benefit plans is calculated separately for each individual plan by estimating amount of future benefits that employees have earned in the current and prior periods, deducting this amount and deducting the fair value of the plan assets.
- The defined benefit obligation is calculated annually by a qualified actuary using the unit method. When the results of the calculation lead to the emergence of potential assets of the company. The credit expected assets recognized are limited to the present value of the economic benefits available in the form of future refunds from the program or in the form of a reduction in future contributions to the program. For the purpose of calculating the present value of economic benefits, the applicable minimum financing requirements are considered.

2.3 Functional and presentation currency:

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

3. Use of Judgments and Estimates

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements that ended on 31 December 2021.

4. Going concern:

The company achieved accumulated gain amounting to 14,192,639 Saudi riyals as on September 30, 2022, which resulted in a decrease in the accumulated losses to be 14,485,661 as of 30 September 2022. The management conducted an assessment of the company's ability to continue as an existing facility at 31 December 2021, and came to the conviction that the company has the necessary resources to continue operating in the foreseeable future for a period of not less than 5 years from the date of approval of the financial statements ended in 31 December 2021. Therefore, these financial statements have been prepared on going concern basis.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these condensed interim financial statements are the same as those applied to the last year's financial statements as in the year ended 31 December 2021.

New standards and amendments to standards and interpretations

No new standards have been issued. However, a number of amendments to the standards are in effect as of 1 January 2022 and are shown in the financial statement ended in 31 December 2021, but they have no material impact on the Company's condensed interim financial statements.

6. STATUTORY RESERVE

in accordance with the companies law in the Kingdom of Saudi Arabia and Articles of Association require that 10% of the annual net profit be transferred to the statutory reserve and this transfer shall continue until this reserve reaches 30% of the capital. This reserve is not distributable as dividends.

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

7. RELATED PARTIES TRANSACTION

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

During the normal course of its operations, the Company had the following significant transactions with related parties during the year ended 30 September 2022 and December 2021 along with their balances:

<u>Name of the company</u>	<u>Nature of transaction</u>	<u>Transaction amount</u>	
		<u>30 September 2022</u> <u>(Unaudited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
Rakhaa Agricultural Investment and Development Company	Financing	-	555,000
Premium Meat Company	Sales	-	756,839
Premium Meat Company	Purchases	-	646,109

Due from related parties consists of the following:

<u>Name of the company</u>	<u>Type of relation</u>	<u>Balance as of</u>	
		<u>30 September 2022</u> <u>(Unaudited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
Rakhaa Agricultural Investment and Development Company	Sister Company	1,280,576	1,280,576
Premium Meat Company	A related party of a board of directors member*	110,730	110,730
		<u>1,391,306</u>	<u>1,391,306</u>

* On The 11 March 2021 the board member resigned.

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

<u>Non-executive board members and senior management personnel</u>	<u>30 September 2022</u> <u>(Unaudited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
Salaries and compensation	1,897,800	1,730,586
Allowances	604,350	532,840
Annual incentives	81,875	29,975
	<u>2,584,025</u>	<u>2,293,401</u>

8. CAPITAL INCREASE

- On 22 May 2021, the Company's Board of Directors issued a recommendation to increase the Company's Capital via right issue shares amounting to SAR 154,340,700 and the Company appointed an issuer to manage the increase.
- On 4 April 2022 the CMA has approved the capital increase request via right shares issue of SR 154,340,700.

8. CAPITAL INCREASE (CONTINUED)

- On 14 June 2022 (Corresponding to 15 Dhu al-Qi'dah 1443 H), the extraordinary General Assembly has approved the Board of Directors recommendation to increase the capital 200% via rights shares issue based on 2 rights per each owned share, and thus the number of shares after increase will be 23,151,105 shares amounting to SR 231,511,050 subsequent to issue 15,434,070 shares of SR 10 per share with total of SR 154,340,700. The rights shares issue cost amounted to SR 4,932,899 added to the accumulated losses as on 30 September 2022. The capital increase is to expanding the company's operations, upgrading production lines and properly utilize the brands to cover the kingdom territories.
- On 17 July 2022, the subscription was fully completed with total new shares of 12,009,112 shares pertains to old shareholders (77.81%) and 3,424,958 shares pertains to new shareholders (22.19%).
- On 9 August 2022, the company's share capital was amended, and new CR was issued with new capital of SR 231,511,050.
- On 10 August 2022, the capital increases proceeds were received and deposited in the Company's bank account by the lead manager.

9. LONG TERM GOVERNMENT LOAN

The company obtained a long-term loan from the Saudi Industrial Development Fund on 9 May 2012 in order to finance the establishment and expansion of frozen vegetables and potatoes production plant, the total of the approved facilitate loan amounted to SR 34,000,000. The loan is to be paid over a period of six-years and the semi-annual installments start from 1 August 2015, and during 2016, the loan was rescheduled, with the first installment due after the rescheduling on 2 January 2018. This amount was paid in SAR 1,000,000 in 2015, SAR 1,500,000 in 2016, and 3,500,000 Saudi riyals in 2018, so the total value of the loan as of 31 December 2019, the amount of 28,000,000 Saudi riyals. During 2019, the loan was rescheduled, with the first installment due after the rescheduling on 1 December 2020. During 2021, the amount of SAR 2,500,000 was paid and the amount of SAR 8,000,000 in 2022. So the total value of the loan as of 30 September 2022 the amount of 17,500,000 Saudi riyals. The loan is secured by mortgaging the entire food plant to fully produce the meat and the food plant to completely freeze the vegetables in favor of the fund as collateral for the loan. The loan agreement contains pledges that include, among other things, reducing future capital expenditures to maintain certain financial ratios.

The Saudi Industrial Development Fund loan movement during the period / year represents as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	25,500,000	28,000,000
Paid during the period / year	(8,000,000)	(2,500,000)
Balance at ending of the period / year	17,500,000	25,500,000
The loan has been reclassified with rescheduled as follows		
Long-term government loan - Current portion	17,500,000	19,500,000
Long-term government loan - Non-current portion	-	6,000,000
	17,500,000	25,500,000

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(Saudi Riyals)

10. SALES PROVISIONS

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<u>Sales discount:</u>		
Balance at beginning of the period / year	739,349	784,627
Additions during the period / year	2,147,157	6,563,587
Adjustments during the period / year	(1,092,014)	(6,608,865)
Balance at end of the period / year	1,794,492	739,349
<u>Sales returns:</u>		
Balance at beginning of the period / year	581,329	900,079
Additions during the period / year	138,671	1,634,433
Adjustments during the period / year	-	(1,953,183)
Balance at end of the period / year	720,000	581,329
	2,514,492	1,320,678

11. SALES, NET

	For the three-period ended 30 September		For the nine-period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Sales of pastry factory	9,161,089	4,791,252	32,592,059	21,137,915
Sales of vegetables factory	17,025,393	10,220,609	59,946,825	28,282,815
Sales of food and meet factory	2,179,264	1,899,798	6,765,106	7,955,587
Sales of Breakfast cereals factory	1,402,978	418,777	2,835,624	1,807,048
Total	29,768,724	17,330,436	102,139,614	59,183,365
Deduct: Sales discount	-	(1,170,466)	(2,660,225)	(5,084,803)
Deduct: Sales return	(887,089)	(189,811)	(3,039,107)	(1,410,478)
Net	28,881,635	15,970,159	96,440,282	52,688,084

12. EARNINGS / (LOSS) PER BASIC AND DILUTED SHARE

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

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

	For the three-period ended 30 September		For the nine-period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Profit / (loss) for the period	3,016,679	(1,731,958)	14,192,639	(4,518,303)
Weighted average number of ordinary share outstanding for basic and diluted shares	9,915,861	9,915,861	9,915,861	9,915,861
Profit / (loss) per share - basic and diluted	0.30	(0.17)	1.43	(0.46)
Net profit / (loss) from the main operation	2,512,046	(3,921,394)	15,894,911	(6,192,263)
Weighted average number of ordinary share outstanding for basic and diluted shares	9,915,861	9,915,861	9,915,861	9,915,861
Profit / (loss) per share from main operation	0.25	(0.40)	1.60	(0.62)

The weighted average number of shares was reached by to comply with the requirements of IAS 33.

13. FINANCIAL INSTRUMENTS

Fair value measurement

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

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

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

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

Fair value levels

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

30 September 2022	Amount	Level 1	Level 2	Level 3
Equity investment designated at fair value through other comprehensive income	488,233	488,233	-	-
31 December 2021				
Equity investment designated at fair value through other comprehensive income	724,441	724,441	-	-

Transfers between Levels 1 & 2

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

Risk management

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

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

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

Risk management framework

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

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

13. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

Credit risk

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

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

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

Liquidity risk

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

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

Market risk

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

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

Currency risk

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

Capital Management

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

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13. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

14. SEGMENT INFORMATION

The Company's operations are principally comprised of four operating segment (manufacturing, producing and marketing frozen potatoes slides, manufacturing, producing and marketing all kind of macaroni, manufacturing, producing and marketing meat products and manufacturing, producing and marketing breakfast beans). Following is the segments financial statements as of 30 September 2022:-

Profit and loss items	Pasta sector	Vegetable sector	Breakfast beans sector	Meat products sector	Total
Sales, Net	29,414,505	58,525,157	2,612,665	5,887,955	96,440,282
Cost of Sales	(14,601,212)	(28,594,042)	(4,867,071)	(12,776,060)	(60,838,385)
Gross profit / (loss)	14,813,293	29,931,115	(2,254,406)	(6,888,105)	35,601,897
Administrative and General expenses	(2,112,743)	(4,137,454)	(704,248)	(1,848,650)	(8,803,095)
Selling and marketing expenses	(2,616,934)	(5,124,829)	(872,311)	(2,289,817)	(10,903,891)
Profit / (loss) from the main operation	10,083,616	20,668,832	(3,830,965)	(11,026,572)	15,894,911
Provision for expected credit losses	(267,244)	(523,353)	(89,081)	(233,839)	(1,113,517)
Reversal of unnecessary loan guarantee	115,707	226,592	38,569	101,244	482,112
Finance charges	(92,640)	(181,420)	(30,880)	(81,060)	(386,000)
Finance cost	(85,350)	(167,145)	(28,450)	(74,682)	(355,627)
Other Income	105,852	207,293	35,284	92,620	441,049
Profit / (loss) for the period before Zakat	9,859,941	20,230,799	(3,905,523)	(11,222,289)	14,962,928
Zakat	(184,869)	(362,036)	(61,623)	(161,761)	(770,289)
Profit / (loss) for the year	9,675,072	19,868,763	(3,967,146)	(11,384,050)	14,192,639

15. INTERIM RESULTS

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

16. COMPARATIVE NUMBERS

The comparative figures for the previous period ended 30 September 2021 have been modified to correspond with the figures of the current period.

17. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by The Board of Directors for the three and nine-month periods ended 30 September 2022 on 8 Rabi' al-Thani 1444H (corresponding to 2 November 2022).