

Al Eid Food Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The nine months Ended September 30, 2020
(Unaudited)
with
Independent auditors' review report

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

Interim Condensed Financial Information for
The nine months Ended September 30, 2020
(Unaudited)
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Independent auditors' review report

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Rödl

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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 September 30, 2020 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended. The Company's Management 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

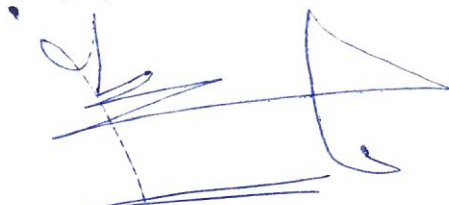
Furthermore, based on our review, the interim condensed financial information is in agreement with the accounting books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of year 2016 and its executive regulations, as amended, or law No. 7 of year 2010 in respect of the establishment of the Capital Market Authority and the organization of securities activity, and its executive regulations or the Company's article of incorporation and memorandum of association, as amended, have occurred during the nine month period ended September 30, 2020 that might have had a material effect on the business of the Company or on its interim condensed financial position.



Ali Abdul Rahman Al Hasawi
License No. 30 – (A)

**Rödl Middle East – Burgan International
Accountants**

November 8, 2020
State of 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 as of financial positions of September 30, 2020
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	September 30, 2020	December 31, 2019 (audited)	September 30, 2019
Assets				
Current assets				
Cash and cash equivalents		649,030	562,162	350,838
Accounts receivable and other debit balances	3	13,541,880	13,016,685	13,115,563
Inventory	4	10,843,216	10,566,307	10,173,865
		<u>25,034,126</u>	<u>24,145,154</u>	<u>23,640,266</u>
Non-current assets				
Intangible assets		63,751	70,126	72,251
Property and equipment	6	345,743	445,617	478,908
		<u>409,494</u>	<u>515,743</u>	<u>551,159</u>
Total assets		<u>25,443,620</u>	<u>24,660,897</u>	<u>24,191,425</u>
Liabilities and equity				
Current liabilities				
Murabaha payables		5,383,746	5,156,896	4,921,531
Accounts payable and other credit balances	7	491,833	435,132	408,517
		<u>5,875,579</u>	<u>5,592,028</u>	<u>5,330,048</u>
Non-current liabilities				
Murabaha payables		334,206	854,112	1,120,538
Provision for end of service indemnity		313,453	291,973	289,719
		<u>647,659</u>	<u>1,146,085</u>	<u>1,410,257</u>
Equity				
Share capital	8	12,054,706	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		4,431,746	5,443,266	5,287,716
		<u>18,920,382</u>	<u>17,922,784</u>	<u>17,451,120</u>
Total liabilities and equity		<u>25,443,620</u>	<u>24,660,897</u>	<u>24,191,425</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 nine months ended September 30, 2020
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended September 30		The nine months ended September 30	
		2020	2019	2020	2019
Revenue					
Sales		3,925,311	3,791,671	12,466,375	12,897,284
Cost of sales	9	(3,321,856)	(3,186,233)	(10,521,432)	(10,865,962)
Gross profit of sales		603,455	605,438	1,944,943	2,031,322
Other income		25,321	19,949	88,576	91,450
Total revenue		628,776	625,387	2,033,519	2,122,772
Expenses and other charges					
General and administrative expenses		140,290	131,356	466,069	480,902
Finance charges		81,633	113,319	366,972	395,849
Depreciation and amortization		35,015	35,015	106,249	106,249
Provisions		18,430	21,989	49,930	53,210
Total expenses and other charges		275,368	301,679	989,220	1,036,210
Net profit for the period before KFAS, Zakat and National Labour Support Tax					
		353,408	323,708	1,044,299	1,086,562
Contribution to Kuwait Foundation for the Advancement of Science		(3,181)	(2,913)	(9,399)	(9,779)
Zakat		(3,607)	(3,352)	(10,658)	(11,104)
National Labour Support Tax		(9,017)	(8,382)	(26,644)	(27,761)
Net profit for the period		337,603	309,061	997,598	1,037,918
Other comprehensive income		-	-	-	-
Total comprehensive income		337,603	309,061	997,598	1,037,918
Earnings per share/(Fils)	10	2.80	2.56	8.28	8.61

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 nine months ended September 30, 2020

(Unaudited)

“All amounts are in Kuwaiti Dinar”

	<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	-	-	-	1,037,918	1,037,918
Balance at September 30, 2019	<u>10,045,588</u>	<u>1,523,800</u>	<u>594,016</u>	<u>5,287,716</u>	<u>17,451,120</u>
Balance at January 1, 2019	10,045,588	1,681,857	752,073	5,443,266	17,922,784
Issue of bonus shares (note – 8)	2,009,118	-	-	(2,009,118)	-
Net profit for the period	-	-	-	997,598	997,598
Balance at September 30, 2019	<u>12,054,706</u>	<u>1,681,857</u>	<u>752,073</u>	<u>4,431,746</u>	<u>18,920,382</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 nine months ended September 30, 2020
(Unaudited)

“All amounts are in Kuwaiti Dinar”

	The nine months ended	
	September 30	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Net profit for the period	997,598	1,037,918
Adjustments:		
Depreciation and amortization	106,249	106,249
Provision for end of service indemnity	21,480	23,860
Finance charges	366,972	395,849
Operating profit before changes in working capital items	1,492,299	1,563,876
Accounts receivable and other debit balances	(525,195)	(1,033,345)
Inventory	(276,909)	(620,672)
Accounts payable and other credit balances	56,701	45,669
Net cash generated from/(used in) operating activities	<u>746,896</u>	<u>(44,472)</u>
Cash flows from financing activities		
Murabaha payables	(293,056)	529,436
Finance charges paid	(366,972)	(395,849)
Net cash (used in)/generated from financing activities	<u>(660,028)</u>	<u>133,587</u>
Net increase in cash and cash equivalents	86,868	89,115
Cash and cash equivalents at beginning of the period	562,162	261,723
Cash and cash equivalents at end of the period	<u>649,030</u>	<u>350,838</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 nine months ended September 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 Incorporation 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 Article of Incorporation dated on June 2, 2004 through transferring all assets and obligations to the new company based on evaluation made by an independent expert. Many changes on the company's commercial register, the last of which dated September 7, 2020 as indicated in detail in Note (8).

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 nine months ended September 30, 2020 was authorized for issue by the Board of Directors on November 8, 2020.

Al Eid Food Company

K.S.C. (Public)

Kuwait

Notes to the interim condensed financial information for the nine months ended September 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 September 30, 2020. Management also deemed that the company has Current assets which cover 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
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Notes to the interim condensed financial information for the nine months ended September 30, 2020

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

3- Accounts receivable and other debit balances

	September 30, 2020	December 31, 2019 (audited)	September 30, 2019
Trade receivables	10,968,118	10,632,928	10,608,781
Provision for expected credit losses	(465,820)	(465,820)	(450,820)
	10,502,298	10,167,108	10,157,961
Cheques under collection	2,968,120	2,778,115	2,898,513
Refundable deposits	71,462	71,462	59,089
	13,541,880	13,016,685	13,115,563

4- Inventory

	September 30, 2020	December 31, 2019 (audited)	September 30, 2019
Ending inventory	6,983,574	6,696,155	6,434,115
Provision for slow moving goods	(114,460)	(114,460)	(114,460)
	6,869,114	6,581,695	6,319,655
Goods in transit	3,974,102	3,984,612	3,854,210
	10,843,216	10,566,307	10,173,865

5- Transactions with related parties

Related parties comprise of the major shareholders, Board of Directors, executive officers, key management personnel, their close family members, executive officers and companies which they own significant shares or under their joint control. The Company's 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 September 30		The nine months ended September 30	
	2020	2019	2020	2019
Interim condensed statement of profit or loss and other comprehensive income				
Key management benefits				
Salary and other benefits	6,000	6,000	18,000	18,000

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

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6- Property and equipment

	Buildings	Machinery and equipment	Vehicles	Decorations	Total
Cost					
Balance at January 1, 2020	900,000	311,161	359,150	166,106	1,736,417
Balance at September 30, 2020	900,000	311,161	359,150	166,106	1,736,417
Accumulated depreciation					
Balance at January 1, 2020	720,000	151,485	278,806	140,509	1,290,800
Charged for the period	33,750	30,966	29,390	5,768	99,874
Balance at September 30, 2020	753,750	182,451	308,196	146,277	1,390,674
Net book value					
At September 30, 2020	146,250	128,710	50,954	19,829	345,743
At December 31, 2019 (audited)	180,000	159,676	80,344	25,597	445,617

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

Notes to the interim condensed financial information for the nine months ended September 30, 2020

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

7- Accounts payable and other credit balances

	September 30, 2020	December 31, 2019 (audited)	September 30, 2019
Provision for staff leave	43,625	33,625	29,350
KFAS	254,572	75,883	71,437
Zakat	107,817	97,159	92,046
National Labour Support Tax	85,819	228,465	215,684
	<u>491,833</u>	<u>435,132</u>	<u>408,517</u>

8- Share capital

The Extraordinary General Assembly of shareholders held on July 14, 2020 approved the increase of share capital from KD 10,045,588 to KD 12,009,118 with an amount of KD 500,250 through issuing bonus shares equivalent to 20% of the share capital which is equal to 20 shares for each 100 shares, this increase in share capital was recorded in the commercial register on September 7, 2020.

The authorized, issued and full paid-up capital is KD 12,054,706 distributed on 120,547,056 shares with nominal value 100 Kuwaiti Fils of each share and all shares are in cash.

9- Cost of sales

	The three months ended September 30		The nine months ended September 30	
	2020	2019	2020	2019
Beginning inventory	6,874,714	5,947,451	6,696,155	5,984,711
Purchases	3,430,716	3,672,897	10,808,851	11,315,366
	10,305,430	9,620,348	17,505,006	17,300,077
Ending inventory	(6,983,574)	(6,434,115)	(6,983,574)	(6,434,115)
	<u>3,321,856</u>	<u>3,186,233</u>	<u>10,521,432</u>	<u>10,865,962</u>

10- Earnings per share/(Fils)

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

	The three months ended September 30		The nine months ended September 30	
	2020	2019	2020	2019
Net profit for the period	337,603	309,061	997,598	1,037,918
Weighted average number of shares outstanding at the end of the period	120,547,056	120,547,056	120,547,056	120,547,056
Earnings per share/(Fils)	<u>2.80</u>	<u>2.56</u>	<u>8.28</u>	<u>8.61</u>

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

The weighted average number of outstanding shares during the year has been recomputed during the period ended September 30, 2020 as well as the comparative year to reflect the bonus shares of 20,091,176 shares which have been approved by extraordinary General Assembly of Shareholders on July 14, 2020.

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:

	September 30, 2020	December 31, 2019 (audited)	September 30, 2019
Financial assets			
Cash and cash equivalents	649,030	562,162	350,838
Accounts receivable and other debit balances	13,541,880	13,016,685	13,115,563
	14,190,910	13,578,847	13,466,401
Financial liabilities			
Murabaha payables	5,717,952	6,011,008	6,042,069
Accounts payable and other credit balances	491,833	435,132	408,517
	6,209,785	6,446,140	6,450,586