

**Wafrah Company for Industry and Development
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX-MONTHS PERIOD
ENDED 30 JUNE 2022**

Wafrah Company for Industry and Development
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Wafrah Company for Industry and Development (A Saudi joint stock company) (the "Company") as at June 30, 2022, and the related interim condensed statements of comprehensive income, changes of shareholders' equity and cash flows for the three-month and six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and presentation of these Interim condensed 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 interim condensed consolidated 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 interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 endorsed in the Kingdom of Saudi Arabia.

Material Uncertainty Related to Going Concern:

We would like to draw attention to Note No. (4) of the attached interim condensed financial statements, which indicates that the Company has achieved accumulated losses amounting to SAR 12,569,441 as of June 30, 2022, and the Company's current liabilities exceeded its current assets by SAR 12,365,433 on that date, and these circumstances indicate the existence of a material uncertainty, that may cast significant doubt on the Company's ability to continue as a going concern, and our conclusion has not been modified in this respect.

Al-Kharashi & Co.



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



Riyadh at:
 August 14, 2022
 Muharram 16, 1444H

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

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment's, net		85,544,009	88,629,802
Right of use Assets, net		2,721,211	2,384,268
Intangible Assets, net		629,420	721,220
Investments at fair value through other comprehensive income		532,522	724,441
TOTAL NON-CURRENT ASSETS		89,427,162	92,459,731
CURRENT ASSETS			
Accounts receivable, net		36,960,818	18,910,797
Inventory, net		15,356,162	15,250,921
Prepayments and other receivables, net		7,932,040	5,703,185
Due From Related Party	5	1,391,306	1,391,306
Cash and cash equivalents		5,690,602	9,330,328
TOTAL CURRENT ASSETS		67,330,928	50,586,537
TOTAL ASSETS		156,758,090	143,046,268
SHAREHOLDERS' EQUITY			
Share Capital	1	77,170,350	77,170,350
Fair Value reserve of Investments through other comprehensive income		(723,177)	(531,258)
Re-measurement reserve of defined benefit plan reserve Reserved		(33,914)	(33,914)
Accumulated losses		(12,569,441)	(23,745,401)
TOTAL SHAREHOLDERS' EQUITY		63,843,818	52,859,777
LIABILITIES			
NON-CURRENT LIABILITES			
loan guarantee provision - related party		3,600,281	4,050,345
long-term government loan	6	-	6,000,000
Long-term lease liabilities		2,661,015	2,128,422
Employees' defined benefits liabilities		6,956,615	7,036,000
TOTAL NON-CURRENT LIABILITIES		13,217,911	19,214,767
CURRENT LIABILITIES			
loan guarantee provision - related party		3,600,309	3,150,245
accounts payable		35,371,198	33,539,153
Short-term lease liabilities	5	351,900	477,232
Accrued expenses and other payables		7,870,728	7,076,006
Accrued dividends		1,193,142	1,193,417
Short-term government loan		25,500,000	19,500,000
Sales provisions	7	2,510,138	1,320,678
Zakat provision	6	3,298,946	4,714,993
TOTAL CURRENT LIABILITIES		79,696,361	70,971,724
TOTAL LIABILITIES		92,914,272	90,186,491
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		156,758,090	143,046,268


Financial Manager

CEO


Authorized Board of directors Member


The accompanying notes form an integrated part of these financial statements

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

(Saudi Riyals)

	Note	For the three-period ended 30 June		For the six-period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Sales, net	9	32,997,048	15,147,496	67,558,647	36,717,925
Cost of sales		(20,095,275)	(11,903,573)	(41,515,731)	(27,373,154)
Gross profit		12,901,773	3,243,923	26,042,916	9,344,771
General and administrative expenses		(3,071,715)	(2,856,347)	(5,435,523)	(4,858,718)
Selling and marketing expenses		(3,571,135)	(3,158,018)	(7,224,528)	(6,756,922)
Net (loss) income from the main operation		6,258,923	(2,770,442)	13,382,865	(2,270,869)
Provision for expected credit		(729,186)	-	(1,113,517)	(387,689)
PPE impairment		-	-	-	(468,578)
Finance Expenses		(180,000)	-	(386,000)	-
Finance cost		(63,647)	(42,225)	(103,182)	(84,449)
Other income		7,663	424,910	(33,917)	825,240
Net (loss) income for the period before zakat		5,293,753	(2,387,757)	11,746,249	(2,386,345)
zakat		(270,289)	(200,000)	(570,289)	(400,000)
Net (loss) income for the period		5,023,464	(2,587,757)	11,175,960	(2,786,345)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD:					
Items cannot be reclassified to profit or loss in subsequent periods:					
Net change in reserve of investments at FVTOCI		(172,939)	35,852	(191,919)	91,741
Total other comprehensive (loss) income for the period		(172,939)	35,852	(191,919)	91,741
Total comprehensive (loss) income for the period		4,850,525	(2,551,905)	10,984,041	(2,694,604)
(Loss) Income per share:					
From net (loss) income from the main operation for the period		0.81	(0.36)	1.73	(0.29)
From net (loss) income for the period		0.65	(0.34)	1.45	(0.36)



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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

	<i>Capital</i>	<i>Fair value reserve</i>	<i>Reserve Employees Benefit</i>	<i>(Accumulated losses) Retained earnings</i>	<i>Total</i>
Balance at 1 January 2021	77,170,350	(581,873)	(1,428,717)	(12,814,814)	62,344,946
Net profit for the period	-	-	-	(2,786,345)	(2,786,345)
Other comprehensive loss for the period	-	91,741	-	-	91,741
Balance at 30 June 2021 (Unaudited)	77,170,350	(490,132)	(1,428,717)	(15,601,159)	59,650,342
Balance at 01 January 2022	77,170,350	(531,258)	(33,914)	(23,745,401)	52,859,777
Net profit for the period	-	-	-	11,175,960	11,175,960
Other comprehensive loss for the period	-	(191,919)	-	-	(191,919)
Balance at 30 June 2022 (Unaudited)	77,170,350	(723,177)	(33,914)	(12,569,441)	63,843,818



Financial Manager

CEO



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

	<u>30 June 2022</u> <i>(Unaudited)</i>	<u>30 June 2021</u> <i>(Unaudited)</i>
Cash Flows from operating Activities:		
Net loss/profit before zakat	11,746,249	(2,386,345)
Adjustments to:		
Depreciation	3,898,655	4,187,296
Impairment	-	468,578
Amortization	91,800	90,956
Provision for expected credit losses	1,113,517	387,689
Sales Provision	1,189,460	(253,947)
Finance charges	103,182	84,449
Employees' end of service cost	398,939	450,022
Gain on disposal of property, plant and equipment	-	(113,038)
	<u>18,541,802</u>	<u>2,915,660</u>
Changes in:		
Accounts receivable	(19,163,540)	4,165,488
Inventory	(105,241)	885,215
Prepayments and other receivables	(2,228,855)	(687,921)
Accounts payable	1,832,045	2,498,209
Due to related parties	-	270,736
Accrued expenses and payables	691,542	316,466
Cash from operation activities	<u>(432,247)</u>	<u>10,363,853</u>
Zakat paid	(1,986,336)	(3,028,169)
Employees' defined benefits paid	(478,324)	(290,181)
Net cash provided by operating activities	<u>(2,896,907)</u>	<u>7,045,503</u>
Cash Flows from Investing Activities:		
Paid in purchase in property, plant and equipment	(604,558)	(817,384)
Proceeds from disposal of property, plant and equipment	-	118,200
Paid in purchase of the right to use assets	(545,247)	-
Net cash used in investing activities	<u>(1,149,805)</u>	<u>(699,184)</u>
Cash Flows from Financing Activities:		
lease liabilities paid	407,261	(159,571)
Dividends paid	(275)	(200)
Net cash used in financing activities	<u>406,986</u>	<u>(159,771)</u>
Net change in cash and cash equivalent during the period	<u>(3,639,726)</u>	<u>6,186,548</u>
Cash and cash equivalents at beginning of the period	9,330,328	2,391,880
Cash and cash equivalents at end of the period	<u>5,690,602</u>	<u>8,578,428</u>
Non-cash transactions		
Net change from investments at FVTOCI	191,919	91,741


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 SIX-MONTH PERIOD ENDED 30 JUNE 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 at a par value of SR 10 per share. During the year 2020, the Company's capital was reduced by amortizing the accumulated losses to SR 77,170,350 from 7,717,035 shares, each valued at SR 10.

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

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

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

2. BASIS OF PREPARATION

2-1 Applicable accounting principles:

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization of Certified Public Accountants (SOCPA) and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 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.

2-2 Preparation of the condensed interim financial statements:

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

- 2-2.1 Equity investments is measured at condensed statement of comprehensive income.
- 2-2.2 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.
- 2-2.3 The defined benefit obligation is calculated annually by a qualified actuary using the unit method. When the results of the calculation lead to the emergence of potential assets of the company. The credit expected assets recognized are limited to the present value of the economic benefits available in the form of future refunds from the program or in the form of a reduction in future contributions to the program. For the purpose of calculating the present value of economic benefits, the applicable minimum financing requirements are taken into account.

WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
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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

4. Going concern:

The company achieved accumulated gain amounting to 11,175,960 Saudi riyals as on June 30, 2022, which resulted in a decrease in the accumulated losses to be 12,569,441 as of 30 June 2022. And the company's current liabilities exceeded its current assets by 12,365,433 Saudi riyals on that date, the management conducted an assessment of the company's ability to continue as an existing facility, and came to the conviction that the company has the necessary resources to continue operating in the foreseeable future for a period of not less than 5 years from the date of issuing The Financial Statements ended at 31 December 2021. The company issued priority rights and the subscription was fully completed after getting the CMA approval on 4 April 2022 in order to support its working capital and support its operational operations and properly utilize the brands to cover the kingdom territories, and therefore these statements were prepared on the basis of continuity.

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 December 31, 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 January 1, 2022 and are shown below, but they have no material impact on the Company's condensed interim financial statements.

6. STATUTORY RESERVE

In accordance with the Saudi Arabian Companies Regulations and the Company's statute of, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 30% of the capital, this reserve is not available for distribution to shareholders.

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 June 2022 and December 2021 along with their balances:

WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
(A Saudi Joint Stock Company)
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Due to related parties represents as follow:

Name	Nature of transaction	Transaction amount	
		30 June 2022	31 Dec 2021
Rakhaa Agricultural Investment	Investment	-	555,000
Premium Meat Company	Sales	-	756,839
Premium Meat Company	Purchases	-	646,109
Name	Transaction natural	Balance as of	
		30 June 2022	31 December 2021
Finance:			
Rakhaa Agricultural Investment and development Company	Related Company	1,280,576	1,280,576
Premium Meat Company	Related party to a board member*	110,730	110,730
		1,391,306	1,391,306

*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:

Non-executive board members and senior management personnel

	30 June 2022	30 June 2021
Salaries and compensation	1,176,300	968,186
Allowances	381,820	316,301
Annual incentives	81,875	29,975
	1,639,995	1,314,462

8. LONG TERM GOVERNMENT LOAN

The company obtained a long-term loan from the Saudi Industrial Development Fund on 09/05/2012 in order to finance the establishment and expansion of frozen vegetables and potatoes production plant, the total of the approved facilitate loan amounted to SR 34,000,000. The loan is to be paid over a period of six-years and the semi-annual installments start from August 1, 2015, and during 2016, the loan was rescheduled, with the first installment due after the rescheduling on 2/1/2019. This amount was paid in SAR 1,000,000 during 2015, SAR 1,500,000 in 2016, and 3,500,000 Saudi riyals during 2018, during year 2021 the amount which is paid was SAR 2,500,000 so the total value of the loan as of June 30, 2022 is 25,500,000 Saudi riyals. During 2019, the loan was rescheduled, with the first installment due after the rescheduling on 1/12/2020 and wasn't paid, the loan is secured by mortgaging the entire food plant to fully produce the meat and the food plant to completely freeze the vegetables in favor of the fund as collateral for the loan. The loan agreement contains pledges that include, among other things, to reduce future capital expenditures to maintain certain financial ratios. The long-term loan movement represents as follow:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	25,500,000	28,000,000
Paid during the period / year	-	(2,500,000)
Total long-term government loan	25,500,000	25,500,000
Current portion of long-term government loan	25,500,000	(19,500,000)
Non-current portion of long-term government loan	-	6,000,000
	25,500,000	25,500,000

WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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(Saudi Riyals)

9. REFUND LIABILITIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Sales discount:		
Balance at beginning of the period / year	739,349	784,627
Additions during the period / year	2,141,845	6,563,587
Used during the period / year	(1,091,056)	(6,608,865)
Balance at end of the period / year	1,790,138	739,349
Sales returns:		
Balance at beginning of the period / year	581,329	900,079
Additions during the period / year	138,671	1,634,433
Used during the period / year	-	(1,953,183)
Balance at end of the period / year	720,000	581,329
Total	2,510,138	1,320,678

10. SALES, NET

	For the three-period ended 30 June		For the Six-period ended 30 June	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Sales of pastry factory	9,633,350	4,694,406	23,430,970	16,346,663
Sales of vegetables factory	22,055,964	9,302,413	42,921,432	18,062,206
Sales of food and meet factory	2,435,727	2,703,677	4,585,842	6,055,789
Sales of Breakfast cereals factory	850,730	681,475	1,432,646	1,388,271
Total	34,975,771	17,381,971	72,370,890	41,852,929
Deduct: Sales discount	(1,265,935)	(1,796,610)	(2,660,225)	(3,914,337)
Deduct: Sales return	(712,788)	(437,868)	(2,152,018)	(1,220,667)
Net	32,997,048	15,147,496	67,558,647	36,717,925

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

11. EARNINGS PER SHARE

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

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

	For the three-period ended as at		For the six-period ended As at	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Net income for the period	5,023,464	(2,587,757)	11,175,960	(2,786,345)
Earnings per share - basic and diluted	0.65	(0.34)	1.45	(0.36)
Net income from the main operation	6,258,923	(2,770,442)	13,382,865	(2,270,869)
Earnings per share - basic and diluted	0.81	(0.36)	1.73	(0.29)
Weighted average number of shares outstanding for basic & diluted EPS	7,717,035	7,717,035.00	7,717,035	7,717,035.00

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

12. 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 an financial asset at fair value measures.

Fair value levels

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

	Amount	Level 1	Level 2	Level 3
30 June 2022				
Investments determined by fair value through other comprehensive income	532,522	532,522	-	-
31 December 2021				
Investments determined by fair value through other comprehensive income	724,441	724,441	-	-

WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT
(A Saudi Joint Stock Company)
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Transfers between Levels 1 & 2

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

Risk management

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

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

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

Risk management framework

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

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

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

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

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

Credit risk

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

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

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.

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Market risk

Market risk is the risk that arises from changes in market prices such as foreign exchange rates and equity prices that affect the Company's profits or the value of the Company's financial instruments. The objective of market risk management is to control the Company's exposure to market risk within acceptable limits and to maximize returns.

Currency risk

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

Capital Management

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

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

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

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

13. 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 June2022:-

Profit and loss items	Pasta sector	Vegetable sector	Breakfast beans sector	Meat products sector	Total
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 Margin	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)
Income / (loss) from the main operation	7,409,236	16,960,573	(3,119,393)	(7,867,551)	13,382,865
Provision for expected credit losses	(267,097)	(519,682)	(89,080)	(237,658)	(1,113,517)
Finance charges	(92,589)	(180,147)	(30,880)	(82,384)	(386,000)
Finance cost	(24,750)	(48,155)	(8,255)	(22,022)	(103,182)
Other Income	(8,136)	(15,829)	(2,713)	(7,239)	(33,917)
Income / (loss) 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 / (loss) for the year	6,879,870	15,930,605	(3,295,944)	(8,338,571)	11,175,960

14. 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.

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15. Capital Increase

- On 22 May 2021, the Company's Board of Directors issued a recommendation to increase the Company's Capital through right issue amounting to SAR 154,340,700 and the Company appointed an issuer, a legal advisor and a financial advisor to manage the increase.
- On 4 April 2022 the CMA has approved the capital increase request through right issue of SR 154,340,700.
- On 14 June 2022 (Corresponding to 15 Dhu al-Qi'dah 1443 H), the extraordinary general assembly has approved the BOD recommendation to increase the capital of 200% through right 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 Capital increase is to expanding the company's operations, upgrading production lines and properly utilise 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 3,434,958 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 company's bank account by the underwriter.

16. Comparative numbers

The comparative figures for the previous period ended 30 June 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 on 14 August 2022 (17 Muharram 1444H).