

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

Interim Condensed Financial Information for
The Three Months Ended March 31, 2017
(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, 2017
(Unaudited)
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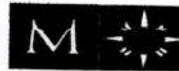
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The Board of Directors

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 March 31, 2017 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended. The management of the company 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 related Executive Regulations or the Company's memorandum and articles of association, as amended, have occurred during the three month period ended March 31, 2017 that might have had a material effect on the business of the Company or on its interim condensed financial position.

Abdulhussain M. Al-Rasheed
License No. 67 – (A)
Rödl Middle East – Burgan
International Accountants

Hind Abdulla Al Surayea
License no. 141 A
Member of MAZARS

May 10, 2017
State of Kuwait

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


Interim condensed statement of financial position as of March 31, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Assets				
Current assets				
Cash and cash equivalents		860,196	595,369	66,341
Accounts receivable and other debit balances	3	11,197,338	10,916,046	9,915,123
Inventory	4	8,095,276	8,133,443	7,333,144
		<u>20,152,810</u>	<u>19,644,858</u>	<u>17,314,608</u>
Non-current assets				
Intangible assets		63,758	85,008	148,759
Property and equipment	6	348,051	366,601	410,250
		<u>411,809</u>	<u>451,609</u>	<u>559,009</u>
Total assets		<u>20,564,619</u>	<u>20,096,467</u>	<u>17,873,617</u>
Liabilities and equity				
Current liabilities				
Murabaha payables		4,518,318	4,436,519	2,820,052
Accounts payable and other credit balances	7	266,481	248,177	218,736
		<u>4,784,799</u>	<u>4,684,696</u>	<u>3,038,788</u>
Non-current liabilities				
Murabaha payables		1,515,749	1,523,672	2,003,221
Provision for end of service indemnity		219,551	213,635	194,748
		<u>1,735,300</u>	<u>1,737,307</u>	<u>2,197,969</u>
Equity				
Share capital	8	10,045,588	10,045,588	10,045,588
Statutory reserve		1,233,864	1,233,864	1,090,920
Voluntary reserve		304,080	304,080	161,136
Retained earnings		2,460,988	2,090,932	1,339,216
		<u>14,044,520</u>	<u>13,674,464</u>	<u>12,636,860</u>
Total liabilities and equity		<u>20,564,619</u>	<u>20,096,467</u>	<u>17,873,617</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 profit or loss and other comprehensive income for the three months ended March 31, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended	
		March 31	
		2017	2016
Revenue			
Sales		3,972,594	3,546,959
Cost of sales	9	(3,340,158)	(2,975,894)
Gross profit of sales		632,436	571,065
Other income		53,614	41,815
Total revenue		686,050	612,880
Expenses and other charges			
General and administrative expenses		138,092	110,665
Finance expenses		108,257	106,870
Depreciation and amortization		39,800	39,800
Provisions		12,596	12,158
Total expenses and other charges		298,745	269,493
Net profit for the period before KFAS, Zakat and National Labour Support Tax		387,305	343,387
Contribution to Kuwait Foundation for the Advancement of Science		(3,486)	(3,090)
Zakat		(3,932)	(3,492)
National Labour Support Tax		(9,831)	(8,730)
Net profit for the period		370,056	328,075
Other comprehensive income for the period		-	-
Total comprehensive income for the period		370,056	328,075
Earning per share/(Fils)	10	3.68	3.27

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

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

Exhibit - C

Interim condensed statement of changes in equity for the three months ended March 31, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
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
Balance at March 31, 2016	<u>10,045,588</u>	<u>1,090,920</u>	<u>161,136</u>	<u>1,339,216</u>	<u>12,636,860</u>
Balance at January 1, 2017	10,045,588	1,233,864	304,080	2,090,932	13,674,464
Net profit for the period	-	-	-	370,056	370,056
Balance at March 31, 2017	<u>10,045,588</u>	<u>1,233,864</u>	<u>304,080</u>	<u>2,460,988</u>	<u>14,044,520</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 three months ended March 31, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The three months ended	
	March 31	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net profit for the period	370,056	328,075
Adjustments:		
Depreciation and amortization	39,800	39,800
Provision for end of service indemnity	5,916	5,814
Finance expenses	108,257	106,870
Adjusted profit before calculating the effect of changes in working capital items	524,029	480,559
Accounts receivable and other debit balances	(281,292)	465,498
Inventory	38,167	214,106
Accounts payable and other credit balances	18,304	1,600
Net cash generated from operating activities	<u>299,208</u>	<u>1,161,763</u>
Cash flows from financing activities		
Murabaha payables	73,876	(1,313,970)
Finance expenses paid	(108,257)	(106,870)
Net cash used in financing activities	<u>(34,381)</u>	<u>(1,420,840)</u>
Net increase/(decrease) in cash and cash equivalents	264,827	(259,077)
Cash and cash equivalents at beginning of the period	595,369	325,418
Cash and cash equivalents at end of the period	<u>860,196</u>	<u>66,341</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, 2017

(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 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 three months ended March 31, 2017 was authorized for issue by the Board of Directors on May 10, 2017.

Al Eid Food Company

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Notes to the interim condensed financial information for the three months ended March 31, 2017

(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 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 financial year ended December 31, 2016.

During the period the Company has adopted all the standards that came into effect for annual periods beginning January 1, 2017. 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, 2017. For further information, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2016.

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, 2017 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, 2016.

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Notes to the interim condensed financial information for the three months ended March 31, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

3- Accounts receivable and other debit balances

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Trade receivables	<u>8,720,547</u>	<u>8,340,754</u>	<u>7,440,687</u>
Provision for doubtful debts	<u>(402,320)</u>	<u>(402,320)</u>	<u>(402,320)</u>
	<u>8,318,227</u>	<u>7,938,434</u>	<u>7,038,367</u>
Cheques under collection	<u>2,877,136</u>	<u>2,975,637</u>	<u>2,874,781</u>
Refundable deposits	<u>1,975</u>	<u>1,975</u>	<u>1,975</u>
	<u>11,197,338</u>	<u>10,916,046</u>	<u>9,915,123</u>

4- Inventory

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Ending inventory	<u>5,096,479</u>	<u>4,973,498</u>	<u>4,572,983</u>
Provision for slow moving good	<u>(114,460)</u>	<u>(114,460)</u>	<u>(114,460)</u>
	<u>4,982,019</u>	<u>4,859,038</u>	<u>4,458,523</u>
Good in transit	<u>3,113,257</u>	<u>3,274,405</u>	<u>2,874,621</u>
	<u>8,095,276</u>	<u>8,133,443</u>	<u>7,333,144</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 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**

Key Management bonuses and benefits

Salaries and other benefits

The three months ended March 31	
<u>2017</u>	<u>2016</u>
3,750	3,750

(4)

Al Eid Food Company
K.S.C. (Public)
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Notes to the interim condensed financial information for the three months ended March 31, 2017
(Unaudited)

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6- Property and equipment

Cost	Machinery and equipment				Total
	Buildings	Vehicles	Decorations	Decorations	
Balance at January 1, 2017	900,000	419,815	425,642	425,642	2,036,066
Balance at March 31, 2017	900,000	419,815	425,642	425,642	2,036,066
Accumulated depreciation					
Balance at January 1, 2017	585,000	368,217	425,640	425,640	1,669,465
Charged for the period	11,250	7,300	-	-	18,550
Balance at March 31, 2017	596,250	375,517	425,640	425,640	1,688,015
Net book value					
At March 31, 2017	303,750	44,298	2	2	348,051
At December 31, 2016 (audited)	315,000	51,598	2	2	366,601

Al Eid Food Company
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Notes to the interim condensed financial information for the three months ended March 31, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

7- Accounts payable and other credit balances

	March 31, 2017	December 31, 2016 (audited)	March 31, 2016
Purchase of vehicles payables	5,625	11,250	28,125
Provision for staff leave	34,830	28,150	30,281
KFAS	39,050	35,564	25,789
Zakat	63,460	59,528	48,479
National Labour Support Tax	123,516	113,685	86,062
	<u>266,481</u>	<u>248,177</u>	<u>218,736</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

	The three months ended March 31	
	2017	2016
Beginning inventory	4,973,498	4,764,759
Purchases	3,463,139	2,784,118
Ending inventory	8,436,637	7,548,877
	<u>(5,096,479)</u>	<u>(4,572,983)</u>
	<u>3,340,158</u>	<u>2,975,894</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	
	2017	2016
Net profit for the period	370,056	328,075
Weighted average number of shares outstanding during the period	100,455,880	100,455,880
Earning per share/(Fils)	<u>3.68</u>	<u>3.27</u>

11- General Assembly of shareholders

The Ordinary General Assembly of Shareholders had been held on April 23, 2017 has approved the financial statements for the financial year ended December 31, 2016 and no dividends for the financial year ended December 31, 2016 and no remuneration for the Board of Directors' for the financial year ended December 31, 2016.

Al Eid Food Company
K.S.C. (Public)
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Notes to the interim condensed financial information for the three months ended March 31, 2017
(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:

	March	December	
	31, 2017	31, 2016	March
		(audited)	31, 2016
Financial assets	<u>860,196</u>	<u>595,369</u>	<u>66,341</u>
Cash and cash equivalents			
Accounts receivable and other debit balances	<u>11,197,338</u>	<u>10,916,046</u>	<u>9,915,123</u>
	<u>12,057,534</u>	<u>11,511,415</u>	<u>9,981,464</u>
	March	December	
	31, 2017	31, 2016	March
		(audited)	31, 2016
Financial liabilities	<u>6,034,067</u>	<u>5,960,191</u>	<u>4,823,273</u>
Murabaha payables			
Accounts payable and other credit balances	<u>266,481</u>	<u>248,177</u>	<u>218,736</u>
	<u>6,300,548</u>	<u>6,208,368</u>	<u>5,042,009</u>