

Al Eid Food Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The Three Months Ended March 31, 2021
(Unaudited)
With
Independent auditors' review report

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

**Interim Condensed Financial Information for
The Three Months Ended March 31, 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 March 31, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2021	December 31, 2020 (audited)	March 31, 2020
Assets				
Current assets				
Cash and cash equivalents		997,280	812,037	588,655
Accounts receivable and other debit balances	3	14,514,038	13,977,827	13,203,800
Inventory	4	11,598,652	11,432,324	10,603,881
		<u>27,109,970</u>	<u>26,222,188</u>	<u>24,396,336</u>
Non-current assets				
Intangible assets		59,501	61,626	68,001
Property and equipment	6	278,960	312,452	412,125
		<u>338,461</u>	<u>374,078</u>	<u>480,126</u>
Total assets		<u>27,448,431</u>	<u>26,596,266</u>	<u>24,876,462</u>
Liabilities and equity				
Current liabilities				
Murabahat payables		3,999,070	3,529,536	5,568,460
Accounts payable and other credit balances	7	550,022	524,096	456,785
		<u>4,549,092</u>	<u>4,053,632</u>	<u>6,025,245</u>
Non-current liabilities				
Murabahat payables		2,730,208	2,730,208	352,512
Provision for end of service indemnity		324,038	316,318	299,073
		<u>3,054,246</u>	<u>3,046,526</u>	<u>651,585</u>
Equity				
Share capital	8	12,054,706	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		5,027,131	4,678,146	5,720,114
		<u>19,845,093</u>	<u>19,496,108</u>	<u>18,199,632</u>
Total liabilities and equity		<u>27,448,431</u>	<u>26,596,266</u>	<u>24,876,462</u>


Fahed Saud Al Mutairy
Chairman


Abdullah Saud Al Mutairy
Vice Chairman

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

Interim condensed statement of profit or loss and other comprehensive income for the three months ended March 31, 2021

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31	
		2021	2020
Revenue			
Sales		4,402,618	3,815,403
Cost of sales	9	(3,703,114)	(3,208,193)
Gross profit of sales		699,504	607,210
Other income		42,388	38,704
Total revenue		741,892	645,914
Expenses and other charges			
General and administrative expenses		170,685	160,085
Finance expenses		152,959	144,611
Depreciation and amortization		35,617	35,617
Provisions		17,302	15,750
Total expenses and other charges		376,563	356,063
Net profit for the period before KFAS, Zakat and National Labour Support Tax		365,329	289,851
Contribution to Kuwait Foundation for the Advancement of Science		(3,288)	(2,609)
Zakat		(3,730)	(2,970)
National Labour Support Tax		(9,326)	(7,424)
Net profit for the period		348,985	276,848
Other comprehensive income for the period		-	-
Total comprehensive income for the period		348,985	276,848
Earning per share/(Fils)	10	2.90	2.30

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 three months ended March 31, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2020	10,045,588	1,681,857	752,073	5,443,266	17,922,784
Net profit for the period	-	-	-	276,848	276,848
Balance at March 31, 2020	10,045,588	1,681,857	752,073	5,720,114	18,199,632
Balance at January 1, 2021	12,054,706	1,846,520	916,736	4,678,146	19,496,108
Net profit for the period	-	-	-	348,985	348,985
Balance at March 31, 2021	12,054,706	1,846,520	916,736	5,027,131	19,845,093

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 three months ended March 31, 2021
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The three months ended	
	March 31	
	2021	2020
Cash flows from operating activities		
Net profit for the period	348,985	276,848
Adjustments:		
Depreciation and amortization	35,617	35,617
Provision for end of service indemnity	7,720	7,100
Finance expenses	152,959	144,611
Adjusted profit before calculating the effect of changes in working capital items	545,281	464,176
Accounts receivable and other debit balances	(536,211)	(187,115)
Inventory	(166,328)	(37,574)
Accounts payable and other credit balances	25,926	21,653
Net cash (used in)/generated from operating activities	(131,332)	261,140
Cash flows from financing activities		
Murabahat payables	469,534	(90,036)
Finance expenses paid	(152,959)	(144,611)
Net cash generated from/(used in) financing activities	316,575	(234,647)
Net increase in cash and cash equivalents	185,243	26,493
Cash and cash equivalents at beginning of the period	812,037	562,162
Cash and cash equivalents at end of the period	997,280	588,655

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 three months ended March 31, 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 liabilities to the new company based on evaluation made by an independent expert.

The objectives, for which the company was incorporated, 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 three months ended March 31, 2021 was authorized for issue by the Board of Directors on May 20, 2021.

Al Eid Food Company

K.S.C. (Public)

Kuwait

Notes to the interim condensed financial information for the three months ended March 31, 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 key sources of estimates and judgments are consistent with the annual audited financial statements of the Company for the year ended December 31, 2020, 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 March 31, 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 the three months ended March 31, 2021

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

3- Accounts receivable and other debit balances

	March	December	March
	31, 2021	31, 2020	31, 2020
		(audited)	
Trade receivables	12,049,120	11,440,374	10,735,820
Provision for ECL	(465,820)	(465,820)	(465,820)
	11,583,300	10,974,554	10,270,000
Cheques under collection	2,886,466	2,959,001	2,862,753
Refundable deposits	44,272	44,272	71,047
	14,514,038	13,977,827	13,203,800

4- Inventory

	March	December	March
	31, 2021	31, 2020	31, 2020
		(audited)	
Ending inventory	6,958,211	6,984,379	6,734,124
Provision for slow moving items	(114,460)	(114,460)	(114,460)
	6,843,751	6,869,919	6,619,664
Good in transit	4,754,901	4,562,405	3,984,217
	11,598,652	11,432,324	10,603,881

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 of transactions with related parties included in the interim condensed financial information are as follows:

Interim condensed statement of financial position

Interim condensed Statement of financial position does not include any transactions with related parties.

Interim condensed statement of profit or loss and other comprehensive income

	The three months ended	
	March 31	
	2021	2020
Key Management bonuses and benefits		
Salaries and other benefits	6,000	6,000

(4)

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

Notes to the interim condensed financial information for the three months ended March 31, 2021
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

6- Property and equipment	Machinery and equipment			
	Buildings	Vehicles	Decorations	Total
Cost				
Balance at January 1, 2021	900,000	359,150	166,106	1,736,417
Balance at March 31, 2021	900,000	359,150	166,106	1,736,417
Accumulated depreciation				
Balance at January 1, 2021	765,000	317,992	148,200	1,423,965
Charged for the period	11,250	9,997	1,923	33,492
Balance at March 31, 2021	776,250	327,989	150,123	1,457,457
Net book value				
At March 31, 2021	123,750	31,161	15,983	278,960
At December 31, 2020 (audited)	135,000	41,158	17,906	312,452

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

Notes to the interim condensed financial information for the three months ended March 31, 2021

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

7- Accounts payable and other credit balances

	March 31, 2021	December 31, 2020 (audited)	March 31, 2020
Provision for staff leave	58,867	49,285	42,275
KFAS	93,991	90,703	78,492
Zakat	117,599	113,869	100,129
National Labour Support Tax	279,565	270,239	235,889
	<u>550,022</u>	<u>524,096</u>	<u>456,785</u>

8- Share capital

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

9- Cost of sales

	The three months ended March 31	
	2021	2020
Beginning inventory	6,984,379	6,696,155
Purchases	3,676,946	3,246,162
	<u>10,661,325</u>	9,942,317
Ending inventory	(6,958,211)	(6,734,124)
	<u>3,703,114</u>	<u>3,208,193</u>

10- Earning per share/(Fils)

Earning per share is 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 March 31	
	2021	2020
Net profit for the period	348,985	276,848
Weighted average number of shares outstanding during the period	<u>120,547,056</u>	120,547,056
Earning per share/(Fils)	<u>2.90</u>	<u>2.30</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 three months ended March 31, 2021

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

11- General Assembly of shareholders

On a subsequent date of the interim condensed financial information (4 April 2021), the Ordinary and Extraordinary General Assembly of the shareholders was held and approved the following:

- 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 5% of 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.
- Increase the company's 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 authorization of the Board of directors to dispose of share fractions, determine the maturity date and the distribution date, and amend the schedule in case it is confirmed at least eight working days before the due date due to the delay of the month's procedures.

12- Financial instruments

Categories of financial instruments

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

	March 31, 2021	December 31, 2020 (audited)	March 31, 2020
Financial assets			
Cash and cash equivalents	997,280	812,037	588,655
Accounts receivable and other debit balances	14,514,038	13,977,827	13,203,800
	15,511,318	14,789,864	13,792,455
Financial liabilities			
Murabahat payables	6,729,278	6,259,744	5,920,972
Accounts payable and other credit balances	550,022	524,096	456,785
	7,279,300	6,783,840	6,377,757

13- Comparative figures

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