

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS**TO THE SHAREHOLDERS OF
ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Arabian Food and Dairy Factories Company (FADECO) ("the Company") as at 30 June 2023, and the related condensed interim statements of profit or loss and other comprehensive income, changes in 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 fair presentation of these condensed interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

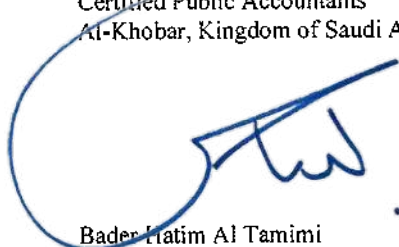
Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 IAS 34 as endorsed in the Kingdom of Saudi Arabia.



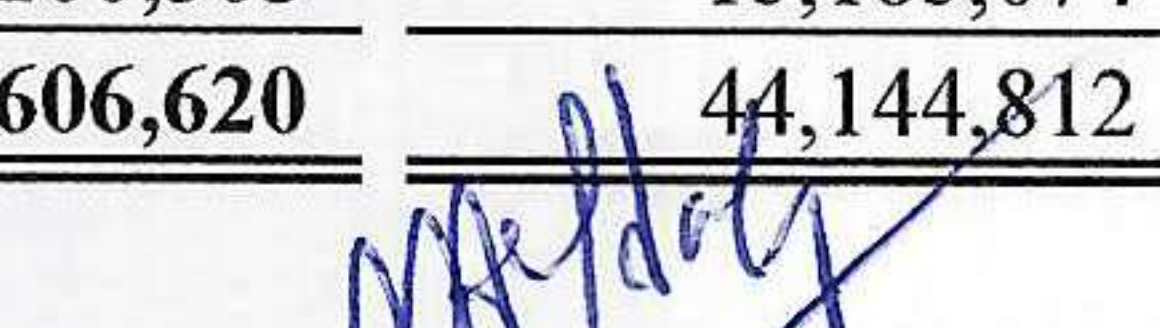
Baker Tilly MKM & Co.
Certified Public Accountants
Al-Khobar, Kingdom of Saudi Arabia



Bader Hatim Al Tamimi
License No. 489
27 Muharram 1445H
14 August 2023



ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	<i>Note</i>	30 June 2023 <i>(Unaudited)</i>	<i>31 December</i> 2022 <i>(Audited)</i>
		SR	SR
ASSETS			
Non-current assets			
Property, plant and equipment	6	18,414,422	19,132,726
Intangible assets		208,581	217,556
Right of use assets		267,496	313,618
Investment in equity instruments at FVOCI		1,595,741	1,444,862
Other non financial asset		280,000	280,000
Total non-current assets		20,766,240	21,388,762
Current assets			
Investment in equity instruments at FVTPL		2,690,573	2,633,096
Inventories		10,329,183	11,022,823
Accounts receivable, net	7	7,769,990	3,985,295
Prepayments and other receivables		2,569,913	2,033,443
Cash and cash equivalents		4,480,721	3,081,393
Total current assets		27,840,380	22,756,050
TOTAL ASSETS		48,606,620	44,144,812
EQUITY AND LIABILITIES			
Equity			
Share capital	1	14,100,000	14,100,000
Statutory reserve		4,230,000	4,230,000
Actuarial reserve		217,905	217,905
Fair value reserve of financial assets at FVTOCI		595,741	444,862
Retained earnings	8	10,262,671	9,966,971
Total equity		29,406,317	28,959,738
Non-current liabilities			
Decommissioning liability		952,922	935,384
Due to related parties - non current portion		1,824,312	1,860,713
Employee benefits obligations		4,559,768	4,298,281
Lease liabilities - non current portion		199,931	187,271
Total non-current liabilities		7,536,933	7,281,649
Current liabilities			
Accounts payable		3,907,547	2,200,100
Due to related parties - current portion		1,009,500	1,009,500
Accrued expenses and other payables		5,673,945	3,450,172
Lease liabilities - current portion		79,967	86,960
Dividend payable		44,081	44,081
Zakat payable		948,330	1,112,612
Total current liabilities		11,663,370	7,903,425
Total liabilities		19,200,303	15,185,074
TOTAL EQUITY AND LIABILITIES		48,606,620	44,144,812
			
Khaled Hassan Al Qahtani Chairman	Mohammad Al Rassam Chief Executive Officer	James Costa Finance Manager	
The accompanying notes from 1 to 12 form an integral part of these condensed interim financial statements			

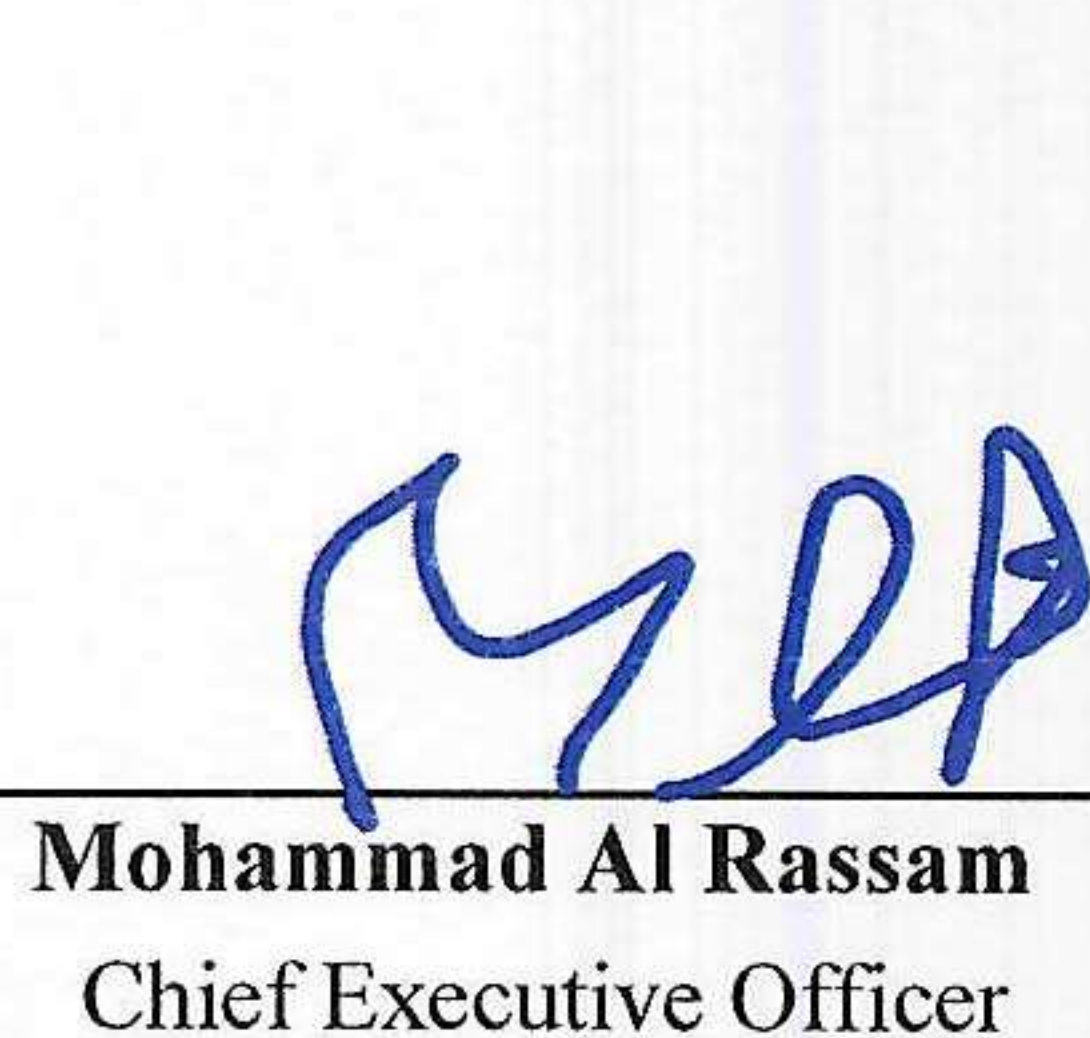
ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)

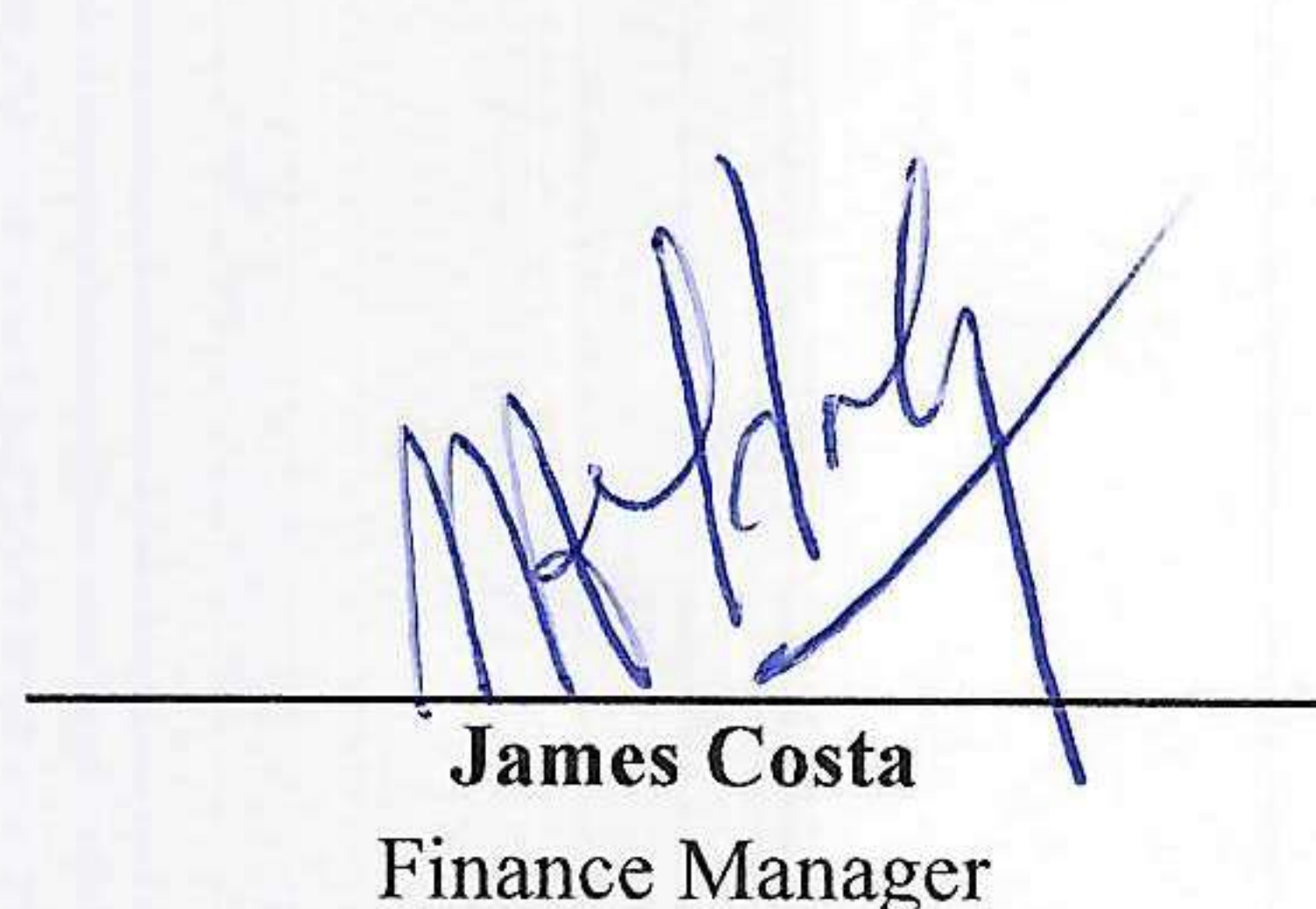
(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

	<i>Note</i>	<i>For the six months period ended 30 June 2023 (Unaudited) SR</i>	<i>For the six months period ended 30 June 2022 (Unaudited) SR</i>
Revenue		30,024,167	27,130,067
Cost of revenue		(16,511,967)	(16,649,088)
Gross profit		13,512,200	10,480,979
Selling and distribution expenses		(7,871,059)	(7,259,260)
Provision for expected credit losses	7	(282,240)	(117,698)
General and administrative expenses		(3,219,694)	(3,011,086)
Operating profit		2,139,207	92,935
Finance cost		(268,622)	(157,363)
Other income		480,192	101,704
Profit before zakat		2,350,777	37,276
Zakat		(264,377)	(236,101)
Profit / (loss) for the period		2,086,400	(198,825)
Other comprehensive income			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years:</i>			
Change in fair value of equity instruments at FVOCI		150,879	-
Other comprehensive income for the period		150,879	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		2,237,279	(198,825)
Earning / (loss) per share			
Basic and diluted earning / (loss) per share	11	1.48	(0.14)


Khaled Hassan Al Qahtani
Chairman

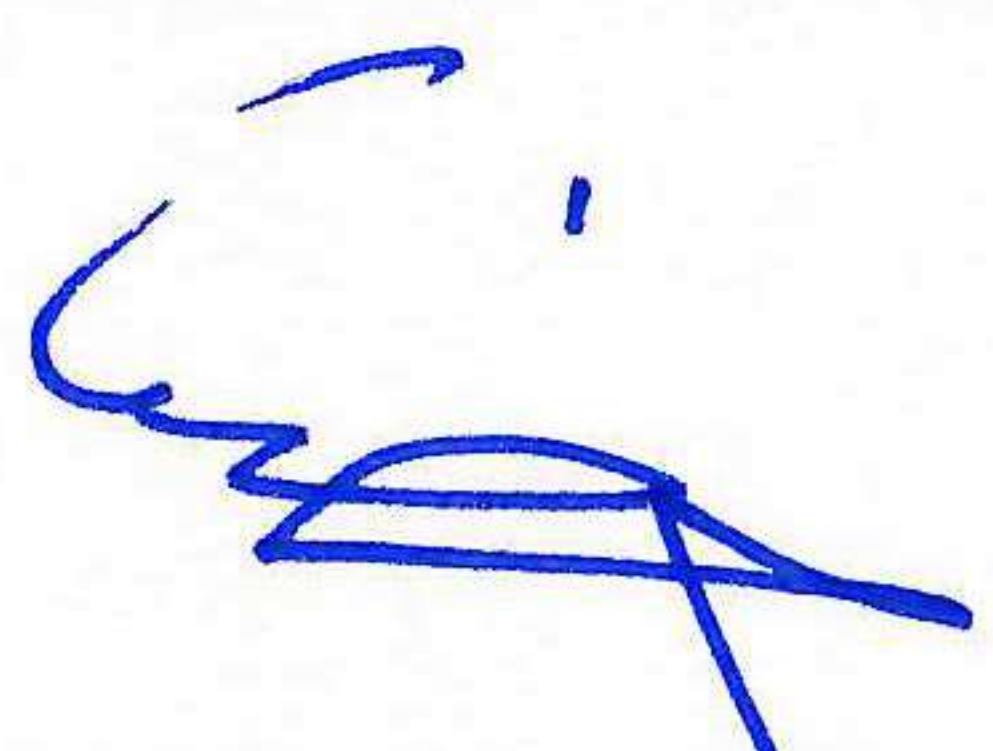

Mohammad Al Rassam
Chief Executive Officer



James Costa
Finance Manager


The accompanying notes from 1 to 12 form an integral part of these condensed interim financial statements

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Actuarial reserve</i>	<i>Fair value reserve of financial assets at FVTOCI</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
For the six months period ended 30 June 2023:						
As at 1 January 2023 (Audited)	14,100,000	4,230,000	217,905	444,862	9,966,971	28,959,738
Profit for the period	-	-	-	-	2,086,400	2,086,400
Other comprehensive income	-	-	-	150,879	-	150,879
Total comprehensive income	-	-	-	150,879	2,086,400	2,237,279
Dividend (note 8)	-	-	-	-	(1,790,700)	(1,790,700)
As at 30 June 2023 (Reviewed and unaudited)	<u>14,100,000</u>	<u>4,230,000</u>	<u>217,905</u>	<u>595,741</u>	<u>10,262,671</u>	<u>29,406,317</u>
For the six months period ended 30 June 2022:						
As at 1 January 2022 (Audited)	14,100,000	4,230,000	133,531	444,862	9,193,847	28,102,240
Loss for the period	-	-	-	-	(198,825)	(198,825)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(198,825)	(198,825)
Dividend (note 8)	-	-	-	-	(1,908,000)	(1,908,000)
As at 30 June 2022 (Reviewed and unaudited)	<u>14,100,000</u>	<u>4,230,000</u>	<u>133,531</u>	<u>444,862</u>	<u>7,087,022</u>	<u>25,995,415</u>


Khaled Hassan Al Qahtani
Chairman


Mohammad Al Rassam
Chief Executive Officer


James Costa
Finance Manager

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ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)

(A Saudi Joint Stock Company)

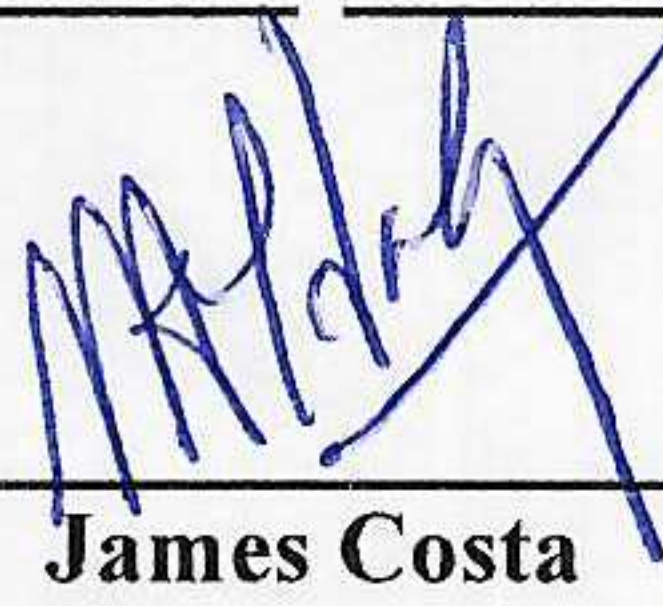
CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	<i>For the six months period ended 30 June 2023 (Unaudited) SR</i>	<i>For the six months period ended 30 June 2022 (Unaudited) SR</i>
OPERATING ACTIVITIES		
Profit before zakat	2,350,777	37,276
Adjustments for non-cash items:		
Depreciation	1,678,716	1,883,710
Amortization	8,975	-
Provision for expected credit loss	282,240	117,698
Gain on redemption of investment in equity instruments at FVTPL	-	(622)
Change in fair value of investment in equity instruments at FVTPL	(57,477)	-
Gain on disposal of property, plant and equipment	(71,002)	-
Employee benefits obligations	326,742	271,332
Finance charges	268,622	157,363
	<u>4,787,593</u>	<u>2,466,757</u>
Changes in working capital:		
Inventories	693,640	666,518
Accounts receivable, net	(4,066,935)	(2,601,783)
Prepayments and other receivables	(536,470)	(338,186)
Accounts payable	1,707,447	1,475,107
Accrued expenses and other payables	2,175,611	1,353,831
Due to related parties	(36,401)	(369,053)
Cash generated from operations	<u>4,724,485</u>	<u>2,653,191</u>
Employee termination benefits paid	(65,255)	(470,395)
Zakat paid	(428,659)	(424,805)
Finance cost paid	(202,922)	(65,729)
Net cash flows from operating activities	<u>4,027,649</u>	<u>1,692,262</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(914,290)	(403,580)
Proceeds from sale of property, plant and equipment	71,002	-
Proceeds from sale of investment in equity instruments at FVTPL	-	2,310,479
Net cash flows (used in) / generated from investing activities	<u>(843,288)</u>	<u>1,906,899</u>
FINANCING ACTIVITIES		
Dividend paid	(1,790,700)	(3,416,508)
Short term loan obtained	-	1,900,000
Net change in lease liability	5,667	7,878
Net cash flows used in financing activities	<u>(1,785,033)</u>	<u>(1,508,630)</u>
Net change in cash and cash equivalents	<u>1,399,328</u>	<u>2,090,531</u>
Cash and cash equivalents at the beginning of the period	<u>3,081,393</u>	<u>2,772,280</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>4,480,721</u>	<u>4,862,811</u>


Khaled Hassan Al Qahtani
Chairman


Mohammad Al Rassam
Chief Executive Officer


James Costa
Finance Manager

The accompanying notes from 1 to 12 form an integral part of these condensed interim financial statements

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

1 COMPANY INFORMATION

Arabian Food and Dairy Factories Company (FADECO) (the "Company") was previously registered as a Limited Liability Company in Saudi Arabia under commercial registration number 2050033520 on 25 Dhu Al-Qadah 1418H corresponding to 24 March 1998. On 11 Muharram 1442H corresponding to 30 August 2020, the shareholders of the Company resolved to convert it to a Closed Joint Stock Company. The ministerial decision (No 5) announcing the conversion of the Company was obtained on 29 Muharram 1442 corresponding 17 September 2020.

As of 25 Sha'ban 1443H (corresponding to 28 March 2022), the Company obtained approval from the Capital Market Authority's (CMA) to offer 282,000 shares, representing 20% of the Company's share capital, in the parallel market. On 13 Dhu al-Qi'dah 1443 (corresponding to 12 June 2022) the Company obtained approval of listing from the CMA to trade the shares in the parallel market.

Following the Company's shares listing, legal formalities associated with the update of the Company's commercial registration and By-laws were completed during the year 2022.

The registered address of the Company is P.O. Box 195, Dammam/Industrial City 31952, Kingdom of Saudi Arabia.

The principal activities of the Company are to produce ice cream and marketing of the Company's products and trading.

The share capital of the Company comprises of 1,410,000 shares as at 30 June 2023 (31 December 2022: 1,410,000 shares) stated at SR 10 per share.

The Company has the following branches, which are registered under separate commercial registration number:

<u>Location of Branch</u>	<u>Commercial registration number</u>
Dammam	2050100527
Riyadh	1010246408
Hasa	2250062831
Arar	3450015259
Narriaya	2056102672
Qasim	1131307418
Riyadh	4030516507

The accumulated assets, liabilities and results of the branches are included in these condensed interim financial statements.

Subsequent to the period end, The Company has opened following branch, which is registered under separate commercial registration number:

<u>Location of Branch</u>	<u>Commercial registration number</u>
Jeddah	7036616964

2 BASIS OF PREPARATION

These condensed interim financial statements of the Company for the six months period ended 30 June 2023 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 adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2022. In addition, the results for the period end 30 June 2023 do not necessarily represents an indication for the results for the year ending 31 December 2023.

These condensed interim financial statements have been prepared on historical cost basis, except as otherwise stated and are presented in Saudi Riyal (SR) which is also the functional currency of the Company.

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

4 APPLICATION OF NEW AND REVISED IFRSs

4.1 - New standards and amendments to standards

There is no new standards issued, however, there are number of amendments to the standards which are effective from 1 January 2023 and have been explained in the Company's annual financial statements, but they do not have a significant effect on these condensed interim financial statements for the six months period ended 30 June 2023.

4.2 - Standards issued but not yet effective

The Company has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 16	Lease liability in sale and lease back	January 1, 2024	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
IAS 1	Amendments regarding the classification of debt with covenants, as current or non-current	January 1, 2024	The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances.
IAS 1	Classification of liabilities, as current or non-current	January 1, 2024	The amendments has clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the condensed interim financial statements of the Company in the period of initial application.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were consistent with those described in the last annual financial statements.

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023**

6 - PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery & equipment	Motor vehicles	Computer and appliances	Furniture and fixtures	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Cost:								
At 1 January 2022	6,417,475	12,959,169	75,318,021	14,102,157	2,548,586	3,962,816	1,340,854	116,649,078
Additions	-	35,860	1,120,958	38,000	133,865	46,875	663,188	2,038,746
Disposal	-	-	-	(665,507)	-	-	-	(665,507)
Transfers	-	-	1,098,050	-	-	-	(1,098,050)	-
At 31 December 2022	6,417,475	12,995,029	77,537,029	13,474,650	2,682,451	4,009,691	905,992	118,022,317
Additions	-	-	163,945	-	-	-	750,345	914,290
Transfers	-	-	342,650	-	-	-	(342,650)	-
Disposal	-	-	-	(624,000)	-	-	-	(624,000)
At 30 June 2023	6,417,475	12,995,029	78,043,624	12,850,650	2,682,451	4,009,691	1,313,687	118,312,607
Accumulated depreciation:								
At 1 January 2022	-	10,926,645	66,545,903	12,390,347	2,353,342	3,807,503	-	96,023,740
Charge for the year	-	190,495	2,519,795	649,064	115,362	56,642	-	3,531,358
Disposal	-	-	-	(665,507)	-	-	-	(665,507)
At 31 December 2022	-	11,117,140	69,065,698	12,373,904	2,468,704	3,864,145	-	98,889,591
Charge for the period	-	95,320	1,192,901	265,684	54,882	23,807	-	1,632,594
Disposal	-	-	-	(624,000)	-	-	-	(624,000)
At 30 June 2023	-	11,212,460	70,258,599	12,015,588	2,523,586	3,887,952	-	99,898,185
Net book value:								
At 30 June 2023	6,417,475	1,782,569	7,785,025	835,062	158,865	121,739	1,313,687	18,414,422
At 31 December 2022	6,417,475	1,877,889	8,471,331	1,100,746	213,747	145,546	905,992	19,132,726

- Buildings are situated on land in the first industrial city of Dammam leased from Modon.

- As at 30 June, 2023 capital work in progress represents the advance paid for purchases of freezers, construction of warehouse and other machinery items.

- Included within the property, plant and equipment fully depreciated assets with total cost amounting to SR 85.07 million as at 30 June 2023 (31 December 2022: SR 84.15 million).

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

7 ACCOUNTS RECEIVABLE, NET

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Accounts receivable - third parties	9,838,899	5,787,598
Less: Allowance for expected credit losses	<u>(2,068,909)</u>	<u>(1,802,303)</u>
	<u>7,769,990</u>	<u>3,985,295</u>

Accounts receivable are unsecured and non-interest bearing. Accounts receivable are generally on terms of 30 to 60 days.

The movement in the allowance for expected credit losses is as follows:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Opening balance	1,802,303	1,709,605
Charged for the period	282,240	92,698
Written off	<u>(15,634)</u>	<u>-</u>
Ending balance	<u>2,068,909</u>	<u>1,802,303</u>

An aged analysis of accounts receivable as at 30 June 2023 and 31 December 2022 is as follows:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Not past due	4,303,517	1,010,840
Past due - 1 - 30 days	2,027,034	867,487
Past due - 31 - 120 days	863,080	2,812,613
Past due - Above 120 days	<u>2,645,268</u>	<u>1,096,658</u>
	9,838,899	5,787,598
Expected credit losses	<u>(2,068,909)</u>	<u>(1,802,303)</u>
	<u>7,769,990</u>	<u>3,985,295</u>

The Company records an allowance for expected credit losses considering various factors including age of the receivable balances and financial condition of the customers.

8 DIVIDENDS

During the period, the Board of Directors resolved to distribute interim dividends of SR 1,790,700 (30 June 2022: SR 1,908,000).

9 COMMITMENTS AND CONTINGENCIES

Commitments

The Company has capital commitments related to property, plant and equipment and purchases of materials for an amount of SR 412,922 as at 30 June 2023 (31 December 2022: SR 648,872).

10 SEGMENTAL REPORTING

The Company has one business segment engaged in the production and sale of ice cream within the Kingdom of Saudi Arabia.

ARABIAN FOOD AND DAIRY FACTORIES COMPANY (FADECO)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

11 EARNING / (LOSS) PER SHARE

	<i>For the six months period ended 30 June 2023 (Unaudited)</i>	<i>For the six months period ended 30 June 2022 (Unaudited)</i>
	<u>SR</u>	<u>SR</u>
Basic and diluted earning / (loss) per share:		
Basic earning / (loss) per share	1.48	(0.14)
Profit / (loss) for the period	2,086,400	(198,825)
Weighted average number of shares	<u>1,410,000</u>	<u>1,410,000</u>

12 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Company's Board of Directors on 27 Muharram 1445H corresponding to 14 August 2023.