**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**

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: C.R.: 1010327044
Certified Accountants
& Auditors
AL-Kharashi Co.

**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

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

| | *Capital* | *Fair value reserve* | *Reserve Employees Benefit* | *(Accumulated losses) Retained earnings* | *Total* |
|---|---|---|---|---|---|
| **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 January2022** | 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** **Authorized Board of directors Member**

The accompanying notes form an integrated part of these financial statements

**(Saudi Riyals)**

| | *30 June 2022 (Unaudited)* | *30 June 2021 (Unaudited)* |
|---|---|---|
| **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) |
| | **18,541,802** | **2,915,660** |
| **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** | **(432,247)** | **10,363,853** |
| Zakat paid | (1,986,336) | (3,028,169) |
| Employees' defined benefits paid | (478,324) | (290,181) |
| **Net cash provided by operating activities** | **(2,896,907)** | **7,045,503** |
| **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** | **(1,149,805)** | **(699,184)** |
| **Cash Flows from Financing Activities:** | | |
| lease liabilities paid | 407,261 | (159,571) |
| Dividends paid | (275) | (200) |
| **Net cash used in financing activities** | **406,986** | **(159,771)** |
| **Net change in cash and cash equivalent during the period** | **(3,639,726)** | **6,186,548** |
| Cash and cash equivalents at beginning of the period | **9,330,328** | **2,391,880** |
| **Cash and cash equivalents at end of the period** | **5,690,602** | **8,578,428** |
| **Non-cash transactions** | | |
| Net change from investments at FVTOCI | **191,919** | **91,741** |

**Financial Manager** **CEO** **Authorized Board of directors Member**

The accompanying notes form an integrated part of these financial statements