

Al Eid Food Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The nine months ended September 30, 2017
(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, 2017
(Unaudited)
with
Independent auditors' review report

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Al Eid Food Company

K.S.C. (Public)

Kuwait



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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, 2017 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.

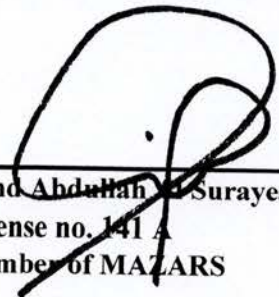
Conclusion

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 related Executive Regulations or the Company's memorandum of incorporation and articles of association, as amended, have occurred during the nine month period ended September 30, 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
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Hind Abdulla Alsurayea
License no. 141 A
Member of MAZARS

November 9, 2017
State of Kuwait

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

Interim condensed statement of financial position as of September 30, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	Note	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Assets				
Current assets				
Cash and cash equivalents		639,188	595,369	485,017
Accounts receivable and other debit balances	3	11,720,785	10,916,046	9,871,049
Inventory	4	8,503,079	8,133,443	7,595,504
		<u>20,863,052</u>	<u>19,644,858</u>	<u>17,951,570</u>
Non-current assets				
Intangible assets		21,257	85,008	106,258
Property and equipment	6	319,952	366,601	382,151
		<u>341,209</u>	<u>451,609</u>	<u>488,409</u>
Total assets		<u>21,204,261</u>	<u>20,096,467</u>	<u>18,439,979</u>
Liabilities and equity				
Current liabilities				
Murabaha payables		4,287,920	4,436,519	2,972,829
Accounts payable and other credit balances	7	286,726	248,177	246,356
		<u>4,574,646</u>	<u>4,684,696</u>	<u>3,219,185</u>
Non-current liabilities				
Murabaha payables		1,612,514	1,523,672	1,760,650
Provision for end of service indemnity		237,300	213,635	211,112
		<u>1,849,814</u>	<u>1,737,307</u>	<u>1,971,762</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		3,196,269	2,090,932	1,951,388
		<u>14,779,801</u>	<u>13,674,464</u>	<u>13,249,032</u>
Total liabilities and equity		<u>21,204,261</u>	<u>20,096,467</u>	<u>18,439,979</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 nine months ended September 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinars"

	Note	The three months ended September 30		The nine months ended September 30	
		2017	2016	2017	2016
Revenue					
Sales		4,029,889	3,664,209	12,154,205	10,638,210
Cost of sales	9	(3,382,028)	(3,061,943)	(10,172,738)	(8,905,459)
Gross profit of sales		647,861	602,266	1,981,467	1,732,751
Other income		19,514	52,041	92,405	121,125
Total revenue		667,375	654,307	2,073,872	1,853,876
Expenses and other charges					
General and administrative expenses		114,337	157,799	429,090	411,908
Finance charges		123,656	123,588	327,431	299,388
Depreciation and amortization		30,800	30,800	110,400	110,400
Provisions		21,111	23,080	49,874	47,846
Total expenses and other charges		289,904	335,267	916,795	869,542
Net profit for the period before, KFAS, Zakat and National Labour Support Tax					
		377,471	319,040	1,157,077	984,334
Contribution to Kuwait Foundation for the Advancement of Science		(3,398)	(2,871)	(10,414)	(8,859)
Zakat		(3,890)	(3,294)	(11,807)	(10,065)
National Labour Support Tax		(9,726)	(8,234)	(29,519)	(25,163)
Net profit for the period		360,457	304,641	1,105,337	940,247
Other comprehensive income		-	-	-	-
Total comprehensive income		360,457	304,641	1,105,337	940,247
Earning per share/(Fils)	10	3.59	3.03	11	9.36

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, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	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	-	-	-	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>
Balance at January 1, 2017	10,045,588	1,233,864	304,080	2,090,932	13,674,464
Net profit for the period	-	-	-	1,105,337	1,105,337
Balance at September 30, 2017	<u>10,045,588</u>	<u>1,233,864</u>	<u>304,080</u>	<u>3,196,269</u>	<u>14,779,801</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 nine months ended September 30, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinars"

	The nine months ended	
	September 30	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net profit for the period	1,105,337	940,247
Adjustments:		
Depreciation and amortization	110,400	110,400
Provision for end of service indemnity	23,665	22,178
Finance charges	327,431	299,388
Operating profit before changes in working capital items	1,566,833	1,372,213
Accounts receivable and other debit balances	(804,739)	509,572
Inventory	(369,636)	(48,254)
Accounts payable and other credit balances	38,549	29,220
Net cash generated from operating activities	<u>431,007</u>	<u>1,862,751</u>
Cash flows from financing activities		
Murabaha payables	(59,757)	(1,403,764)
Finance charges paid	(327,431)	(299,388)
Net cash used in financing activities	<u>(387,188)</u>	<u>(1,703,152)</u>
Net increase in cash and cash equivalents	43,819	159,599
Cash and cash equivalents at beginning of the period	595,369	325,418
Cash and cash equivalents at end of the period	<u>639,188</u>	<u>485,017</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, 2017****(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 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, 2017 was authorized for issue by the Board of Directors on November 9, 2017.

Al Eid Food Company

K.S.C. (Public)

Kuwait

Notes to the interim condensed financial information for the nine months ended September 30, 2017

(Unaudited)

*"All amounts are in Kuwaiti Dinars 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'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, 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's, 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.

3- Accounts receivable and other debit balances

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Trade receivables	9,222,425	8,340,754	7,406,285
Provision for doubtful debts	(402,320)	(402,320)	(402,320)
	<u>8,820,105</u>	7,938,434	7,003,965
Cheques under collection	2,898,705	2,975,637	2,865,109
Refundable deposits	1,975	1,975	1,975
	<u>11,720,785</u>	<u>10,916,046</u>	<u>9,871,049</u>

Al Eid Food Company

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Notes to the interim condensed financial information for the nine months ended September 30, 2017

(Unaudited)

*"All amounts are in Kuwaiti Dinars unless stated otherwise"***4- Inventory**

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Ending inventory	5,376,431	4,973,498	4,865,266
Provision for slow moving goods	(114,460)	(114,460)	(114,460)
	5,261,971	4,859,038	4,750,806
Goods in transit	3,241,108	3,274,405	2,844,698
	<u>8,503,079</u>	<u>8,133,443</u>	<u>7,595,504</u>

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.

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.

	The three months ended September 30		The nine months ended September 30	
	2017	2016	2017	2016
Interim condensed statement of profit or loss and other comprehensive income				
Key management benefits				
Salary and other benefits	3,750	3,750	11,250	11,250

(4)

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Notes to the interim condensed financial information for the nine months ended September 30, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinars unless stated otherwise"

6- Property and equipment

Cost	Buildings	Machinery and equipment	Vehicles	Decorations	Total
Balance at January 1, 2017	900,000	290,609	419,815	425,642	2,036,066
Balance at September 30, 2017	900,000	290,609	419,815	425,642	2,036,066
Accumulated depreciation					
Balance at January 1, 2017	585,000	290,608	368,217	425,640	1,669,465
Charged for the period	33,750	-	12,899	-	46,649
Balance at September 30, 2017	618,750	290,608	381,116	425,640	1,716,114
Net book value					
At September 30, 2017	281,250	1	38,699	2	319,952
At December 31, 2016 (audited)	315,000	1	51,598	2	366,601

Al Eid Food Company

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Notes to the interim condensed financial information for the nine months ended September 30, 2017

(Unaudited)

*"All amounts are in Kuwaiti Dinars unless stated otherwise"***7- Accounts payable and other credit balances**

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Vehicles purchase payables	-	11,250	16,875
Provision for staff leave	26,209	28,150	40,376
KFAS	45,978	35,564	31,558
Zakat	71,335	59,528	55,052
National Labour Support Tax	143,204	113,685	102,495
	<u>286,726</u>	<u>248,177</u>	<u>246,356</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	
	2017	2016	2017	2016
Beginning inventory	5,387,211	4,714,209	4,973,498	4,764,759
Purchases	3,371,248	3,213,000	10,575,671	9,005,966
	8,758,459	7,927,209	15,549,169	13,770,725
Ending inventory	(5,376,431)	(4,865,266)	(5,376,431)	(4,865,266)
	<u>3,382,028</u>	<u>3,061,943</u>	<u>10,172,738</u>	<u>8,905,459</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	
	2017	2016	2017	2016
Net profit for the period	360,457	304,641	1,105,337	940,247
Weighted average number of shares outstanding at the end of the period	100,455,880	100,455,880	100,455,880	100,455,880
Earning per share/(Fils)	<u>3.59</u>	<u>3.03</u>	<u>11</u>	<u>9.36</u>

11- General Assembly of Shareholders

The Ordinary General Assembly of Shareholders had been held on April 23, 2017 that 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

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Notes to the interim condensed financial information for the nine months ended September 30, 2017

(Unaudited)

*"All amounts are in Kuwaiti Dinars 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:

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Financial assets			
Cash and cash equivalents	639,188	595,369	485,017
Accounts receivable and other debit balances	<u>11,720,785</u>	<u>10,916,046</u>	<u>9,871,049</u>
	<u>12,359,973</u>	<u>11,511,415</u>	<u>10,356,066</u>
Financial liabilities			
Murabaha payables	5,900,434	5,960,191	4,733,479
Accounts payable and other credit balances	<u>286,726</u>	<u>248,177</u>	<u>246,356</u>
	<u>6,187,160</u>	<u>6,208,368</u>	<u>4,979,835</u>