

Al Eid Food Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The nine months ended September 30, 2016
(Unaudited)
with
Review report

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

Interim Condensed Financial Information for
The nine months ended September 30, 2016
(Unaudited)
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Review report

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**The Board of Directors
Al Eid Food Company
K.S.C. (Public)
Kuwait**

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, 2016 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine 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 or the Company's memorandum and articles of association have occurred during the nine month period ended September 30, 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)
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Al Eid Food Company
K.S.C. (Public)
Kuwait


Interim condensed statement of financial position as of September 30, 2016

(Unaudited)

"All amounts are in Kuwaiti Dinars"

	Note	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Assets				
Current assets				
Cash and cash equivalents		485,017	325,418	95,001
Accounts receivable and other debit balances	3	9,871,049	10,380,621	9,494,909
Inventory	4	7,595,504	7,547,250	6,695,637
		<u>17,951,570</u>	<u>18,253,289</u>	<u>16,285,547</u>
Non-current assets				
Intangible assets		106,258	170,009	191,259
Property and equipment	6	382,151	428,800	371,254
		<u>488,409</u>	<u>598,809</u>	<u>562,513</u>
Total assets		<u>18,439,979</u>	<u>18,852,098</u>	<u>16,848,060</u>
Liabilities and equity				
Current liabilities				
Murabaha payables		2,972,829	3,460,234	2,494,126
Accounts payable and other credit balances	7	246,356	217,136	214,424
		<u>3,219,185</u>	<u>3,677,370</u>	<u>2,708,550</u>
Non-current liabilities				
Murabaha payables		1,760,650	2,677,009	2,009,260
Provision for end of service indemnity		211,112	188,934	183,027
		<u>1,971,762</u>	<u>2,865,943</u>	<u>2,192,287</u>
Equity				
Share capital	8	10,045,588	10,045,588	10,045,588
Statutory reserve		1,090,920	1,090,920	957,065
Voluntary reserve		161,136	161,136	27,281
Retained earnings		1,951,388	1,011,141	917,289
		<u>13,249,032</u>	<u>12,308,785</u>	<u>11,947,223</u>
Total liabilities and equity		<u>18,439,979</u>	<u>18,852,098</u>	<u>16,848,060</u>


Fahed Saud Al Mutairy
 Chairman


Abdullah Saud Al Mutairy
 Vice Chairman and Chief
 executive officer

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

Interim condensed statement of comprehensive income for the nine months ended September 30, 2016

(Unaudited)

"All amounts are in Kuwaiti Dinars"

	Note	The three months ended September 30		The nine months ended September 30	
		2016	2015	2016	2015
Revenue					
Sales		3,664,209	3,473,911	10,638,210	10,052,409
Cost of sales	9	(3,061,943)	(2,904,455)	(8,905,459)	(8,423,815)
Gross profit of sales		602,266	569,456	1,732,751	1,628,594
Other income		52,041	25,083	121,125	86,752
Total revenue		654,307	594,539	1,853,876	1,715,346
Expenses and other charges					
General and administrative expenses		157,799	130,469	411,908	333,446
Finance charges		123,588	110,443	299,388	288,803
Depreciation and amortization		30,800	32,501	110,400	97,501
Provisions		23,080	11,816	47,846	35,466
Total expenses and other charges		335,267	285,229	869,542	755,216
Net profit for the period before, KFAS, Zakat and National Labour Support Tax		319,040	309,310	984,334	960,130
Contribution to Kuwait Foundation for the Advancement of Science		(2,871)	(2,784)	(8,859)	(8,641)
Zakat		(3,294)	(3,151)	(10,065)	(9,771)
National Labour Support Tax		(8,234)	(7,880)	(25,163)	(24,429)
Net profit for the period		304,641	295,495	940,247	917,289
Other comprehensive income		-	-	-	-
Total comprehensive income		304,641	295,495	940,247	917,289
Earning per share/(Fils)	10	3.03	2.94	9.36	9.13

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, 2016
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	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
Issue bonus shares	995,508	-	(101,506)	(894,002)	-
Net profit for the period	-	-	-	917,289	917,289
Balance at September 30, 2015	<u>10,045,588</u>	<u>957,065</u>	<u>27,281</u>	<u>917,289</u>	<u>11,947,223</u>
Balance at January 1, 2016	10,045,588	1,090,920	161,136	1,011,141	12,308,785
Net profit for the period	-	-	-	940,247	940,247
Balance at September 30, 2016	<u>10,045,588</u>	<u>1,090,920</u>	<u>161,136</u>	<u>1,951,388</u>	<u>13,249,032</u>

The accompanying notes form an integral part of this interim condensed financial information.

Al Eid Food Company
K.S.C. (Public)
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Interim condensed statement of cash flows for the nine months ended September 30, 2016
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	The nine months ended	
	September 30	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net profit for the period	940,247	917,289
Adjustments:		
Depreciation and amortization	110,400	97,501
Provision for end of service indemnity	22,178	17,011
Finance charges	299,388	288,803
Operating profit before changes in working capital items	1,372,213	1,320,604
Accounts receivable and other debit balances	509,572	(579,255)
Inventory	(48,254)	(57,152)
Accounts payable and other credit balances	29,220	21,106
Net cash generated from operating activities	<u>1,862,751</u>	<u>705,303</u>
Cash flows from financing activities		
Murabaha payables	(1,403,764)	(1,677,725)
Finance charges paid	(299,388)	(288,803)
Net cash used in financing activities	<u>(1,703,152)</u>	<u>(1,966,528)</u>
Net increase/(decrease) in cash and cash equivalents	159,599	(1,261,225)
Cash and cash equivalents at beginning of the period	325,418	1,356,226
Cash and cash equivalents at end of the period	<u>485,017</u>	<u>95,001</u>

The accompanying notes form an integral part of this interim condensed financial information.

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Notes to the interim condensed financial information for the nine months ended September 30, 2016

(Unaudited)

"All amounts are in Kuwaiti Dinars 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.

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.

The interim condensed financial information for the nine months ended September 30, 2016 was authorized for issue by the Board of Directors on November 8, 2016.

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 information's 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

Al Eid Food Company

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Kuwait

Notes to the interim condensed financial information for the nine months ended September 30, 2016**(Unaudited)***"All amounts are in Kuwaiti Dinars unless stated otherwise"*

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 information's, 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.

3- Accounts receivable and other debit balances

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Trade receivables	7,406,285	7,785,108	7,117,066
Provision for doubtful debts	(402,320)	(402,320)	(402,320)
	7,003,965	7,382,788	6,714,746
Cheques under collection	2,865,109	2,995,858	2,778,188
Refundable deposits	1,975	1,975	1,975
	<u>9,871,049</u>	<u>10,380,621</u>	<u>9,494,909</u>

4- Inventory

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Ending inventory	4,865,266	4,764,759	3,925,982
Provision for slow moving goods	(114,460)	(114,460)	(114,460)
	4,750,806	4,650,299	3,811,522
Goods in transit	2,844,698	2,896,951	2,884,115
	<u>7,595,504</u>	<u>7,547,250</u>	<u>6,695,637</u>

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Notes to the interim condensed financial information for the nine months ended September 30, 2016

(Unaudited)

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5- Transactions with related parties

Related parties comprise of the major shareholders, Board of Directors, executive officers, key management personnel, their close family members 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.

Interim condensed statement of financial position

Interim condensed statement of financial position doesn't include any balances with related parties.

Interim condensed statement of comprehensive income

Compensation of key management personal
Salary and other benefits

The nine months ended
September 30

	<u>2016</u>	<u>2015</u>
	11,250	11,250

(4)

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Notes to the interim condensed financial information for the nine months ended September 30, 2016
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6- Property and equipment

	Buildings	Machinery and equipment	Vehicles	Decorations	Total
Cost					
Balance at January 1, 2016	900,000	290,609	419,815	425,642	2,036,066
Balance at September 30, 2016	900,000	290,609	419,815	425,642	2,036,066
Accumulated depreciation					
Balance at January 1, 2016	540,000	290,608	351,018	425,640	1,607,266
Charged for the period	33,750	-	12,899	-	46,649
Balance at September 30, 2016	573,750	290,608	363,917	425,640	1,653,915
Net book value					
At September 30, 2016	326,250	1	55,898	2	382,151
At December 31, 2015 (audited)	360,000	1	68,797	2	428,800

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Notes to the interim condensed financial information for the nine months ended September 30, 2016

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7- Accounts payable and other credit balances

	September 30, 2016	December 31, 2015 (audited)	September 30, 2015
Vehicles purchase payables	16,875	33,750	-
Provision for staff leave	40,376	23,937	18,455
KFAS	31,558	22,699	36,373
Zakat	55,052	44,987	58,016
National Labour Support Tax	102,495	91,763	101,580
	<u>246,356</u>	<u>217,136</u>	<u>214,424</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

	The three months ended September 30		The nine months ended September 30	
	2016	2015	2016	2015
Beginning inventory	-	-	4,764,759	3,974,108
Purchases	3,213,000	2,890,818	9,005,966	8,375,689
	<u>3,213,000</u>	<u>2,890,818</u>	<u>13,770,725</u>	<u>12,349,797</u>
Ending inventory	(151,057)	13,637	(4,865,266)	(3,925,982)
	<u>3,061,943</u>	<u>2,904,455</u>	<u>8,905,459</u>	<u>8,423,815</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 outstanding shares during the period as follows:

	The three months ended September 30		The nine months ended September 30	
	2016	2015	2016	2015
Net profit for the period	304,641	295,495	940,247	917,289
Weighted average number of shares outstanding at the end of the period	<u>100,455,880</u>	<u>100,455,880</u>	<u>100,455,880</u>	<u>100,455,880</u>
Earning per share/(Fils)	<u>3.03</u>	<u>2.94</u>	<u>9.36</u>	<u>9.13</u>

11- General Assembly of Shareholders

The Ordinary General Assembly of Shareholders had been held on May 29, 2016 has approved the financial statements for the financial year ended December 31, 2015 and no dividends for the financial year ended December 31, 2015 and no remuneration for the Board of Directors' for the financial year ended December 31, 2015.

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(Unaudited)

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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	December	September
	30, 2016	31, 2015	30, 2015
	(audited)	(audited)	
Financial assets			
Cash and cash equivalents	485,017	325,418	95,001
Accounts receivable and other debit balances	9,871,049	10,380,621	9,494,909
	<u>10,356,066</u>	<u>10,706,039</u>	<u>9,589,910</u>
	September	December	September
	30, 2016	31, 2015	30, 2015
	(audited)	(audited)	
Financial liabilities			
Murabaha payables	4,733,479	6,137,243	4,503,386
Accounts payable and other credit balances	246,356	217,136	214,424
	<u>4,979,835</u>	<u>6,354,379</u>	<u>4,717,810</u>