

**Al Eid Food Company**  
**K.S.C. (Public)**  
**Kuwait**  
**Interim Condensed Financial Information for**  
**The nine months Ended September 30, 2019**  
**(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, 2019**  
**(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 - 7

**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, 2019 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 the Company's article of incorporation and memorandum of association, as amended, have occurred during the nine month period ended September 30, 2019 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**

**Adel Al- Sanea**  
**Auditors Registry No. 86 Category (A)**

**Kuwaiti Accounting Auditing**  
**A member of H.L.B International**


November 12, 2019  
State of Kuwait

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

**Interim condensed statement as of financial positions of September 30, 2019**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	September 30, 2019 (Unaudited)	December 31, 2018 (audited)	September 30, 2018 (Unaudited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		350,838	261,723	357,417
Accounts receivable and other debit balances	3	13,115,563	12,082,218	11,959,389
Inventory	4	10,173,865	9,553,193	9,642,866
		<u>23,640,266</u>	<u>21,897,134</u>	<u>21,959,672</u>
<b>Non-current assets</b>				
Intangible assets		72,251	78,626	1
Property and equipment	6	478,908	578,782	257,753
		<u>551,159</u>	<u>657,408</u>	<u>257,754</u>
<b>Total assets</b>		<u>24,191,425</u>	<u>22,554,542</u>	<u>22,217,426</u>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Murabaha payables		4,921,531	4,610,172	4,582,993
Accounts payable and other credit balances	7	408,517	362,848	341,489
		<u>5,330,048</u>	<u>4,973,020</u>	<u>4,924,482</u>
<b>Non-current liabilities</b>				
Murabaha payables		1,120,538	902,461	994,275
Provision for end of service indemnity		289,719	265,859	263,557
		<u>1,410,257</u>	<u>1,168,320</u>	<u>1,257,832</u>
<b>Equity</b>				
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		5,287,716	4,249,798	4,169,326
		<u>17,451,120</u>	<u>16,413,202</u>	<u>16,035,112</u>
<b>Total liabilities and equity</b>		<u>24,191,425</u>	<u>22,554,542</u>	<u>22,217,426</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, 2019**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	The three months ended September 30		The nine months ended September 30	
		2019	2018	2019	2018
<b>Revenue</b>					
Sales		3,791,671	3,711,692	12,897,284	12,413,007
Cost of sales	9	(3,186,233)	(3,107,762)	(10,865,962)	(10,415,575)
Gross profit of sales		605,438	603,930	2,031,322	1,997,432
Other income		19,949	19,810	91,450	95,225
Total revenue		625,387	623,740	2,122,772	2,092,657
<b>Expenses and other charges</b>					
General and administrative expenses		131,356	147,221	480,902	478,335
Finance charges		113,319	117,718	395,849	407,612
Depreciation and amortization		35,015	15,549	106,249	46,649
Provisions		21,989	30,857	53,210	68,798
Total expenses and other charges		301,679	311,345	1,036,210	1,001,394
<b>Net profit for the period before KFAS, Zakat and National Labour Support Tax</b>					
		323,708	312,395	1,086,562	1,091,263
Contribution to Kuwait Foundation for the Advancement of Science		(2,913)	(2,811)	(9,779)	(9,821)
Zakat		(3,352)	(3,305)	(11,104)	(10,998)
National Labour Support Tax		(8,382)	(8,261)	(27,761)	(27,494)
<b>Net profit for the period</b>		<b>309,061</b>	<b>298,018</b>	<b>1,037,918</b>	<b>1,042,950</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>309,061</b>	<b>298,018</b>	<b>1,037,918</b>	<b>1,042,950</b>
<b>Earnings per share/(Fils)</b>	10	<b>3.08</b>	2.96	<b>10.33</b>	10.38

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, 2019**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	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	-	-	-	1,042,950	1,042,950
Balance at September 30, 2018	10,045,588	1,374,991	445,207	4,169,326	16,035,112
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
<b>Balance at September 30, 2019</b>	<b>10,045,588</b>	<b>1,523,800</b>	<b>594,016</b>	<b>5,287,716</b>	<b>17,451,120</b>

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, 2019**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	<b>The nine months ended</b>	
	<b>September 30</b>	
	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Net profit for the period	1,037,918	1,042,950
<b>Adjustments:</b>		
Depreciation and amortization	106,249	46,649
Provision for end of service indemnity	23,860	24,813
Provision for expected credit losses	-	14,280
Finance charges	395,849	407,612
Operating profit before changes in working capital items	1,563,876	1,536,304
Accounts receivable and other debit balances	(1,033,345)	(236,738)
Inventory	(620,672)	(698,404)
Accounts payable and other credit balances	45,669	47,592
Net cash (used in)/generated from operating activities	<u>(44,472)</u>	<u>648,754</u>
<b>Cash flows from financing activities</b>		
Murabaha payables	529,436	(284,210)
Finance charges paid	(395,849)	(407,612)
Net cash generated from/(used in) financing activities	<u>133,587</u>	<u>(691,822)</u>
Net increase/(decrease) in cash and cash equivalents	89,115	(43,068)
Cash and cash equivalents at beginning of the period	<u>261,723</u>	<u>400,485</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>350,838</u></u>	<u><u>357,417</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 nine months ended September 30, 2019**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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**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.

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, 2019 was authorized for issue by the Board of Directors on November 12, 2019.



# Al Eid Food Company

K.S.C. (Public)

Kuwait

Notes to the interim condensed financial information for the nine months ended September 30, 2019

(Unaudited)

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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## 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 nine-month period ended September 31, 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
- 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.

**Al Eid Food Company****K.S.C. (Public)****Kuwait****Notes to the interim condensed financial information for the nine months ended September 30, 2019****(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"***4- Inventory**

	<b>September 30, 2019 (Unaudited)</b>	<b>December 31, 2018 (audited)</b>	<b>September 30, 2018 (Unaudited)</b>
Ending inventory	6,434,115	5,984,711	5,963,119
Provision for slow moving goods	(114,460)	(114,460)	(114,460)
	<b>6,319,655</b>	<b>5,870,251</b>	<b>5,848,659</b>
Goods in transit	3,854,210	3,682,942	3,794,207
	<b>10,173,865</b>	<b>9,553,193</b>	<b>9,642,866</b>

**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.

	<b>The three months ended September 30</b>		<b>The nine months ended September 30</b>	
<b>Interim condensed statement of profit or loss and other comprehensive income</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Key management benefits</b>				
Salary and other benefits	6,000	6,000	18,000	18,000

(5)

**Al Eid Food Company**  
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**Kuwait**

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

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**6- Property and equipment**

**Cost**

Balance at January 1, 2019  
Balance at September 30, 2019

**Accumulated depreciation**

Balance at January 1, 2019  
Charged for the period  
Balance at September 30, 2019

**Net book value**

**At September 30, 2019**  
At December 31, 2018 (audited)

	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Decorations</b>	<b>Total</b>
	900,000	311,161	359,150	166,106	1,736,417
	<u>900,000</u>	<u>311,161</u>	<u>359,150</u>	<u>166,106</u>	<u>1,736,417</u>
	675,000	110,197	239,620	132,818	1,157,635
	33,750	30,966	29,390	5,768	99,874
	<u>708,750</u>	<u>141,163</u>	<u>269,010</u>	<u>138,586</u>	<u>1,257,509</u>
	<b>191,250</b>	<b>169,998</b>	<b>90,140</b>	<b>27,520</b>	<b>478,908</b>
	<u>225,000</u>	<u>200,964</u>	<u>119,530</u>	<u>33,288</u>	<u>578,782</u>

**Al Eid Food Company****K.S.C. (Public)****Kuwait****Notes to the interim condensed financial information for the nine months ended September 30, 2019****(Unaudited)***"All amounts are in Kuwaiti Dinar unless stated otherwise"***7- Accounts payable and other credit balances**

	<b>September 30, 2019 (Unaudited)</b>	<b>December 31, 2018 (audited)</b>	<b>September 30, 2018 (Unaudited)</b>
Provision for staff leave	29,350	32,325	29,705
KFAS	71,437	61,658	58,086
Zakat	92,046	80,942	76,609
National Labour Support Tax	215,684	187,923	177,089
	<u>408,517</u>	<u>362,848</u>	<u>341,489</u>

**8- Share capital**

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

**9- Cost of sales**

	<b>The three months ended September 30</b>		<b>The nine months ended September 30</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
Beginning inventory	5,947,451	5,873,819	5,984,711	5,574,713
Purchases	3,672,897	3,197,062	11,315,366	10,803,981
	9,620,348	9,070,881	17,300,077	16,378,694
Ending inventory	(6,434,115)	(5,963,119)	(6,434,115)	(5,963,119)
	<u>3,186,233</u>	<u>3,107,762</u>	<u>10,865,962</u>	<u>10,415,575</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:

	<b>The three months ended September 30</b>		<b>The nine months ended September 30</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
Net profit for the period	309,061	298,018	1,037,918	1,042,950
Weighted average number of shares outstanding at the end of the period	100,455,880	100,455,880	100,455,880	100,455,880
Earnings per share/(Fils)	<u>3.08</u>	<u>2.96</u>	<u>10.33</u>	<u>10.38</u>

**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.

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

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

**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:

	<b>September 30, 2019 (Unaudited)</b>	<b>December 31, 2018 (audited)</b>	<b>September 30, 2018 (Unaudited)</b>
<b>Financial assets</b>			
Cash and cash equivalents	<b>350,838</b>	261,723	357,417
Accounts receivable and other debit balances	<b>13,115,563</b>	12,082,218	11,959,389
	<b>13,466,401</b>	12,343,941	12,316,806
<b>Financial liabilities</b>			
Murabaha payables	<b>6,042,069</b>	5,512,633	5,577,268
Accounts payable and other credit balances	<b>408,517</b>	362,848	341,489
	<b>6,450,586</b>	5,875,481	5,918,757

**13- Subsequent events**

The ordinary general assembly was held on November 3, 2019 and has approved the appointment of Mr. Ali Abdul Rahman Al Hasawi as an auditor instead of deceased Mr. Abdulhussain M. Al- Rasheed.