

Al Eid Food Company
K.S.C. (Public)
Kuwait

Interim Condensed Financial Information for
The Six Months Ended June 30, 2019
(Unaudited)
with
Independent auditors' review report

Al Eid Food Company
K.S.C. (Public)
Kuwait

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The Six Months Ended June 30, 2019
(Unaudited)
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Independent auditors' review report

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**The Board of Directors
Al Eid Food Company
K.S.C. (Public)
Kuwait**

Independent auditors' review report on the interim condensed financial information

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Eid Food Company K.S.C. (Public) as of June 30, 2019 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. The management of the company is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information 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 Auditors of the Entity". A review of interim condensed 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 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 interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34, "Interim Financial Reporting".

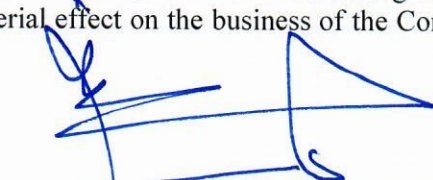
Report on other legal and regulatory matters

Furthermore, based on our review, the interim condensed financial information is in agreement with the accounting books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of year 2016 and its executive regulations, as amended, or the Company's memorandum and articles of association, as amended, have occurred during the six month period ended June 30, 2019 that might have had a material effect on the business of the Company or on its interim condensed financial position.



Abdulhussain M. Al-Rasheed
License No. 67 – (A)
Rödl Middle East – Burgan
International Accountants

August 5, 2019
State of Kuwait



Adel Al-Sanea
Auditors Registry No. 86 Category (A)
Kuwaiti Accounting Auditing
A member of HLB International



Kuwaiti Accountant Auditing
CERTIFIED PUBLIC ACCOUNTANTS

Al Eid Food Company
K.S.C. (Public)
Kuwait

Interim condensed statement of financial position as of June 30, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	June 30, 2019	December 31, 2018 (audited)	June 30, 2018
Assets				
Current assets				
Cash and cash equivalents		386,473	261,723	703,571
Accounts receivable and other debit balances	3	12,849,067	12,082,218	11,675,291
Inventory	4	9,797,800	9,553,193	9,414,306
		<u>23,033,340</u>	<u>21,897,134</u>	<u>21,793,168</u>
Non-current assets				
Intangible assets		74,376	78,626	1
Property and equipment	6	511,798	578,782	273,302
		<u>586,174</u>	<u>657,408</u>	<u>273,303</u>
Total assets		<u>23,619,514</u>	<u>22,554,542</u>	<u>22,066,471</u>
Liabilities and equity				
Current liabilities				
Murabaha payables		5,010,940	4,610,172	4,666,719
Accounts payable and other credit balances	7	383,436	362,848	314,293
		<u>5,394,376</u>	<u>4,973,020</u>	<u>4,981,012</u>
Non-current liabilities				
Murabaha payables		804,915	902,461	1,097,216
Provision for end of service indemnity		278,164	265,859	251,149
		<u>1,083,079</u>	<u>1,168,320</u>	<u>1,348,365</u>
Equity				
Share capital	8	10,045,588	10,045,588	10,045,588
Statutory reserve		1,523,800	1,523,800	1,374,991
Voluntary reserve		594,016	594,016	445,207
Retained earnings		4,978,655	4,249,798	3,871,308
		<u>17,142,059</u>	<u>16,413,202</u>	<u>15,737,094</u>
Total liabilities and equity		<u>23,619,514</u>	<u>22,554,542</u>	<u>22,066,471</u>



Fahed Saud Al Mutairy
Chairman

Abdullah Saud Al Mutairy
Vice Chairman

The accompanying notes form an integral part of this interim condensed financial information.

Al Eid Food Company
K.S.C. (Public)
Kuwait

Interim condensed statement of profit or loss and other comprehensive income for the six months ended June 30, 2019

(Unaudited)

"All amounts are in Kuwaiti Dinars"

	Note	The three months ended June 30		The six months ended June 30	
		2019	2018	2019	2018
Revenue					
Sales		5,151,395	4,966,097	9,105,613	8,701,315
Cost of sales	9	(4,351,859)	(4,159,024)	(7,679,729)	(7,307,813)
Gross profit of sales		799,536	807,073	1,425,884	1,393,502
Other income		29,392	27,097	71,501	75,415
Total revenue		828,928	834,170	1,497,385	1,468,917
Expenses and other charges					
General and administrative expenses		190,440	186,930	349,546	331,114
Finance charges		123,149	132,332	282,530	289,894
Depreciation and amortization		35,617	12,550	71,234	31,100
Provisions		15,621	20,768	31,221	37,941
Total expenses and other charges		364,827	352,580	734,531	690,049
Net profit for the period before KFAS, Zakat and National Labour Support Tax					
		464,101	481,590	762,854	778,868
Contribution to Kuwait Foundation for the Advancement of Science		(4,177)	(4,334)	(6,866)	(7,010)
Zakat		(4,693)	(4,930)	(7,752)	(7,693)
National Labour Support Tax		(11,731)	(12,324)	(19,379)	(19,233)
Net profit for the period		443,500	460,002	728,857	744,932
Other comprehensive income		-	-	-	-
Total comprehensive income		443,500	460,002	728,857	744,932
Earning per share/(Fils)	10	4.41	4.58	7.25	7.42

The accompanying notes form an integral part of this interim condensed financial information.

Al Eid Food Company
K.S.C. (Public)
Kuwait

Interim condensed statement of changes in equity for the six months ended June 30, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2018	10,045,588	1,374,991	445,207	3,156,976	15,022,762
Transition adjustment on adoption of IFRS 9 at January 1, 2018	-	-	-	(30,600)	(30,600)
Balance at January 1, 2018 (adjusted)	10,045,588	1,374,991	445,207	3,126,376	14,992,162
Net profit for the period	-	-	-	744,932	744,932
Balance at June 30, 2018	10,045,588	1,374,991	445,207	3,871,308	15,737,094
Balance at January 1, 2019	10,045,588	1,523,800	594,016	4,249,798	16,413,202
Net profit for the period	-	-	-	728,857	728,857
Balance at June 30, 2019	10,045,588	1,523,800	594,016	4,978,655	17,142,059

The accompanying notes form an integral part of this interim condensed financial information.

Al Eid Food Company
K.S.C. (Public)
Kuwait

Interim condensed statement of cash flows for the six months ended June 30, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	The six months ended June 30	
	2019	2018
Cash flows from operating activities		
Net profit for the period	728,857	744,932
Adjustments:		
Depreciation and amortization	71,234	31,100
Provision for end of service indemnity	12,305	12,405
Provision for doubtful debts	-	8,650
Finance charges	282,530	289,894
Adjusted profit before changes in working capital items	1,094,926	1,086,981
Accounts receivable and other debit balances	(766,849)	52,990
Inventory	(244,607)	(469,844)
Accounts payable and other credit balances	20,588	20,396
Net cash generated from operating activities	<u>104,058</u>	<u>690,523</u>
Cash flows from financing activities		
Murabaha payables	303,222	(97,543)
Finance charges paid	(282,530)	(289,894)
Net cash generated from/(used in) financing activities	<u>20,692</u>	<u>(387,437)</u>
Net increase in cash and cash equivalents	124,750	303,086
Cash and cash equivalents at beginning of the period	261,723	400,485
Cash and cash equivalents at end of the period	<u><u>386,473</u></u>	<u><u>703,571</u></u>

The accompanying notes form an integral part of this interim condensed financial information.

Al Eid Food Company
K.S.C. (Public)
Kuwait

Notes to the interim condensed financial information for the six months ended June 30, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Company's formation and activities

Al Eid for General Trading and Contracting Company (Abdullah Saud Murdy Al Mutairy and Partners) was incorporated as W.L.L Company in accordance with the Articles of Association dated on March 4, 1994 and subsequent amendments.

The legal entity of the company has been transferred from (limited liability company) to a kuwaiti shareholding company (Public), under the name of Al Eid Food Company as per the Articles of Association dated on June 2, 2004 through transferring all assets and obligations to the new company based on evaluation made by an independent expert.

The objectives for which the company was established, are as follows:

- Managing and operating all works related to nutrition supplies in restaurants, hospitals, schools, universities, companies, factories and military camps, parks, commercial and residential complexes, clubs, institutes, entertainment cities, guest houses, residential houses, theaters, cinemas, recreational, sports and tourism projects and shops in various grades and levels including all indigenous and assistance services and facilities thereto and other necessary services, whether directly or to the favor of others.
- Making food and beverages, foodstuffs and other consumables (after the approval of the General Authority of Industry), importing, selling, packaging, storage and distributing in the manner that the company deems appropriate, in wholesale or retail.
- Opening and managing restaurants, including fast-food restaurants.
- Purchasing and importing devices, supplies and equipment necessary for the implementation of the objectives of the company.
- Representing companies and participating in similar tenders that are similar to these purposes.
- Owning movables and real estate that are necessary to conduct its activities to acceptable limits in accordance with the law.
- Utilizing the financial surpluses that are available to the company through investing them in financial portfolios managed by specialized companies and authorities.

The company may conduct the previous mentioned business objectives inside and outside the State of Kuwait by itself or as an agent.

The company has the right to participate or subscribe in any way, in other institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to construct, participate or purchase these institutions or join them.

The postal address of the company is: Ardiya – P.O. Box 41081, Post Code 85851 Kuwait.

The interim condensed financial information for the six months ended June 30, 2019 was authorized for issue by the Board of Directors on August 5, 2019.

Al Eid Food Company

K.S.C. (Public)

Kuwait

**Notes to the interim condensed financial information for six months ended June 30, 2019
(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

2- Significant accounting policies**2/1) Basis of preparation**

The accompanying interim condensed financial statements are prepared in accordance with IAS 34-“Interim Financial Reporting”. These interim condensed financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2018.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for six-month period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018.

The Company’s financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2018.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of newly effective and amended standards as set out below.

Newly effective standard and amendments and improvements to standards

The new International Financial Reporting Standard (“IFRS” or “standard”) No. 16 and several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following new standard, interpretation and amendments to standards have been applied by the Company in preparation of these interim condensed financial statements. The amendments to the below standards did not have any material impact to the Company, but they may result in additional disclosures at the year end:

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures

Al Eid Food Company**K.S.C. (Public)****Kuwait****Notes to the interim condensed financial information for six months ended June 30, 2019
(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

- Annual Improvements 2015-2017 Cycle (issued in December 2017)
 - Amendments to IFRS 3 Business Combinations
 - Amendments to IFRS 11 Joint Arrangements
 - Amendments to IAS 12 Income Taxes
 - Amendments to IAS 23 Borrowing Costs

The adoption of the above did not result in any changes to previously reported net profit or equity of the Company.

New and amended standards not yet effective, but available for early adoption

The below new and amended IFRS that are available for early adoption for financial year ending December 31, 2019 are not effective until a later period, and they have not been applied in preparing these interim condensed financial information.

Adoption not expected to impact the Company's financial statements:

Effective date	Description
January 1, 2020	<ul style="list-style-type: none"> • Amendments to IFRS 3 • Amendments to References to the Conceptual Framework in IFRS Standards • Amendments to IAS 1 and IAS 8 on 'Definition of Material'
January 1, 2022	<ul style="list-style-type: none"> • IFRS 17 Insurance Contracts
Effective date to be determined	<ul style="list-style-type: none"> • Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2/2) Critical judgments and estimates

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by management in applying "the Company's" accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements as at and for the year ended December 31, 2018.

Al Eid Food Company

K.S.C. (Public)

Kuwait

**Notes to the interim condensed financial information for six months ended June 30, 2019
(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"***3- Accounts receivable and other debit balances**

	June 30, 2019	December 31, 2018 (audited)	June 30, 2018
Trade receivables	<u>10,376,887</u>	<u>9,639,227</u>	<u>9,218,441</u>
Provision for doubtful debts	<u>(450,820)</u>	<u>(450,820)</u>	<u>(441,570)</u>
	<u>9,926,067</u>	<u>9,188,407</u>	<u>8,776,871</u>
Cheques under collection	<u>2,863,911</u>	<u>2,834,722</u>	<u>2,884,612</u>
Refundable deposits	<u>59,089</u>	<u>59,089</u>	<u>13,808</u>
	<u>12,849,067</u>	<u>12,082,218</u>	<u>11,675,291</u>

4- Inventory

	June 30, 2019	December 31, 2018 (audited)	June 30, 2018
Ending inventory	<u>5,947,451</u>	<u>5,984,711</u>	<u>5,873,819</u>
Provision for slow moving goods	<u>(114,460)</u>	<u>(114,460)</u>	<u>(114,460)</u>
	<u>5,832,991</u>	<u>5,870,251</u>	<u>5,759,359</u>
Goods in transit	<u>3,964,809</u>	<u>3,682,942</u>	<u>3,654,947</u>
	<u>9,797,800</u>	<u>9,553,193</u>	<u>9,414,306</u>

5- Transactions with related parties

Related parties comprise of the major shareholders, Board of Directors, entities controlled by them or under their joint control, executive officers, key management personnel and their close family members. The management approves the terms and condition of related parties transactions. The transactions with related parties are subject to the approval of Shareholders' General Assembly.

The balances and transactions with related parties included in the Company's interim condensed financial information are as follows:

Interim condensed statement of financial position

Interim condensed statement of financial position doesn't include any balances with related parties.

	The three months ended June 30		The Six months ended June 30	
Interim condensed statement of profit or loss and other comprehensive income	2019	2018	2019	2018
Key management benefits				
Salary and other benefits	<u>6,000</u>	<u>6,000</u>	<u>12,000</u>	<u>12,000</u>

(5)

Al Eid Food Company
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Notes to the interim condensed financial information for the six months ended June 30, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

6- Property and equipment

	Buildings	Machinery and equipment	Vehicles	Decorations	Total
Cost					
Balance at January 1, 2019	900,000	311,161	359,150	166,106	1,736,417
Balance at June 30, 2019	900,000	311,161	359,150	166,106	1,736,417
Accumulated depreciation					
Balance at January 1, 2019	675,000	110,197	239,620	132,818	1,157,635
Charged for the period	22,500	20,644	19,994	3,846	66,984
Balance at June 30, 2019	697,500	130,841	259,614	136,664	1,224,619
Net book value					
At June 30, 2019	202,500	180,320	99,536	29,442	511,798
At December 31, 2018 (audited)	225,000	200,964	119,530	33,288	578,782

Al Eid Food Company

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**Notes to the interim condensed financial information for the six months ended June 30, 2019
(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"***7- Accounts payable and other credit balances**

	June 30, 2019	December 31, 2018 (audited)	June 30, 2018
Provision for staff leave	18,916	32,325	16,886
KFAS	68,524	61,658	55,275
Zakat	88,694	80,942	73,304
National Labour Support Tax	207,302	187,923	168,828
	383,436	362,848	314,293

8- Share capital

The authorized, issued and full paid-up capital is amounted to KD 10,045,588 distributed on 100,455,880 shares with nominal value 100 Fils of each share and all shares are in cash.

9- Cost of sales

	The three months ended June 30		The six months ended June 30	
	2019	2018	2019	2018
Beginning inventory	5,873,736	5,664,394	5,984,711	5,574,713
Purchases	4,425,574	4,368,449	7,642,469	7,606,919
	10,299,310	10,032,843	13,627,180	13,181,632
Ending inventory	(5,947,451)	(5,873,819)	(5,947,451)	(5,873,819)
	4,351,859	4,159,024	7,679,729	7,307,813

10- Earning per share/(Fils)

Earnings per share are calculated through dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	The three months ended June 30		The six months ended June 30	
	2019	2018	2019	2018
Net profit for the period	443,500	460,002	728,857	744,932
Weighted average number of shares outstanding during the period	100,455,880	100,455,880	100,455,880	100,455,880
Earning per share/(Fils)	4.41	4.58	7.25	7.42

Al Eid Food Company
K.S.C. (Public)
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Notes to the interim condensed financial information for the six months ended June 30, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

11- General Assembly of shareholders

The Ordinary General Assembly of Shareholders held on May 1, 2019 has approved the financial statements for the financial year ended December 31, 2018 and non distribution of dividends for the financial year ended December 31, 2018 nor remuneration for the Board of Directors for the financial year ended December 31, 2018.

12- Financial instruments

Categories of financial instruments

The Company's financial assets and financial liabilities are categorized in the interim condensed statement of financial position as follows:

	June	December	June
	30, 2019	31, 2018	30, 2018
		(audited)	
Financial assets:			
Cash and cash equivalents	386,473	261,723	703,571
Accounts receivable and other debit balances	12,849,067	12,082,218	11,675,291
	13,235,540	12,343,941	12,378,862
Financial liabilities:			
Murabaha payables	5,815,855	5,512,633	5,763,935
Accounts payable and other credit balances	383,436	362,848	314,293
	6,199,291	5,875,481	6,078,228