

**FOOD PRODUCTS CO.**  
**(A Saudi Joint Stock Company)**

**THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013  
TOGETHER WITH AUDITORS' REPORT ON THE REVIEW  
OF INTERIM FINANCIAL STATEMENTS**

**Crowe Horwath<sup>TM</sup>**

**Al Azem & Al Sudairy**  
**CPA's & Consultants**  
Member Crowe Horwath International

**FOOD PRODUCTS CO.**  
**(A Saudi Joint Stock Company)**

**THE INTERIM FINANCIAL STATEMENT TOGETHER WITH AUDITORS'  
REPORT ON THE REVIEW OF THE INTERIM FINANCIAL STATEMENT FOR  
THE PERIOD ENDED SEPTEMBER 30, 2013**

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**AUDITORS' REPORT ON THE REVIEW OF INTERIM  
FINANCIAL STATEMENTS**

**SHAREHOLDERS OF  
FOOD PRODUCTS CO.  
(A Saudi Joint Stock Company)**

**Scope of examination:** We have examined the accompanying Interim balance sheet of **FOOD PRODUCTS CO. (A Saudi Joint Stock Company)** as of September 30, 2013 and the related interim statements of income, interim cash flows for nine months period then ended, and the notes from 1 to 12 which are an integral part of these interim financial statements which have been prepared by the Company's management and submitted to us together with all the information and explanations which we requested. These financial statements are the responsibility of the Company's management.

Our examination was limited for the Interim financial statements and was conducted in accordance with the Saudi Organization for Certified Public Accountants standard on interim financial statements. The limited examination consists principally of analytical procedures applied to financial data and inquiries of the Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Conclusion:** Based on our limited review, we are not aware of any material modifications that should be made to the interim financial statements to be in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia.



**AlAzem & AlSudairy  
Certified Public Accountants**

A handwritten signature in black ink, appearing to read "Salman B. AlSudairy".

**Salman B. AlSudairy  
License No. 283**

2 Dhu Al-Hijjah 1434H (October 7, 2013)  
Riyadh, Saudi Arabia

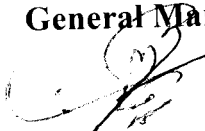
**FOOD PRODUCTS CO.**  
**(A Saudi Joint Stock Company)**  
**INTERIM BALANCE SHEET (UNAUDITED)**  
**AS OF SEPTEMBER 30, 2013**  
**(Saudi Riyals)**

	<u>30/09/2013</u>	<u>30/09/2012</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and banks balances (Note 5)	22,284,516	45,261,137
Accounts receivable	36,691,213	31,354,826
Inventory (Notes 3b and 6)	21,262,235	15,124,774
Prepayments and other assets (Note 7)	<u>46,361,052</u>	<u>33,986,131</u>
Total current assets	<u>126,599,016</u>	<u>125,726,868</u>
Investments in companies (Notes 3c and 8a)	17,050,000	17,050,000
Investments in security available for sales, net (Note 3c)	15,815,234	14,139,962
Deferred expenses	202,693	179,929
Projects under progress	12,041,698	13,575,390
Property and equipment, net (Notes 3d and 9a)	43,425,446	40,012,490
Unused Property and equipment, net (Notes 3d and 9b)	<u>14,327,736</u>	<u>14,661,916</u>
Total non-current assets	<u>102,862,807</u>	<u>99,619,687</u>
Total assets	<u>229,461,823</u>	<u>225,346,555</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current Liabilities:		
Accounts payable	340,074	3,332,775
Oversubscribed payable	3,285,800	3,285,800
Accrued expenses and other liabilities (Note 10)	1,296,248	1,139,163
Zakat provision (Note 3h)	<u>2,163,136</u>	<u>2,151,629</u>
Total current liabilities	7,085,258	9,909,367
End of Service Benefits (Note 3e)	<u>4,698,872</u>	<u>4,563,378</u>
Total liabilities	<u>11,784,130</u>	<u>14,472,745</u>
Shareholders' Equity:		
Paid-up capital	200,000,000	200,000,000
Statutory reserve	6,487,501	5,903,590
Unrealized profit (loss) from Investments		(734,926)
in security available for sales (Note 3c)	940,345	5,705,146
Retained earnings	<u>10,249,847</u>	<u>5,705,146</u>
Total Shareholders' equity	<u>217,677,693</u>	<u>210,873,810</u>
Total liabilities and shareholders' equity	<u>229,461,823</u>	<u>225,346,555</u>

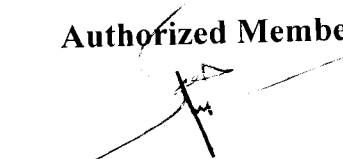
**Finance Manager**



**General Manager**



**Authorized Member**

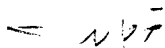


The accompanying notes from (1) to (12) are an integral part of these interim financial statements

**FOOD PRODUCTS CO.**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013**  
**(Saudi Riyals)**

	<b>From 01/07/2013 To 30/09/2013</b>	<b>From 01/07/2012 To 30/09/2012</b>	<b>From 01/01/2013 To 30/09/2013</b>	<b>From 01/01/2012 To 30/09/2012</b>
Sales (Notes 3f and 11)	20,343,325	20,947,946	67,270,142	63,595,852
Costs of sales	(12,520,933)	(12,726,746)	(41,114,296)	(38,293,050)
Depreciations	(1,187,217)	(1,312,676)	(3,994,752)	(3,956,164)
Gross operation profit	6,635,175	6,908,524	22,161,094	21,346,638
General and administrative expenses (Note 3g)	(1,821,364)	(1,473,987)	(5,406,642)	(4,843,404)
Selling and distributing expenses (Note 3g)	(3,137,212)	(3,241,077)	(10,143,554)	(9,251,374)
Net profit from the main operation	1,676,599	2,193,460	6,610,898	7,251,860
Other income (Note 3f)	38,420	106,073	451,615	509,643
Net profit for the period before Zakat	1,715,019	2,299,533	7,062,513	7,761,503
Zakat for the period (Note 3h)	(717,920)	(704,150)	(2,163,136)	(2,151,629)
Net profit for the period	997,099	1,595,383	4,899,377	5,609,874
Earnings per share:				
From net operating profit (Note 12)	0.08	0.11	0.33	0.36
From net profit (Note 12)	0.05	0.08	0.24	0.28

**Finance Manager**



**General Manager**



**Authorized Member**

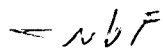


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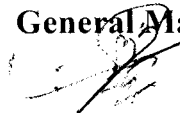
**FOOD PRODUCTS CO.**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013**  
**(Saudi Riyals)**

	From 01/01/2013 To 30/09/2013	From 01/01/2012 To 30/09/2012
<b>Cash Flows from Operating Activities:</b>		
Net profit for the period	4,899,377	5,609,874
<b>Adjustments to reconcile net profit to net cash used in operating activities:</b>		
Depreciation for the period	4,976,969	5,080,742
Amortization for the period	20,869	733,666
Loss (gain) from selling of property and equipment	105,181	(49,365)
Zakat provision for the period	2,163,136	2,151,629
End of Service Benefits	675,466	541,575
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(9,767,665)	(7,638,995)
Inventory	(1,266,601)	3,413,479
Prepayments and other assets	(6,830,247)	(26,389,012)
Accounts payable	(1,278,233)	190,784
Accrued expenses and other liabilities	146,821	(313,249)
End of Service Benefits paid during the period	(533,857)	(366,033)
Zakat paid during the period	<u>(2,705,116)</u>	<u>(2,439,544)</u>
Net cash used in operating activities	<u>(9,393,900)</u>	<u>(19,474,449)</u>
<b>Cash Flows from Investing Activities:</b>		
Net change in Investments	-	(4,999,999)
Purchase of property and equipment	(1,630,914)	(3,631,990)
Deferred expenses	(203,487)	-
Projects under progress	(5,071,556)	(1,061,191)
Proceeds from selling of property and equipment	<u>24,850</u>	<u>49,375</u>
Net cash used in investing activities	<u>(6,881,107)</u>	<u>(9,643,805)</u>
<b>Net decrease in cash and banks balances</b>	<b>(16,275,007)</b>	<b>(29,118,254)</b>
Cash and banks balances at beginning of the period	<u>38,559,523</u>	<u>74,379,391</u>
<b>Cash and banks balances at end of the period</b>	<b><u>22,284,516</u></b>	<b><u>45,261,137</u></b>
<b>Non-cash item:</b>		
Unrealized profit from Investments in security available for sales	<u>1,581,333</u>	<u>753,369</u>

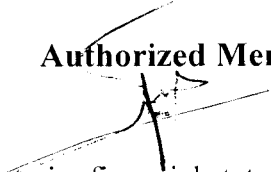
**Finance Manager**



**General Manager**



**Authorized Member**



The accompanying notes from (1) to (12) are an integral part of these interim financial statements

**FOOD PRODUCTS CO.**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013**  
**(Saudi Riyals)**

	<b>From 01/01/2013 To 30/09/2013</b>	<b>From 01/01/2012 To 30/09/2012</b>
<b>Paid-up capital</b>	<b><u>200,000,000</u></b>	<b><u>200,000,000</u></b>
<b>Statutory reserve</b>	<b><u>6,487,501</u></b>	<b><u>5,903,590</u></b>
<b>Unrealized profit (loss) from Investments in security available for sales (Note 3c):</b>		
Beginning of the period	<b><u>(640,988)</u></b>	<b><u>(1,488,295)</u></b>
Net movement during the period	<b><u>1,581,333</u></b>	<b><u>753,369</u></b>
End of the period	<b><u>940,345</u></b>	<b><u>(734,926)</u></b>
<b>Retained earnings:</b>		
Beginning of the period	<b><u>5,350,470</u></b>	<b><u>95,272</u></b>
Net profit for the period	<b><u>4,899,377</u></b>	<b><u>5,609,874</u></b>
End of the period	<b><u>10,249,847</u></b>	<b><u>5,705,146</u></b>
<b>Total Shareholders' Equity</b>	<b><u>217,677,693</u></b>	<b><u>210,873,810</u></b>

**Finance Manager**

*[Signature]*

**General Manager**

*[Signature]*

**Authorized Member**

*[Signature]*

The accompanying notes from (1) to (12) are an integral part of these interim financial statements

**FOOD PRODUCTS CO.**  
**(A Saudi Joint Stock Company)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013**  
**(Saudi Riyals)**

**1. ACTIVITIES**

Food Products Co. is a Saudi Joint Stock Company founded according to the commercial registration No. 1010076996 issued in Riyadh dated 24/10/1410H (corresponding to 19/05/1990). The paid up capital of the Company is 200 Millions Saudi Riyals comprising of 20 million shares at a par value of Saudi Riyals 10 per share.

The principal activities of the Company are manufacturing, canning, preserving, processing, development and marketing food products for the local and foreign markets, as well as to take advantage of seasonal surplus from agricultural crops, especially those which are perishable in nature, which are then presented to the consumers after treatment and are subjected to varying degrees of agro-processing services.

The accompanying interim financial statements represents Company's financial statement and it's branch as follow.

<u>Branch Name</u>	<u>Commercial registration No.</u>	<u>Activity</u>
Food Products Co. – Jeddah	4030108227	Marketing of the company's products
Food Products Co. – Dammam	2050028895	Marketing of the food products

**2. BASIS OF PREPARATION**

The accompanying interim financial statements have been prepared on the basis of historical cost in accordance with the accrual concept except for the investment in securities for sale which are evaluated and the difference in re-evaluation is recorded within the statement of charges in shareholders equity, and prepared in accordance with generally accepted accounting principles issued by Saudi Organization for Certified Public Accountants – SOCPA.

The accompanying interim financial statements have been prepared based on the interim financial report standard issued by Saudi Organization for Certified Public Accountants. SOCPA and on the basis of the periods integration where is each consider as a part of financial year. Accordingly the revenue and gain, expenses, loss for the period were recorded in the period.

Items appear in the financial statements for the Company in Saudi Riyals which is the functional currency and disclosure of the Company.

The figures in these interim financial statements are rounded to the nearest Saudi Riyal.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of Company's significant accounting policies:

a) Use of estimates --

The preparation of interim financial statements in accordance with the accepted principles requires the use of estimates and assumptions that may affects the value of restricted assets and liabilities and disclosure of potential assets and liabilities in the date of the interim financial statements and the value of revenue and expenses were disclosure to the period of the interim financial statements preparation. Although these estimates and judgments are based on management's best knowledge and events available to the management in the date of the accompanying interim financial statement, It is possible that actual final results differ from these estimated. These estimated and assumptions are reviewed on a continual basis and effects resulting from these accounting change will be disclosed in the year and future period which are affected by it.

b) Inventory --

Inventories comprise of finished goods, work in process raw materials, accessories and spare parts which are stated at the lower of cost or estimated net realizable value. Costs include raw materials direct labor and manufacturing overheads appropriate provisions are made for slow moving and redundant inventories, if any.



c) Investments --

Investments in subsidiaries: Investments in subsidiaries companies represent shares in companies owned by the company in different percentages; when the percentage does not exceeds 20% investments are shown at cost. When the percentage ranges between 20% to 50% investments are accounted for, using the equity methods, whereas investment accounted for using the consolidation methods, when the percentage exceeds 50% if any.

Investments in securities held for trading: Investments in securities held for trading are reported in the accompanying interim consolidated financial statements at market value. Realized gains or losses on sale of these investments are reported in the statement of income.

Investments in securities available for sale: Investments in securities available for sale are reported in the accompanying interim consolidated financial statements at fair value. Realized gains or losses on sale are recorded in the interim statement of income, and unrealized gains or losses are reported in the statement of equity section.

d) Property and equipment --

Property and equipment are stated at net cost of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rates:

Buildings	3 – 15 %
Motor vehicles	25 %
Furniture and fixture	2.5 – 15 %
Machinery and equipments	5 %
Tools	5 – 15 %
Artesian wells	5 %
Air conditions	15 %
Fitting and equipments	10 %

e) End of service benefits --

Benefits payable to the employees at the end of their services are provided in accordance with the guidelines set by the Saudi Arabian Labor Law.

f) Revenue recognition --

Revenue is recognized when goods are delivered and invoices are issued to customers. Other income is recorded when earned.

g) Expenses --

Selling and distribution expenses represent expenses resulting from the company's activities in the functions of sales, marketing and distribution. All other expenses are classified as general and administrative expense. General and administrative expenses contains direct and indirect expenses which are not directly related to selling and marketing expenses, according to the accounting standards

h) Zakat --

Zakat is an obligation payable by the Company. Estimated Zakat is provided for in the accompanying interim financial statements and charged to the statement of income, in accordance with Zakat standard issued by the Saudi Organization for Certified Public Accountants. Zakat calculation is made quarterly according to the accrual accounting concept. Any differences between Zakat provision and final settlement at the end of the year are settled.

i) Transfer of foreign currencies --

The accompanying interim financial statements are denominated in Saudi Riyals. Appropriate exchange rates have been used to translate transactions or balances denominated in foreign currencies. There were no material exchange gains or losses during the period.

**ADJUSTMENTS RELATED TO THE PERIOD**

The company's management has prepared all the adjustments needed to fairly present the interim financial position and the results of its operations, however the results of its operations for the period ended September 30, 2013 and 2012 may or may reflect the actual results of the audited yearly financial statement.

5. **CASH AND BANKS BALANCES**

Cash and banks balances comprised of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Cash on hand	<b>101,055</b>	42,731
Cash at banks	<b>22,183,461</b>	20,218,406
Islamic Murabaha	-	<u>25,000,000</u>
	<b><u>22,284,516</u></b>	<b><u>45,261,137</u></b>

6. **INVENTORY**

Inventory comprised of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Raw materials	<b>10,678,357</b>	8,768,291
Finished goods	<b>6,957,543</b>	2,892,079
Spare parts	<b><u>3,626,335</u></b>	<u>3,464,404</u>
	<b><u>21,262,235</u></b>	<b><u>15,124,774</u></b>

7. **PREPAYMENTS AND OTHER ASSETS**

Prepayments and other assets comprised of the following as of September 30:

	<u>2013</u>	<u>2012</u>
LC's	<b>41,097,802</b>	27,003,062
Advance to suppliers	<b>3,546,103</b>	5,588,985
Employee receivables	<b>425,822</b>	439,232
Prepaid rents	<b>334,195</b>	267,400
Operation loans	<b>303,250</b>	68,879
Prepaid housing allowance	<b>250,275</b>	303,325
Prepaid insurance	<b>203,975</b>	150,420
Other receivables	<b>181,317</b>	128,516
Refundable deposit	<b>18,313</b>	17,812
Accrued revenue	-	<u>18,500</u>
	<b><u>46,361,052</u></b>	<b><u>33,986,131</u></b>

8. **INVESTMENT IN COMPANIES**

a) Investments in companies comprised of the following as of September 30:

	<u>2013</u>	<u>2012</u>
East Asia Company for Development and Agricultural Investment (Note 7b)	<b>10,000,000</b>	10,000,000
Jannat for Agricultural Investment (Note 7c)	<b><u>7,050,000</u></b>	<u>7,050,000</u>
	<b><u>17,050,000</u></b>	<b><u>17,050,000</u></b>

b) Investment in East Asia Company for Development and Agricultural Investment represents advance payment to purchase investments in the company's capital (Closed Joint Stock Company under formation) which ranges from SAR 100 million to SAR 150 million. The final determination of capital will be made after the completion of a business plan based on the signing of the agreement dated 9/1/1433H (corresponding 4/12/2011).

c) Investment in Jannat for Agricultural Investment (A Saudi Limited Liabilities Company) is for 11.1 % in the company's capital which amount to SAR 63 million and the remaining balance of SAR 50,000 represents the company's shares in pre-operating expenses.

## 9. PROPERTY AND EQUIPMENT, NET

Property and equipment comprised of the following as of September 30, 2013 and 2012:

	<u>Cost</u>	<u>Accumulated Depreciations</u>	<u>N.B.V 2013</u>	<u>N.B.V 2012</u>
a) Used Property and equipment	<u>164,148,907</u>	<u>(120,723,461)</u>	<u>43,425,446</u>	<u>40,012,490</u>
	<u>164,148,907</u>	<u>(120,723,461)</u>	<u>43,425,446</u>	<u>40,012,490</u>
b) Unused production lines				
Dates production line	<u>41,874,634</u>	<u>(28,473,613)</u>	<u>13,401,021</u>	<u>13,707,143</u>
Pickles production line	<u>11,375,513</u>	<u>(10,448,798)</u>	<u>926,715</u>	<u>954,773</u>
	<u>53,250,147</u>	<u>(38,922,411)</u>	<u>14,327,736</u>	<u>14,661,916</u>
Total	<u>217,399,054</u>	<u>(159,645,872)</u>	<u>57,753,182</u>	<u>54,674,406</u>

## 10. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprised of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Vacation	<u>904,273</u>	<u>735,600</u>
Accrued expenses others	<u>391,975</u>	<u>403,563</u>
	<u>1,296,248</u>	<u>1,139,163</u>

## 11. SALES

Sales comprised of the following for the periods ended September 30 as follow:

	<u>2013</u>	<u>2012</u>
Pastry factory	<u>35,004,055</u>	<u>35,553,070</u>
Vegetables factory	<u>24,487,096</u>	<u>19,843,952</u>
Food factory	<u>7,573,037</u>	<u>7,438,697</u>
Breakfast cereals factory	<u>205,954</u>	<u>760,133</u>
	<u>67,270,142</u>	<u>63,595,852</u>

## 12. NET PROFIT PER SHARE

Earnings per share on net operating income is calculated by dividing net operating income for the year by the weighted average number of shares during the year.

Earnings per share on net income is calculated by dividing the net income for the year by the weighted average number of shares during the year.