

**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 LIABILITIES			
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

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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

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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)

	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


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