

**FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
TOGETHER WITH REPORT ON REVIEW OF CONDENCED INTERIM
FINANCIAL STATEMENTS



Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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**REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF
FESH FASH SNACK FOOD PRODUCTION COMPANY
(A Saudi Closed Joint Stock Company)**

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **FESH FASH SNACK FOOD PRODUCTION COMPANY (the "Company")** as at June 30, 2021 and the related condensed interim statements of other comprehensive income, changes in shareholders' equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements, in accordance with International Accounting Standard (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 International Standard on Review Engagements - 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of 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 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 are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.



**AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants**



**Abdullah M. AlAzem
License No. 335**

25 Muharram 1443H (September 2, 2021)
Riyadh, Kingdom of Saudi Arabia

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30,2021
(SAUDI RIYALS)

	Note	June 30,2021 (Unaudited)	December 31,2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net		11,367,854	11,907,258
Right of use assets	5A	468,662	497,356
TOTAL NON-CURRENT ASSETS		11,836,516	12,404,614
Current assets			
Inventories		5,367,921	5,416,255
Trade receivables, net		4,812,454	3,884,444
Prepayments and other debit balances		1,496,557	624,270
Cash and cash equivalents	6	385,812	1,708,148
TOTAL CURRENT ASSETS		12,062,744	11,633,117
TOTAL ASSETS		23,899,260	24,037,731
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	8	11,300,000	11,300,000
Statutory reserve	9	1,084,787	879,818
Retained earnings		2,279,507	3,824,786
TOTAL SHAREHOLDER'S EQUITY		14,664,294	16,004,604
LIABILITIES			
Non-current liabilities			
Employees' benefits obligations		691,090	560,007
Non-current portion of the lease liability	5B	363,505	418,217
Long term loan	7B	1,297,697	1,214,590
TOTAL NON-CURRENT LIABILITIES		2,352,292	2,192,814
Current liabilities			
Zakat provision	11B	100,000	175,474
Accrued expenses and other credit balances		2,868,101	2,766,810
Trade payables		3,715,902	2,802,094
Current portion of lease liability	5B	98,671	95,935
Current portion of long term loan	7B	100,000	-
TOTAL CURRENT LIABILITIES		6,882,674	5,840,313
TOTAL LIABILITIES		9,234,966	8,033,127
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		23,899,260	24,037,731

The accompanying notes from (1) to (14) are an integral part of these condensed interim financial statements

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30,2021
(SAUDI RIYALS)

	Note	2021 (Unaudited)	2020 (Unaudited)
Sales		14,132,878	16,553,511
Cost of Sales		(9,136,923)	(12,077,171)
Gross profit		4,995,955	4,476,340
Selling and distribution expenses		(1,352,022)	(1,096,502)
Administrative and general expenses		(1,467,638)	(951,559)
Net operating profit		2,176,295	2,428,279
Other income		38,872	133,853
Finance cost		(65,477)	(15,616)
Net Profit for the period before estimated zakat		2,149,690	2,546,516
Estimated zakat		(100,000)	(100,000)
Net Profit for the period		2,049,690	2,446,516
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		2,049,690	2,446,516
Earnings per share from:			
Net operating profit	12A	1,93	2,15
Net Profit for the year	12B	1,81	2,17

The accompanying notes from (1) to (14) are an integral part of these condensed interim financial statements

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE PERIOD ENDED JUNE 30, 2021
(SAUDI RIYALS)

	Share Capital	Statutory reserve	Retained earnings	Total
Balance at 1 January 2020 (Audited)	11,300,000	472,531	4,396,701	16,169,232
Dividend during the period	-	-	(4,237,500)	(4,237,500)
Profit for the period	-	-	2,446,516	2,446,516
Transferred to statutory reserve during the period	-	244,652	(244,652)	-
Balance at 30 June 2020 (Unaudited)	11,300,000	717,183	2,361,065	14,378,248
Balance at 1 January 2021 (Audited)	11,300,000	879,818	3,824,786	16,004,604
Dividend during the period	-	-	(3,390,000)	(3,390,000)
Profit for the period	-	-	2,049,690	2,049,690
Transferred to statutory reserve during the period	-	204,969	(204,969)	-
Balance at 30 June 2021 (Unaudited)	11,300,000	1,084,787	2,279,507	14,664,294

The accompanying notes from (1) to (14) are an integral part of these condensed interim financial statements

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30,2021
(SAUDI RIYALS)

	2021	2020
	(Unaudited)	(Unaudited)
Operating activities:		
Net profit for the period before estimated zakat	2,149,690	2,546,516
Adjustments to reconcile Net profit for the Period before estimated zakat to net cash provided by operating activities;		
Depreciation	945,021	723,974
Provision of expected credit losses during the period	25,000	25,000
Employees defined benefits obligations during the period	144,507	69,440
Depreciation of right of use asset	28,694	28,694
Gain on disposal of property, plant and equipment	(9,000)	-
Finance costs	65,477	15,616
	3,349,389	3,409,240
Changes in Assets and liabilities:		
Inventory	48,334	110,215
Accounts receivable	(953,010)	(497,538)
Prepaid expense and other debit balances	(872,287)	200,311
Accounts payable	913,808	1,373,875
Accrued expenses and other credit balances	(1,598,709)	(557,762)
Cash provided by operating activities	887,525	4,038,341
Employees defined benefits obligations paid during the period	(13,424)	(42,557)
Estimated zakat paid during the period	(175,474)	-
Net Cash provided by operating activities	698,627	3,995,784
Investing activities:		
Purchase of property, plant and equipment	(405,617)	(641,138)
Change in projects under progress	-	(1,444,066)
Proceeds from disposal of property, plant and equipment	9,000	-
Net cash flows used in investing activities	(396,617)	(2,085,204)
Financing activities:		
Dividends during the period	(1,690,000)	(3,415,818)
Net change in related parties	127,198	-
Payment from lease liability	(61,544)	(61,544)
Net cash flows used in financing activities	(1,624,346)	(3,477,362)
Net change in cash and cash equivalents during the period	(1,322,336)	(1,566,782)
Cash and cash equivalents at the beginning of the period	1,708,148	2,176,438
Cash and cash equivalents at the end of the year	385,812	609,656
<u>Non-cash item</u>		
Transfer from projects in progress to property, machinery and equipment	-	1,042,098
Accrued dividends during the period	1,700,000	821,682

The accompanying notes from (1) to (14) are an integral part of these condensed interim financial statement

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2021

1. ACTIVITIES

FESH FASH SNACK FOOD PRODUCTION COMPANY (A Saudi closed joint stock company) - registered in Kingdom of Saudi Arabia under commercial registration No (1010044728) dated 19/07/1402 AH.

The main activity of the company is in the manufacture of food products manufactured from potatoes, including (potato chips), the manufacture of cereal breakfast foods in the form of chips, including (corn flakes, chips, etc.).

Establishing, managing, operating, owning and investing in industrial projects, especially food industries of all kinds, marketing their products and carrying out all works related to them, manufacturing foodstuffs of various kinds, importing raw materials, equipment and supplies, wholesale and retail trade, selling and buying in agricultural crops and foodstuffs, storage, cooling, food preservation and packaging, establishment and operation of warehouses, tenders, undertakings, commercial services, marketing, import, export and agencies.

In response to the spread of the Covid-19 and its resulting disruptions to the economic activities in markets, the management has proactively assessed its impacts on its operations to ensure the continuity of supply of its products throughout its markets and had taken a set of proactive steps to mitigate its impact on its operations and supply of products to customers. The management believes that the Covid-19 pandemic has had no material effects on the Company's reported financial results for the period ended 30 June 2021. However, the management continues to monitor the situation closely and will reflect any required changes in future financial reporting periods.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Initial Financial Reporting" approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants. These condensed interim financial statements should be read together with the financial statements for the previous year of the company as in 31 December 2020 ("Financial Statements for the Previous Year"). These condensed interim financial statements do not include all the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards, but specific accounting policies and explanatory notes have been included to explain events and transactions important to understanding changes in the financial position and financial performance of the company since the previous year's financial statements.

2.2 Preparation of the Financial Statements

The financial statements have been prepared on the historical cost basis except for the employee defined benefit liability, which has been actuarially valued as explained in the accounting policies below.

2.3 Functional and Presentation Currency

The financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency, and all values are rounded to the nearest Riyal, except where otherwise indicated.

2.4 Using judgments and being uncertain about estimates

The preparation of condensed interim financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant estimates made by management in applying the Company's accounting policies and the significant sources of estimation uncertainty were similar to those shown in the last annual financial statements.

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim condensed financial statements are in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and other issuances issued by the Saudi Organization for Chartered and Professional Accountants, and they are the same policies applied in the company's annual financial statements for the year ended December 31, 2020.

New standards, amendments to standards and interpretations

There are no new standards issued, however, a number of amendments to the standards are effective as of January 1, 2021, which are explained in the company's annual financial statements but have no material impact on the company's condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT, NET

-During the six-month period ending on June 30, 2021, the Company purchased property, plant and equipment for an amount of SAR 405,617 (December 31, 2020: SAR 1,598,069).

-During the six-month period ending on June 30, 2021, the depreciation expense amounted to SAR 945,021 (December 31, 2020: SAR 1,434,162).

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

A) Right-Of-Use Assets

Right of use assets represent leased buildings. The cost and related accumulated depreciation are presented below:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>Cost</u>		
Balance at beginning of the period \ year	612,130	612,130
Balance at ending of the period \ year	<u>612,130</u>	<u>612,130</u>
<u>Accumulated Depreciation</u>		
Balance at beginning of the period \ year	114,774	57,387
Additions during the period \ year	28,694	57,387
Balance at ending of the period \ year	<u>143,468</u>	<u>114,774</u>
<u>Net book value</u>	<u>468,662</u>	<u>497,356</u>

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2021

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

B) Lease liabilities

	June 30,2021	December 31,2020
Balance at beginning of the period \ year	514,152	555,329
Finance costs charged during the period \ year	9,568	20,367
Lease liability payment during the period \ year	(61,544)	(61,544)
Balance at ending of the period \ year	462,176	514,152
Current portion of lease liability	98,671	95,935
Non-current portion of lease liability	363,505	418,217
Lease liabilities	462,176	514,152

6. CASH AND CASH EQUIVLENTS

Cash and cash equivalents consist of the flowing :-

	June 30,2021	December 31,2020
Cash at hand	27,823	50,438
Cash at Banks	311,354	70,652
Checks under collection	46,634	1,587,058
	385,811	1,708,148

7. LONG TERM LOAN

a) It was agreed with the Saudi Industrial Development Fund to obtain a loan of 4,5 million Saudi riyals to finance the purchase of machinery and equipment. The company received an amount of 1.3 million Saudi riyals as on 30 June 2021. All property and equipment of the project were mortgaged as a guarantee of the loan, in addition to personal guarantees from the shareholders, and the loan must be repaid in unequal semi-annual payments. The loan agreement includes, among other things, pledges to maintain some financial ratios, a certain ceiling for capital expenditures, and some other requirements.

b) The movement of the long-term loan as at June 30 is summarized as follows

	June 30,2021	December 31,2020
Balance at beginning of the period \ year	1,214,590	-
Finance cost during the period \ year	55,909	-
Additions during the period \ year	127,198	1,214,590
Balance at ending of the period \ year	1,397,697	1,214,590
Current portion of long – term loan	100,000	-
Non- Current portion of long – term loan	1,297,697	1,214,590
Total	1,397,697	1,214,590

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2021

8. SHARE CAPITAL

The company's capital amounted to 11,300,000 Saudi riyals divided into 1,130,000 nominal shares of equal value. The nominal value of each share is 10 Saudi riyals, all of which are ordinary shares. The capital has been distributed to the shareholders as follows:

	<u>Number of Shares</u>	<u>Amount</u>	<u>Total</u>
Ibrahim Suliman Al Mohaws	375,000	10	3,750,000
Najeeb Hamad Mubark Al Humaid	83,330	10	833,300
Nabeel Hamad Mubark Al Humaid	83,330	10	833,300
Fahed Hamad Mubark Al Humaid	83,330	10	833,300
Saud Mostafa Al Najidi	54,920	10	549,200
Laith Mostafa Al Najidi	54,920	10	549,200
Hailah Hamad Mubark Al Humaid	41,670	10	416,700
Monearah Hamad Mubark Al Humaid	41,670	10	416,700
Salwa Hamad Mubark Al Humaid	41,670	10	416,700
Amal Mostafa Al Najidi	27,445	10	274,450
Manal Mostafa Al Najidi	27,445	10	274,450
Abeer Mohammed AL Khalaiwi	23,545	10	234,450
Ibrahim Adel Al Najidi	23,545	10	234,450
Najeed Adel Al Najidi	23,545	10	234,450
Abdulaziz Adel Al Najidi	23,545	10	234,450
Yazeed Adel Al Najidi	23,545	10	234,450
Abdulmalik Adel Al Najidi	23,545	10	234,450
Abdulrahman Adel Al Najidi	23,545	10	234,450
Rajaa Suliman Al Najidi	23,470	10	234,700
Sarah Adel Al Najidi	11,815	10	118,150
Eman Adel Al Najidi	11,815	10	118,150
Waleed Ibrahim Suliman Al Najidi	720	10	7,200
Tariq Ibrahim Suliman Al Najidi	720	10	7,200
Faisal Hamad Abood AL Humaid	535	10	5,350
Meshal Najeeb Hamad Al Humaid	400	10	4,000
Marwan Najeeb Hamad Al Humaid	400	10	4,000
Dalal Najeeb Hamad Al Humaid	200	10	2,000
Ibrahim Hamad Abood Al Humaid	10	10	100
Ahmed Suliman Alhushan	10	10	100
Musaad Abdulaziz Bin Akrash	10	10	100
Ahmed Suliman Al Jaser	10	10	100
Fahed Abdulaziz Al Bahuth	10	10	100
Fahed Saleh Al Kalaiwi	10	10	100
Nasser Saleh Al Kalaiwi	10	10	100
Abdulrahman Abduallah Al Mubark	10	10	100
Abdulaah Abdulaziz Mohammed Al Humaid	10	10	100
Meshal Ali Abdullah Al Humaid	10	10	100
Saleh Hamed Abood Al Humaid	10	10	100

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2021

8. SHARE CAPITAL (Continued)

Norah Hamed Abood Al Humaid	10	10	100
Maha Hamed Abood Al Humaid	10	10	100
Abdullah Hamed Abood Al Humaid	10	10	100
Ameerah Mohammed Mohammed Najeeb	10	10	100
Mubark Hamad Abood Al Humaid	10	10	100
Mohammed Hamad Abood Al Humaid	10	10	100
Tariq Hamad Abood Al Humaid	10	10	100
Badraih Hamad Abood Al Humaid	10	10	100
Najwa Hamad Abood Al Humaid	10	10	100
Weaam Hamad Abood Al Humaid	10	10	100
Hamaid Abdullah Abdulrahman Al Mubark	10	10	100
Tariq Waleed Ibrahim Al Mohawas	20	10	200
Sulaiman Waleed Ibrahim Al Mohawas	20	10	200
Leenah Waleed Ibrahim Al Mohawas	20	10	200
Alhaitham Waleed Ibrahim Al Mohawas	20	10	200
Yosef Tariq Ibrahim Al Mohawas	20	10	200
Mohammed Tariq Ibrahim Al Mohawas	20	10	200
Bader Waleed Ibrahim Al Mohawas	20	10	200
Ibrahim Tariq Ibrahim Al Mohawas	20	10	200
Total	1,130,000	10	11,300,000

8. STATURY RESERVE

In accordance with Saudi Arabian Regulations for Companies, the Company has set aside 10% of its net income each year until it has built a reserve equal to 30% of the share capital. The reserve is not available for dividend distribution.

9. DIVIDEND PAYABLE

The Ordinary General Assembly, during its meeting held on Shaaban 11, 1442 AH (corresponding to March 24, 2021), approved the distribution of cash dividends to shareholders at the rate of 3 Saudi riyals per share, with a total amount of 3,390,000 Saudi riyals, representing 30% of the company's capital.

10. ZAKAT PROVISION

a) Zakat Assessments

Zakat declaration was filed with Zakat, Tax and customs Authority ("ZATCA") for all the years up to December 31, 2020 and the company still wait the final assessments from the ZATCA.

b) Zakat Provision movement

The movement in Zakat provision is as follows:

	June 30 , 2021	December 31,2020
Balance at beginning of the year	175,474	199,236
Charged to profit or loss	100,000	175,474
Paid during the year	(175,474)	(199,236)
Balance at end of the year	100,000	175,474

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2021

11. EARNINGS PER SHARE

a) Earnings per share from Net operating profit:

Earnings per share is calculated based on operating income divided by the weighted average number of shares issued.

	<u>June 30,2021</u>	<u>June 30,2020</u>
Total operating income	2,176,295	2,428,279
Weighted average no. of ordinary shares outstanding for basic EPS	1,130,000	1,130,000
Earnings per share	1,93	2,15

b) Earnings per share from Net profit for the period:

Earnings per share is calculated based on net income for the period divided by the weighted average number of shares issued.

	<u>June 30,2021</u>	<u>June 30,2020</u>
Net profit for the period		
Weighted average no. of ordinary shares outstanding for basic EPS	2,049,690	2,446,516
Earnings per share	1,130,000	1,130,000
	1,81	2,17

12. SUSEQUENT EVENT

There have been no material subsequent events, adjusted or unadjusted, since June 30, 2021 that have a material impact on the financial position or financial performance of the Company as shown in the condensed interim financial statements.

13. APPROVAL ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements have been approved by the board of directors on 25 Muharram 1443H (corresponding to 2 September 2021).

