

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

Interim Condensed Financial Information for
The Six Months Ended June 30, 2021
(Unaudited)
with
Independent auditors' review report

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

Interim Condensed Financial Information for
The Six Months Ended June 30, 2021
(Unaudited)
with
Independent auditors' review report

Contents

Independent auditors' review report on the interim condensed financial information

Interim condensed statement of financial position (Unaudited)
Interim condensed statement of profit or loss and other comprehensive income (Unaudited)
Interim condensed statement of changes in equity (Unaudited)
Interim condensed statement of cash flows (Unaudited)

Exhibit

A
B
C
D

Notes to the interim condensed financial information (Unaudited)

Page

1 - 6

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

Interim condensed statement of financial position as of June 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	June 30, 2021	December 31, 2020 (audited)	June 30, 2020
Assets				
Current assets				
Cash and cash equivalents		1,068,364	812,037	524,476
Accounts receivable and other debit balances	3	14,542,823	13,977,827	13,477,179
Inventory	4	11,646,661	11,432,324	10,644,355
		<u>27,257,848</u>	<u>26,222,188</u>	<u>24,646,010</u>
Non-current assets				
Intangible assets		57,376	61,626	65,876
Property and equipment	6	245,468	312,452	378,633
		<u>302,844</u>	<u>374,078</u>	<u>444,509</u>
Total assets		<u>27,560,692</u>	<u>26,596,266</u>	<u>25,090,519</u>
Liabilities and equity				
Current liabilities				
Murabaha payables		4,792,317	3,529,536	5,416,994
Accounts payable and other credit balances	7	576,591	524,096	483,328
		<u>5,368,908</u>	<u>4,053,632</u>	<u>5,900,322</u>
Non-current liabilities				
Murabaha payables		2,017,980	2,730,208	301,245
Provision for end of service indemnity		335,268	316,318	306,173
		<u>2,353,248</u>	<u>3,046,526</u>	<u>607,418</u>
Equity				
Share capital	8	14,465,647	12,054,706	10,045,588
Statutory reserve		1,846,520	1,846,520	1,681,857
Voluntary reserve		916,736	916,736	752,073
Retained earnings		2,609,633	4,678,146	6,103,261
		<u>19,838,536</u>	<u>19,496,108</u>	<u>18,582,779</u>
Total liabilities and equity		<u>27,560,692</u>	<u>26,596,266</u>	<u>25,090,519</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, 2021

(Unaudited)

"All amounts are in Kuwaiti Dinars"

	Note	The three months ended June 30		The six months ended June 30	
		2021	2020	2021	2020 - B
Revenue					
Sales		5,902,850	4,725,661	10,305,468	8,541,064
Cost of sales	9	(4,977,182)	(3,991,383)	(8,680,296)	(7,199,576)
Gross profit of sales		925,668	734,278	1,625,172	1,341,488
Other income		44,737	24,551	87,125	63,255
Total revenue		970,405	758,829	1,712,297	1,404,743
Expenses and other charges					
General and administrative expenses		176,970	165,694	347,655	325,779
Finance charges		108,591	140,728	261,550	285,339
Depreciation and amortization		35,617	35,617	71,234	71,234
Provisions		25,198	15,750	42,500	31,500
Total expenses and other charges		346,376	357,789	722,939	713,852
Net profit for the period before KFAS, Zakat and National Labour Support Tax		624,029	401,040	989,358	690,891
Contribution to Kuwait Foundation for the Advancement of Science		(5,616)	(3,609)	(8,904)	(6,218)
Zakat		(6,353)	(4,081)	(10,083)	(7,051)
National Labour Support Tax		(15,882)	(10,203)	(25,208)	(17,627)
Net profit for the period		596,178	383,147	945,163	659,995
Other comprehensive income		-	-	-	-
Total comprehensive income		596,178	383,147	945,163	659,995
Earning per share/(Fils)	10	4.12	2.65	6.53	4.56

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, 2021

(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, 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>
Balance at January 1, 2021	12,054,706	1,846,520	916,736	4,678,146	19,496,108
Net profit for the period	-	-	-	945,163	945,163
Issued bonus shares (note – 8)	2,410,941	-	-	(2,410,941)	-
Cash dividends (note – 11)	-	-	-	(602,735)	(602,735)
Balance at June 30, 2021	<u>14,465,647</u>	<u>1,846,520</u>	<u>916,736</u>	<u>2,609,633</u>	<u>19,838,536</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, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	The six months ended June 30	
	2021	2020
Cash flows from operating activities		
Net profit for the period	945,163	659,995
Adjustments:		
Depreciation and amortization	71,234	71,234
Provision for end of service indemnity	18,950	14,200
Finance charges	261,550	285,339
Adjusted profit before changes in working capital items	1,296,897	1,030,768
Accounts receivable and other debit balances	(564,996)	(460,494)
Inventory	(214,337)	(78,048)
Accounts payable and other credit balances	52,495	48,196
Net cash generated from operating activities	<u>570,059</u>	<u>540,422</u>
Cash flows from financing activities		
Murabaha payables	550,553	(292,769)
Cash dividends	(602,735)	-
Finance charges paid	(261,550)	(285,339)
Net cash used in financing activities	<u>(313,732)</u>	<u>(578,108)</u>
Net increase/(decrease) in cash and cash equivalents	256,327	(37,686)
Cash and cash equivalents at beginning of the period	<u>812,037</u>	<u>562,162</u>
Cash and cash equivalents at end of the period	<u>1,068,364</u>	<u>524,476</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, 2021
(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. there were several amendments have made on the commercial registry, the last of which was on June 29,2021 as shown in details in note (11).

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.
- Investing in different sectors through shareholding in the establishment or investing in companies.
- 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, 2021 was authorized for issue by the Board of Directors on August 2, 2021.

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

Notes to the interim condensed financial information for six months ended June 30, 2021
(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, 2020.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2021 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, 2021. For further information, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2020.

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 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, 2021. 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.

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

Notes to the interim condensed financial information for six months ended June 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

3- Accounts receivable and other debit balances

	June 30, 2021	December 31, 2020 (audited)	June 30, 2020
Trade receivables	12,149,253	11,440,374	10,928,777
Provision for ECL	(465,820)	(465,820)	(465,820)
	11,683,433	10,974,554	10,462,957
Cheques under collection	2,815,120	2,959,001	2,943,175
Refundable deposits	44,270	44,272	71,047
	<u>14,542,823</u>	<u>13,977,827</u>	<u>13,477,179</u>

4- Inventory

	June 30, 2021	December 31, 2020 (audited)	June 30, 2020
Ending inventory	6,898,806	6,984,379	6,874,714
Provision for slow moving goods	(114,460)	(114,460)	(114,460)
	6,784,346	6,869,919	6,760,254
Goods in transit	4,862,315	4,562,405	3,884,101
	<u>11,646,661</u>	<u>11,432,324</u>	<u>10,644,355</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.

	<u>The three months ended June 30</u>		<u>The Six months ended June 30</u>	
Interim condensed statement of profit or loss and other comprehensive income	2021	2020	2021	2020
Key management benefits				
Salary and other benefits	6,000	6,000	12,000	12,000

(4)

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

Notes to the interim condensed financial information for the six months ended June 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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, 2021	900,000	311,161	359,150	166,106	1,736,417
Balance at June 30, 2021	900,000	311,161	359,150	166,106	1,736,417
Accumulated depreciation					
Balance at January 1, 2021	765,000	192,773	317,992	148,200	1,423,965
Charged for the period	22,500	20,644	19,994	3,846	66,984
Balance at June 30, 2021	787,500	213,417	337,986	152,046	1,490,949
Net book value					
At June 30, 2021	112,500	97,744	21,164	14,060	245,468
At December 31, 2020 (audited)	135,000	118,388	41,158	17,906	312,452

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

Notes to the interim condensed financial information for the six months ended June 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

7- Accounts payable and other credit balances

	June 30, 2021	December 31, 2020 (audited)	June 30, 2020
Provision for staff leave	57,585	49,285	50,925
KFAS	99,607	90,703	82,101
Zakat	123,952	113,869	104,210
National labour support tax	295,447	270,239	246,092
	<u>576,591</u>	<u>524,096</u>	<u>483,328</u>

8- Share capital

The authorized, issued and full paid-up capital is amounted to KD 14,465,647 distributed on 144,656,467 shares with nominal value 100 Fils of each share and all shares are in cash.

On April 4, 2021 the Extraordinary General Assembly of the shareholders was held and approved the increase of the company's share capital from KD12,054,706 to KD 14,465,647 by an increase KD 2,410,941 through issuing bonus shares equal to %20 from the share capital at 20 shares to every 100 shares, and that increase was recorded in commercial register on May 18, 2021.

9- Cost of sales

	The three months ended June 30		The six months ended June 30	
	2021	2020	2021	2020
Beginning inventory	6,984,379	6,734,124	6,984,379	6,696,155
Purchases	4,917,777	4,131,973	8,594,723	7,378,135
	<u>11,902,156</u>	<u>10,866,097</u>	<u>15,579,102</u>	<u>14,074,290</u>
Ending inventory	<u>(6,924,974)</u>	<u>(6,874,714)</u>	<u>(6,898,806)</u>	<u>(6,874,714)</u>
	<u>4,977,182</u>	<u>3,991,383</u>	<u>8,680,296</u>	<u>7,199,576</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	
	2021	2020	2021	2020
Net profit for the period	596,178	383,147	945,163	659,995
Weighted average number of shares outstanding during the period	<u>144,656,467</u>	<u>144,656,467</u>	<u>144,656,467</u>	<u>144,656,467</u>
Earning per share/(Fils)	<u>4.12</u>	<u>2.65</u>	<u>6.53</u>	<u>4.56</u>

The weighted average number of outstanding shares has been recomputed as well as the comparative period.

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

Notes to the interim condensed financial information for the six months ended June 30, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

11- General Assembly of shareholders

On April 4, 2021 the Ordinary and Extraordinary General Assembly of the shareholders was held and approved the following:

- Approved the financial statements for the financial year ended December 31, 2020.
- Non distribution of any remuneration for the Board of Directors for the financial year ended December 31, 2020.
- Distribution of cash dividends at %5of the nominal value of each share (5 fils per share) to shareholders registered in the company's records as at the end of the maturity date.
- Approved the increase of the company' share capital from KD 12,054,705.600 to KD 14,465,646.700 by distributing bonus shares of %20 of the authorized, issued and paid-up capital distributed by 20 shares for each hundred shares through the issuance of 24,109,411 new shares, and that was recorded in commercial register on May 18,2021.
- On June 17, 2021 the Extraordinary General Assembly of the shareholders was held and approved the amendment of the company's objectives. This transaction was recorded in the commercial register on June 29,2021.

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, 2021	December 31, 2020 (audited)	June 30, 2020
Financial assets:			
Cash and cash equivalents	1,068,364	812,037	524,476
Accounts receivable and other debit balances	<u>14,542,823</u>	<u>13,977,827</u>	<u>13,477,179</u>
	<u>15,611,187</u>	<u>14,789,864</u>	<u>14,001,655</u>
	June 30, 2021	December 31, 2020 (audited)	June 30, 2020
Financial liabilities:			
Murabaha payables	6,810,297	6,259,744	5,718,239
Accounts payable and other credit balances	<u>576,591</u>	<u>524,096</u>	<u>483,328</u>
	<u>7,386,888</u>	<u>6,783,840</u>	<u>6,201,567</u>

13- Comparative figures

Certain cooperative figures for the previous period have been reclassified to conform to current period presentation.