

**Al Eid Food Company**  
**K.S.C. (Public)**  
**Kuwait**  
**Interim Condensed Financial Information for**  
**The Three Months Ended March 31, 2016**  
**(Unaudited)**  
**with**  
**Review report**

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

**Interim Condensed Financial Information for**  
**The Three Months Ended March 31, 2016**  
**(Unaudited)**  
**with**  
**Review report**

**Contents**

Review report

Interim condensed statement of financial position (Unaudited)  
Interim condensed statement of 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

# Rödl

Middle East

Burgan-International Accountants

**Ali Al Hassawi & Partners**

P.O. Box: 22351 Safat 13084 Kuwait

Sharq - Dasman Complex - Block 2 -9 Floor

Tel : 22464574-6 / 22426862-3 Fax : 22414956

Email: info-kuwait@rodme.com

[www.rodme.com](http://www.rodme.com)

**The Board of Directors**

**Al Eid Food Company**

**K.S.C. (Public)**

**Kuwait**



**Kuwaiti Accountant Auditing**

Certified Public Accountants, Consultants • Business Advisers • Tax experts

Ahmed Al Jaber Street, Al-Matrouk Tower, 2nd Floor,

P.O. Box 26888, Safat 13129, Kuwait.

Fax: 22403205 - Tel.: 22449454

a member of **HLB** international.

A world-wide network of Independent Accounting Firms and Business Advisers.

## 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 March 31, 2016 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three month period then ended. 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 review of other legal and regulatory matters

Furthermore, based on our review, the interim condensed financial information is in agreement with the 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 related Executive Regulations (Note 1) or law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation or the Company's memorandum and articles of association have occurred during the three-month period ended March 31, 2016 that might have had a material effect on the business of the Company or on its interim condensed financial position.

Ali A. Al Hasawi

Licence 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

May 12, 2016


State of Kuwait


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

**Interim condensed statement of financial position as of March 31, 2016**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	March 31, 2016	December 31, 2015 (audited)	March 31, 2015
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		66,341	325,418	63,576
Accounts receivable and other debit balances	3	9,915,123	10,380,621	9,027,182
Inventory	4	7,333,144	7,547,250	6,756,779
		<u>17,314,608</u>	<u>18,253,289</u>	<u>15,847,537</u>
<b>Non-current assets</b>				
Intangible assets		148,759	170,009	233,760
Property and equipment	6	410,250	428,800	393,754
		<u>559,009</u>	<u>598,809</u>	<u>627,514</u>
<b>Total assets</b>		<u>17,873,617</u>	<u>18,852,098</u>	<u>16,475,051</u>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Murabaha payables		2,820,052	3,460,234	1,827,677
Accounts payable and other credit balances	7	218,736	217,136	212,687
		<u>3,038,788</u>	<u>3,677,370</u>	<u>2,040,364</u>
<b>Non-current liabilities</b>				
Murabaha payables		2,003,221	2,677,009	2,943,717
Provision for end of service indemnity		194,748	188,934	171,927
		<u>2,197,969</u>	<u>2,865,943</u>	<u>3,115,644</u>
<b>Equity</b>				
Share capital	8	10,045,588	10,045,588	9,050,080
Statutory reserve		1,090,920	1,090,920	957,065
Voluntary reserve		161,136	161,136	128,787
Retained earnings		1,339,216	1,011,141	1,183,111
		<u>12,636,860</u>	<u>12,308,785</u>	<u>11,319,043</u>
<b>Total liabilities and equity</b>		<u>17,873,617</u>	<u>18,852,098</u>	<u>16,475,051</u>

  
 Fahed Saud Al Mutairy  
 Chairman

  
 Abdullah Saud Al Mutairy  
 Vice Chairman and Chief  
 executive officer

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 comprehensive income for the three months ended March 31, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	The three months ended March 31	
		2016	2015
<b>Revenue</b>			
Sales		3,546,959	3,251,109
Cost of sales	9	(2,975,894)	(2,722,133)
Gross profit of sales		571,065	528,976
Other income		41,815	39,845
Total revenue		612,880	568,821
<b>Expenses and other charges</b>			
General and administrative expenses		110,665	122,025
Finance expenses		106,870	99,907
Depreciation and amortization		39,800	32,500
Provisions		12,158	11,757
Total expenses and other charges		269,493	266,189
<b>Net profit for the period before KFAS, Zakat and National Labour Support Tax</b>		343,387	302,632
Contribution to Kuwait Foundation for the Advancement of Science		(3,090)	(2,724)
Zakat		(3,492)	(3,085)
National Labour Support Tax		(8,730)	(7,714)
<b>Net profit for the period</b>		328,075	289,109
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		328,075	289,109
<b>Earning per share/(Fils)</b>	10	3.27	2.88

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, 2016**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2015	9,050,080	957,065	128,787	894,002	11,029,934
Net profit for the period	-	-	-	289,109	289,109
Balance at March 31, 2015	9,050,080	957,065	128,787	1,183,111	11,319,043
Balance at January 1, 2016	10,045,588	1,090,920	161,136	1,011,141	12,308,785
Net profit for the period	-	-	-	328,075	328,075
<b>Balance at March 31, 2016</b>	<b>10,045,588</b>	<b>1,090,920</b>	<b>161,136</b>	<b>1,339,216</b>	<b>12,636,860</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 three months ended March 31, 2016**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	<b>The three months ended</b>	
	<b>March 31</b>	
	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Net profit for the period	328,075	289,109
<b>Adjustments:</b>		
Depreciation and amortization	39,800	32,500
Provision for end of service indemnity	5,814	5,911
Finance expenses	106,870	99,907
Operating profit before the effect of changes in working capital items	480,559	427,427
Accounts receivable and other debit balances	465,498	(111,528)
Inventory	214,106	(118,294)
Accounts payable and other credit balances	1,600	19,369
Net cash generated from operating activities	<u>1,161,763</u>	<u>216,974</u>
<b>Cash flows from financing activities</b>		
Murabaha payables	(1,313,970)	(1,409,717)
Finance expenses paid	(106,870)	(99,907)
Net cash used in financing activities	<u>(1,420,840)</u>	<u>(1,509,624)</u>
Net decrease in cash and cash equivalents	(259,077)	(1,292,650)
Cash and cash equivalents at beginning of the period	325,418	1,356,226
<b>Cash and cash equivalents at end of the period</b>	<u>66,341</u>	<u>63,576</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 three months ended March 31, 2016**

**(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 Mutaury 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 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 postal address of the company is: Ardiya – P.O. Box 41081, Post Code 85851 Kuwait.

Companies law no. 1 of year 2016 ("new law") was issued on January 24, 2016 and published in the official gazette on February 1, 2016 which has cancelled the companies law no. 25 of year 2012, as amended ("previous law"). The new law shall be applied as of November 26, 2012 and the executive regulation of previous law will continue until the issuance of an executive regulation for the new law within two months of publishing in the official gazette

The interim condensed financial information for the three months ended March 31, 2016 was authorized for issue by the Board of Directors on May 12, 2016.



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

**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(Unaudited)**

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

---

**2- 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 informations 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 financial year ended December 31, 2015.

During the period the Company has adopted all the standards that came into effect for annual periods beginning January 1, 2016. The adoption of these standards did not have any material impact on this interim condensed financial information.

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, 2016. For further informations, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2015.

This interim condensed financial information is presented in Kuwaiti Dinar which is the functional and presentation currency of the Company.

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2016 did not have any material impact on the accounting policies, financial position or performance 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 expenses. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements as of and for the financial year ended December 31, 2015.

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

**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(Unaudited)**

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

**3- Accounts receivable and other debit balances**

	<b>March 31, 2016</b>	<b>December 31, 2015 (audited)</b>	<b>March 31, 2015</b>
Trade receivables	7,440,687	7,785,108	6,745,969
Provision for doubtful debts	<u>(402,320)</u>	<u>(402,320)</u>	<u>(402,320)</u>
	7,038,367	7,382,788	6,343,649
Cheques under collection	2,874,781	2,995,858	2,681,576
Refundable deposits	<u>1,975</u>	<u>1,975</u>	<u>1,957</u>
	<u><b>9,915,123</b></u>	<u><b>10,380,621</b></u>	<u><b>9,027,182</b></u>

**4- Inventory**

	<b>March 31, 2016</b>	<b>December 31, 2015 (audited)</b>	<b>March 31, 2015</b>
Ending inventory	4,572,983	4,764,759	3,886,411
Provision for slow moving goods	<u>(114,460)</u>	<u>(114,460)</u>	<u>(114,460)</u>
	4,458,523	4,650,299	3,771,951
Goods in transit	<u>2,874,621</u>	<u>2,896,951</u>	<u>2,984,828</u>
	<u><b>7,333,144</b></u>	<u><b>7,547,250</b></u>	<u><b>6,756,779</b></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 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 comprehensive income**

**Key Management bonuses and benefits**  
Salary and other benefits

<b>The three months ended March 31</b>	
<u>2016</u>	<u>2015</u>
3,750	3,750

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

Notes to the interim condensed financial information for the three months ended March 31, 2016  
(Unaudited)

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

**6- Property and equipment**

	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Decorations</b>	<b>Total</b>
<b>Cost</b>					
Balance at January 1, 2016	900,000	290,609	419,815	425,642	2,036,066
Balance at March 31, 2016	900,000	290,609	419,815	425,642	2,036,066
<b>Accumulated depreciation</b>					
Balance at January 1, 2016	540,000	290,608	351,018	425,640	1,607,266
Charged for the period	11,250	-	7,300	-	18,550
Balance at March 31, 2016	551,250	290,608	358,318	425,640	1,625,816
<b>Net book value</b>					
At March 31, 2016	348,750	1	61,497	2	410,250
At December 31, 2015	360,000	1	68,797	2	428,800

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

**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(Unaudited)**

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

**7- Accounts payable and other credit balances**

	<b>March 31, 2016</b>	<b>December 31, 2015 (audited)</b>	<b>March 31, 2015</b>
Purchase of vehicles payables	28,125	33,750	-
Provision for staff leave	30,281	23,937	28,955
KFAS	25,789	22,699	47,537
Zakat	48,479	44,987	51,330
National Labour Support Tax	86,062	91,763	84,865
	<u>218,736</u>	<u>217,136</u>	<u>212,687</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 Fils of each share and all shares are in cash.

**9- Cost of sales**

	<b>The three months ended March 31</b>	
	<b>2016</b>	<b>2015</b>
Beginning inventory	4,764,759	3,974,108
Purchases	2,784,118	2,634,436
	<u>7,548,877</u>	<u>6,608,544</u>
Ending inventory	(4,572,983)	(3,886,411)
	<u>2,975,894</u>	<u>2,722,133</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:

	<b>The three months ended March 31</b>	
	<b>2016</b>	<b>2015</b>
Net profit for the period	328,075	289,109
Weighted average number of shares outstanding during the period	100,455,880	100,455,880
Earning per share/(Fils)	<u>3.27</u>	<u>2.88</u>

The weighted average of shares has been recomputed for the comparative period.

**11- General Assembly of shareholders**

The Annual General Assembly of the Company for the financial year ended December 31, 2015 has not been held until the date of approval of this interim condensed financial information. Thus, the financial statements for the financial year ended December 31, 2015 have not yet been approved. The interim condensed financial information for the three month period ended March 31, 2016 does not include any adjustments, which might have been required, as the General Assembly not approved the financial statements for the financial year ended December 31, 2015.

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

**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(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 classified in the interim condensed statement of financial position as follows:

**Financial assets**

	<b>March 31, 2016</b>	<b>December 31, 2015 (audited)</b>	<b>March 31, 2015</b>
Cash and cash equivalents	<u>66,341</u>	<u>325,418</u>	<u>63,576</u>
Accounts receivable and other debit balances	<u>9,915,123</u>	<u>10,380,621</u>	<u>9,027,182</u>
	<u><b>9,981,464</b></u>	<u><b>10,706,039</b></u>	<u><b>9,090,758</b></u>

**Financial liabilities**

	<b>March 31, 2016</b>	<b>December 31, 2015 (audited)</b>	<b>March 31, 2015</b>
Murabaha payables	<u>4,823,273</u>	<u>6,137,243</u>	<u>4,771,394</u>
Accounts payable and other credit balances	<u>218,736</u>	<u>217,136</u>	<u>212,687</u>
	<u><b>5,042,009</b></u>	<u><b>6,354,379</b></u>	<u><b>4,984,081</b></u>

**13- Comparative figures**

Certain comparative figures of the previous period have been reclassified to conform to the current period presentation.