

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

Interim Condensed Financial Information for
The Six Months Ended June 30, 2020
(Unaudited)
with
Independent auditors' review report

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

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(Unaudited)
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**The Board of Directors
Al Eid Food Company
K.S.C. (Public)
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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, 2020 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

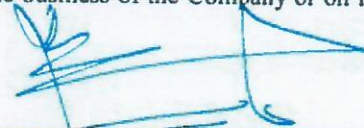
Furthermore, based on our review, the interim condensed financial information is in agreement with the accounting books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of year 2016 and its executive regulations, as amended, or the Company's memorandum and articles of association, as amended, have occurred during the six month period ended June 30, 2020 that might have had a material effect on the business of the Company or on its interim condensed financial position.



Ali A. Al Hasawi
License No. 30 – (A)

**Rödl Middle East – Burgan International
Accountants**

August 13, 2020
Kuwait



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



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

Interim condensed statement of financial position as of June 30, 2020
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	June 30, 2020	December 31, 2019 (audited)	June 30, 2019
Assets				
Current assets				
Cash and cash equivalents		524,476	562,162	386,473
Accounts receivable and other debit balances	3	13,477,179	13,016,685	12,849,067
Inventory	4	10,644,355	10,566,307	9,797,800
		<u>24,646,010</u>	<u>24,145,154</u>	<u>23,033,340</u>
Non-current assets				
Intangible assets		65,876	70,126	74,376
Property and equipment	6	378,633	445,617	511,798
		<u>444,509</u>	<u>515,743</u>	<u>586,174</u>
Total assets		<u>25,090,519</u>	<u>24,660,897</u>	<u>23,619,514</u>
Liabilities and equity				
Current liabilities				
Murabaha payables		5,416,994	5,156,896	5,010,940
Accounts payable and other credit balances	7	483,328	435,132	383,436
		<u>5,900,322</u>	<u>5,592,028</u>	<u>5,394,376</u>
Non-current liabilities				
Murabaha payables		301,245	854,112	804,915
Provision for end of service indemnity		306,173	291,973	278,164
		<u>607,418</u>	<u>1,146,085</u>	<u>1,083,079</u>
Equity				
Share capital	8	10,045,588	10,045,588	10,045,588
Statutory reserve		1,681,857	1,681,857	1,523,800
Voluntary reserve		752,073	752,073	594,016
Retained earnings		6,103,261	5,443,266	4,978,655
		<u>18,582,779</u>	<u>17,922,784</u>	<u>17,142,059</u>
Total liabilities and equity		<u>25,090,519</u>	<u>24,660,897</u>	<u>23,619,514</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, 2020
(Unaudited)
"All amounts are in Kuwaiti Dinars"

	Note	The three months ended June 30		The six months ended June 30	
		2020	2019	2020	2019
Revenue					
Sales		4,725,661	5,151,395	8,541,064	9,105,613
Cost of sales	9	(3,991,383)	(4,351,859)	(7,199,576)	(7,679,729)
Gross profit of sales		734,278	799,536	1,341,488	1,425,884
Other income		24,551	29,392	63,255	71,501
Total revenue		758,829	828,928	1,404,743	1,497,385
Expenses and other charges					
General and administrative expenses		165,694	190,440	325,779	349,546
Finance charges		140,728	123,149	285,339	282,530
Depreciation and amortization		35,617	35,617	71,234	71,234
Provisions		15,750	15,621	31,500	31,221
Total expenses and other charges		357,789	364,827	713,852	734,531
Net profit for the period before KFAS, Zakat and National Labour Support Tax					
Labour Support Tax		401,040	464,101	690,891	762,854
Contribution to Kuwait Foundation for the Advancement of Science		(3,609)	(4,177)	(6,218)	(6,866)
Zakat		(4,081)	(4,693)	(7,051)	(7,752)
National Labour Support Tax		(10,203)	(11,731)	(17,627)	(19,379)
Net profit for the period		383,147	443,500	659,995	728,857
Other comprehensive income		-	-	-	-
Total comprehensive income		383,147	443,500	659,995	728,857
Earning per share/(Fils)	10	3.81	4.41	6.57	7.25

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

Al Eid Food Company
K.S.C. (Public)
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Interim condensed statement of changes in equity for the six months ended June 30, 2020
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Retained earnings</u>	<u>Total</u>
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	<u>10,045,588</u>	<u>1,523,800</u>	<u>594,016</u>	<u>4,978,655</u>	<u>17,142,059</u>
Balance at January 1, 2020	10,045,588	1,681,857	752,073	5,443,266	17,922,784
Net profit for the period	-	-	-	659,995	659,995
Balance at June 30, 2020	<u>10,045,588</u>	<u>1,681,857</u>	<u>752,073</u>	<u>6,103,261</u>	<u>18,582,779</u>

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, 2020
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	The six months ended June 30	
	2020	2019
Cash flows from operating activities		
Net profit for the period	659,995	728,857
Adjustments:		
Depreciation and amortization	71,234	71,234
Provision for end of service indemnity	14,200	12,305
Finance charges	285,339	282,530
Adjusted profit before changes in working capital items	1,030,768	1,094,926
Accounts receivable and other debit balances	(460,494)	(766,849)
Inventory	(78,048)	(244,607)
Accounts payable and other credit balances	48,196	20,588
Net cash generated from operating activities	540,422	104,058
Cash flows from financing activities		
Murabaha payables	(292,769)	303,222
Finance charges paid	(285,339)	(282,530)
Net cash (used in)/generated from financing activities	(578,108)	20,692
Net (decrease)/increase in cash and cash equivalents	(37,686)	124,750
Cash and cash equivalents at beginning of the period	562,162	261,723
Cash and cash equivalents at end of the period	524,476	386,473

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, 2020
(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, 2020 was authorized for issue by the Board of Directors on August 13, 2020.

Al Eid Food Company**K.S.C. (Public)****Kuwait****Notes to the interim condensed financial information for six months ended June 30, 2020
(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

2- Basis of preparation and significant accounting policies**2/1) Basis of preparation**

The interim condensed financial information of the Company has been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, it does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2019.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies; performance of the Company or interim condensed financial position.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. For further information, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2019.

This interim condensed financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Company.

2/2) 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. The key sources of estimates and judgments are consistent with the annual audited financial statements of the Company for the year ended December 31, 2019, with the exception of the impact of the COVID - 19 outbreaks which are detailed below.

The outbreak of coronavirus ("COVID-19") pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. The full outcome of this event is still unknown and therefore the impact on the Company cannot be fully quantified at the date of issuance of this interim condensed financial information. Management assessed the impact of the pandemic on the significant estimates and judgments applied by them in arriving at the Company's reported amounts of financial and non-financial assets as of June 30, 2020. Management also assessed that the Company has Current assets are what covers its current liabilities

Management is continuously revising their assumptions, estimates and judgments and monitoring the liquidity position especially during the coming period as events unfold.

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Notes to the interim condensed financial information for six months ended June 30, 2020
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

3- Accounts receivable and other debit balances

	June	December	June
	30, 2020	31, 2019	30, 2019
		(audited)	
Trade receivables	10,928,777	10,632,928	10,376,887
Provision for doubtful debts	(465,820)	(465,820)	(450,820)
	<u>10,462,957</u>	<u>10,167,108</u>	<u>9,926,067</u>
Cheques under collection	2,943,175	2,778,115	2,863,911
Refundable deposits	71,047	71,462	59,089
	<u>13,477,179</u>	<u>13,016,685</u>	<u>12,849,067</u>

4- Inventory

	June	December	June
	30, 2020	31, 2019	30, 2019
		(audited)	
Ending inventory	6,874,714	6,696,155	5,947,451
Provision for slow moving goods	(114,460)	(114,460)	(114,460)
	<u>6,760,254</u>	<u>6,581,695</u>	<u>5,832,991</u>
Goods in transit	3,884,101	3,984,612	3,964,809
	<u>10,644,355</u>	<u>10,566,307</u>	<u>9,797,800</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		The Six months ended	
	ended June 30		June 30	
	2020	2019	2020	2019
Interim condensed statement of profit or loss and other comprehensive income				
Key management benefits				
Salary and other benefits	12,000	6,000	12,000	12,000

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Notes to the interim condensed financial information for the six months ended June 30, 2020
(Unaudited)

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6- Property and equipment

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Decorations</u>	<u>Total</u>
Cost					
Balance at January 1, 2020	900,000	311,161	359,150	166,106	1,736,417
Balance at June 30, 2020	<u>900,000</u>	<u>311,161</u>	<u>359,150</u>	<u>166,106</u>	<u>1,736,417</u>
Accumulated depreciation					
Balance at January 1, 2020	720,000	151,485	278,806	140,509	1,290,800
Charged for the period	22,500	20,644	19,994	3,846	66,984
Balance at June 30, 2020	<u>742,500</u>	<u>172,129</u>	<u>298,800</u>	<u>144,355</u>	<u>1,357,784</u>
Net book value					
At June 30, 2020	<u>157,500</u>	<u>139,032</u>	<u>60,350</u>	<u>21,751</u>	<u>378,633</u>
At December 31, 2019 (audited)	<u>180,000</u>	<u>159,676</u>	<u>80,344</u>	<u>25,597</u>	<u>445,617</u>

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Notes to the interim condensed financial information for the six months ended June 30, 2020
(Unaudited)

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7- Accounts payable and other credit balances

	June 30, 2020	December 31, 2019 (audited)	June 30, 2019
Provision for staff leave	50,925	33,625	18,916
KFAS	82,101	75,883	68,524
Zakat	104,210	97,159	88,694
National Labour Support Tax	246,092	228,465	207,302
	<u>483,328</u>	<u>435,132</u>	<u>383,436</u>

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	
	2020	2019	2020	2019
Beginning inventory	6,734,124	5,873,736	6,696,155	5,984,711
Purchases	4,131,973	4,425,574	7,378,135	7,642,469
	<u>10,866,097</u>	<u>10,299,310</u>	<u>14,074,290</u>	<u>13,627,180</u>
Ending inventory	(6,874,714)	(5,947,451)	(6,874,714)	(5,947,451)
	<u>3,991,383</u>	<u>4,351,859</u>	<u>7,199,576</u>	<u>7,679,729</u>

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	
	2020	2019	2020	2019
Net profit for the period	383,147	443,500	659,995	728,857
Weighted average number of shares outstanding during the period	<u>100,455,880</u>	<u>100,455,880</u>	<u>100,455,880</u>	<u>100,455,880</u>
Earning per share/(Fils)	<u>3.81</u>	<u>4.41</u>	<u>6.57</u>	<u>7.25</u>

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Notes to the interim condensed financial information for the six months ended June 30, 2020
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

11- General Assembly of shareholders

The Ordinary and Extraordinary General Assembly of Shareholders was held on July 14, 2020 and approved the financial statements for the financial year ended December 31, 2019 and non remuneration for the Board of Directors for the financial year ended December 31, 2019 and approved the increase of share capital by issuing bonus shares by 20 %.

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 30, 2020	December 31, 2019 (audited)	June 30, 2019
Financial assets:			
Cash and cash equivalents	524,476	562,162	386,473
Accounts receivable and other debit balances	13,477,179	13,016,685	12,849,067
	<u>14,001,655</u>	<u>13,578,847</u>	<u>13,235,540</u>
Financial liabilities:			
Murabaha payables	5,718,239	6,011,008	5,815,855
Accounts payable and other credit balances	483,328	435,132	383,436
	<u>6,201,567</u>	<u>6,446,140</u>	<u>6,199,291</u>