

**MEZZAN HOLDING COMPANY K.S.C.P. AND
SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

30 SEPTEMBER 2016



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MEZZAN HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mezzan Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 September 2016 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months period then ended and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim 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 consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its executive regulation, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
(AL AIBAN AL OSAIMI & PARTNERS)

DR. SAUD HAMAD AL-HUMAIDI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAIDI & PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

Mezzan Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2016

	Notes	30 September 2016 KD	(Audited) 31 December 2015 KD	30 September 2015 KD
ASSETS				
Non-current assets				
Property, plant and equipment		65,072,570	61,329,304	61,704,303
Intangible assets		13,402,231	12,480,142	12,469,707
Investment in associates		998,764	1,027,576	1,037,669
Investment properties	3	4,289,907	4,382,964	4,385,474
Biological assets		733,803	725,606	537,119
Financial assets available for sale		763,423	763,423	763,423
		<u>85,260,698</u>	<u>80,709,015</u>	<u>80,897,695</u>
Current assets				
Trade and other receivables	4	70,156,020	55,065,152	58,978,093
Inventories	5	33,341,151	36,826,736	33,616,869
Due from related parties	6	147,304	49,318	108,496
Bank balances and cash		17,362,295	7,680,938	7,964,811
		<u>121,006,770</u>	<u>99,622,144</u>	<u>100,668,269</u>
TOTAL ASSETS		<u>206,267,468</u>	<u>180,331,159</u>	<u>181,565,964</u>
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		4,007,191	3,797,413	3,929,529
Loans and borrowings	7	8,686,347	4,607,561	5,184,089
Due to related parties	6	-	200,000	300,000
		<u>12,693,538</u>	<u>8,604,974</u>	<u>9,413,618</u>
Current liabilities				
Loans and borrowings	7	33,007,445	21,034,200	23,353,963
Trade and other payables	8	37,018,118	35,436,470	39,066,365
Due to related parties	6	1,740,332	1,724,281	1,571,246
Bank overdrafts		13,984,395	13,499,806	11,550,839
		<u>85,750,290</u>	<u>71,694,757</u>	<u>75,542,413</u>
TOTAL LIABILITIES		<u>98,443,828</u>	<u>80,299,731</u>	<u>84,956,031</u>
NET ASSETS		<u>107,823,640</u>	<u>100,031,428</u>	<u>96,609,933</u>
EQUITY				
Share capital		31,132,500	29,650,000	29,650,000
Statutory reserve		13,427,355	13,427,355	11,406,071
Voluntary reserve		13,427,355	13,427,355	11,406,071
Retained earnings		44,379,978	40,874,750	41,637,289
Foreign currency translation reserve		(55,318)	50,865	26,458
Fair value reserve		46,403	46,403	38,568
		<u>102,358,273</u>	<u>97,476,728</u>	<u>94,164,457</u>
Equity attributable to equity holders of the Parent Company		<u>102,358,273</u>	<u>97,476,728</u>	<u>94,164,457</u>
Non-controlling interests		5,465,367	2,554,700	2,445,476
TOTAL EQUITY		<u>107,823,640</u>	<u>100,031,428</u>	<u>96,609,933</u>

Abdul Rahman Jassim Al Wazzan
(Chairman)

Mohammed Jassim Al Wazzan
(Vice Chairman)

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Mezzan Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 September 2016

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2016	2015	2016	2015
		KD	KD	KD	KD
Revenue		47,744,165	46,334,811	156,241,283	150,804,599
Cost of revenue		(35,612,813)	(33,923,473)	(116,214,528)	(111,533,310)
GROSS PROFIT		12,131,352	12,411,338	40,026,755	39,271,289
Operating expenses					
Selling and distribution expenses		(5,269,437)	(5,022,622)	(15,793,466)	(15,246,051)
General and administrative expenses		(3,635,078)	(4,258,970)	(9,581,410)	(10,474,167)
Other income	9	450,435	1,027,741	479,275	5,081,531
OPERATING PROFIT		3,677,272	4,157,487	15,131,154	18,632,602
Impairment of property, plant and equipment		-	-	-	(925,100)
Share of results of associates		-	41,044	15,000	54,110
Finance costs		(371,171)	(268,181)	(987,142)	(730,069)
PROFIT BEFORE STATUTORY CONTRIBUTIONS AND BOARD OF DIRECTORS' REMUNERATION		3,306,101	3,930,350	14,159,012	17,031,543
Kuwait Foundation for the Advancement of Science		(29,642)	(34,940)	(124,281)	(149,839)
National Labour Support Tax		(70,822)	(132,186)	(321,034)	(163,247)
Zakat		(28,328)	(42,309)	(128,413)	(160,012)
Board of Directors' remuneration		(31,250)	(6,250)	(93,750)	(18,750)
PROFIT FOR THE PERIOD		3,146,059	3,714,665	13,491,534	16,539,695
Attributable to:					
Equity holders of the Parent Company		3,133,458	3,666,529	13,141,478	16,156,978
Non-controlling interests		12,601	48,136	350,056	382,717
		3,146,059	3,714,665	13,491,534	16,539,695
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	10	10.06 fils	11.78 Fils	42.21 fils	51.90 Fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Mezzan Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 September 2016

	<i>Three months period ended</i> <i>30 September</i>		<i>Nine months period ended</i> <i>30 September</i>	
	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>
Profit for the period	3,146,059	3,714,665	13,491,534	16,539,695
Other comprehensive (loss) income:				
<i>Items that may be reclassified subsequently to consolidated statement of income:</i>				
Net gain (loss) on hedge arising during the period	9,217	(2,584)	59,773	(313,584)
Foreign currency translation adjustment	(43,123)	(41,435)	(176,058)	489,133
Other comprehensive (loss) income for the period	(33,906)	(44,019)	(116,285)	175,549
Total comprehensive income for the period	3,112,153	3,670,646	13,375,249	16,715,244
Attributable to:				
Equity holders of the Parent Company	3,109,075	3,622,510	13,035,295	16,344,995
Non-controlling interests	3,078	48,136	339,954	370,249
	3,112,153	3,670,646	13,375,249	16,715,244

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Mezzan Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2016

	Notes	<i>Nine months period ended 30 September</i>	
		<i>2016</i>	<i>2015</i>
		<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, Zakat, NLST and Board of Directors' remuneration		14,159,012	17,031,543
Adjustments to reconcile profit to net cash flows:			
Depreciation		3,457,448	3,251,191
Receipt of insurance claim		-	(3,300,000)
Amortisation of intangible assets		214,271	169,819
Provision for employees' end of service benefits		741,353	772,226
Reversal of provision for obsolete and slow moving inventories		(270,817)	(225,445)
(Reversal of) allowance for bad and doubtful debts		(324,335)	418,380
Share of results of associates		(15,000)	(54,110)
Impairment of property, plant and equipment		-	925,100
Loss (gain) on sale of property, plant and equipment		15,634	(98,298)
Gain on revaluation of biological assets		(35,880)	(110,160)
(Gain) loss on disposal of biological assets		(8,979)	4,638
Write-off of biological assets		16,188	32,969
Finance costs		987,142	730,069
Foreign exchange loss (gain)	9	218,270	(549,342)
		<u>19,154,307</u>	<u>18,998,580</u>
Working capital changes:			
Trade and other receivables		(14,591,848)	(13,045,016)
Inventories		3,898,773	(442,346)
Net movement in amount due from/to related parties		(567,873)	93,804
Trade and other payables		34,826	5,412,259
		<u>7,928,185</u>	<u>11,017,281</u>
Cash from operations			
Employees' end of service benefits paid		(585,685)	(830,679)
		<u>7,342,500</u>	<u>10,186,602</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,900,907)	(4,106,277)
Proceeds from disposal of property, plant and equipment		127,017	108,777
Receipt of insurance claim		-	3,300,000
Payment for intangible assets		(231,264)	(455,075)
Proceeds from disposal of intangible assets		-	12,309
Payment for acquisition of additional shares in subsidiaries		-	(2,102)
Net cash flow on acquisition of subsidiary	14	30,434	-
Dividend income received from associate		43,812	-
Purchase of biological assets		(38,989)	(152,183)
Proceeds from disposal of biological assets		59,463	13,541
		<u>(4,910,434)</u>	<u>(1,281,010)</u>
FINANCING ACTIVITIES			
Net movement in loans and borrowings		16,052,031	(2,411,736)
Net movement in amount due to related parties (non-current)		(200,000)	(300,000)
Dividends paid to equity holders of Parent Company		(8,110,358)	(8,700,000)
Dividends paid to non-controlling interests		(176,864)	(62,188)
Finance costs paid		(987,142)	(730,069)
		<u>6,577,667</u>	<u>(12,203,993)</u>
Net cash flows from (used in) financing activities			
Effect of foreign currency translation		187,035	(963,366)
		<u>9,196,768</u>	<u>(4,261,767)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		(5,818,868)	675,739
		<u>3,377,900</u>	<u>(3,586,028)</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER			
CASH AND CASH EQUIVALENTS			
Bank balances and cash		17,362,295	7,964,811
Bank overdrafts		(13,984,395)	(11,550,839)
		<u>3,377,900</u>	<u>(3,586,028)</u>

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Mezzan Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2016

	Attributable to equity holders of the Parent Company								
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Foreign currency translation reserve KD	Fair value reserve KD	Sub total KD	Non- controlling interests KD	Total KD
As at 1 January 2016	29,650,000	13,427,355	13,427,355	40,874,750	50,865	46,403	97,476,728	2,554,700	100,031,428
Profit for the period	-	-	-	13,141,478	-	-	13,141,478	350,056	13,491,534
Other comprehensive loss	-	-	-	-	(106,183)	-	(106,183)	(10,102)	(116,285)
Total comprehensive income (loss) for the period	-	-	-	13,141,478	(106,183)	-	13,035,295	339,954	13,375,249
Issue of bonus shares (Note 11)	1,482,500	-	-	(1,482,500)	-	-	-	-	-
Dividends (Note 11)	-	-	-	(8,153,750)	-	-	(8,153,750)	(176,864)	(8,153,750)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(176,864)	(176,864)
Arising on acquisition of a subsidiary (Note 14)	-	-	-	-	-	-	-	2,747,577	2,747,577
As at 30 September 2016	31,132,500	13,427,355	13,427,355	44,379,978	(55,318)	46,403	102,358,273	5,465,367	107,823,640
As at 1 January 2015	29,650,000	11,406,071	11,406,071	34,179,265	(161,559)	38,568	86,518,416	2,140,563	88,658,979
Profit for the period	-	-	-	16,156,978	-	-	16,156,978	382,717	16,539,695
Other comprehensive income (loss)	-	-	-	-	188,017	-	188,017	(12,468)	175,549
Total comprehensive income for the period	-	-	-	16,156,978	188,017	-	16,344,995	370,249	16,715,244
Dividends	-	-	-	(8,700,000)	-	-	(8,700,000)	-	(8,700,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(62,188)	(62,188)
Ownership changes in a subsidiary	-	-	-	1,046	-	-	1,046	(3,148)	(2,102)
As at 30 September 2015	29,650,000	11,406,071	11,406,071	41,637,289	26,458	38,568	94,164,457	2,445,476	96,609,933

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Mezzan Holding Company K.S.C.P. (the "Parent Company") and Subsidiaries (collectively the "Group") for the nine months period ended 30 September 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 9 November 2016.

The Parent Company was a closed shareholding company registered and incorporated as a holding company in Kuwait on 3 August 1999. The registered office of the Parent Company is Building number 287, Area number 1, Aradiya, Kuwait. The Group operates in manufacturing, sale and distribution of food and non-food products.

On 22 September 2014, the Parent Company filed an application with the Capital Market Authority (CMA) in Kuwait for listing of its shares on the Kuwait Stock Exchange (KSE). The CMA gave the approval on 25 May 2015 and as a result, the shares of the Parent Company were listed on KSE from 11 June 2015.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting.

The interim condensed consolidated financial information of the Group does not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2015. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Group.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2015 except for the adoption of amendments and annual improvements to IFRS, relevant to the Group which are effective for the annual period starting from 1 January 2016 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

3 INVESTMENT PROPERTIES

During the year ended 31 December 2015, the Group transferred certain property, plant and equipment with a carrying value of KD 4,385,474 to investment properties due to change in use.

The movement in investment properties is as follows:

	30 September	<i>(Audited)</i>	
	2016	31 December	30 September
	KD	2015	2015
		KD	KD
As at beginning of the period	4,382,964	-	-
Transfer from property, plant and equipment	-	4,385,474	4,385,474
Additions	-	23,701	-
Charge for the period	(75,850)	(26,211)	-
Foreign exchange differences	(17,207)	-	-
	4,289,907	4,382,964	4,385,474

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

3 INVESTMENT PROPERTIES (continued)

The Group engaged two independent valuation specialists to assess fair value as at 31 December 2015 for investment properties and fair value was disclosed based on the lower of the two values. As at 31 December 2015, the fair value of investment properties was KD 5,520,182. Fair value of investment properties is determined by reference to the value of recent transactions in the market for similar properties. As significant valuation inputs used are based on observable market data, these are classified under level 2 fair value hierarchy. No significant changes in fair value has occurred during the period ended 30 September 2016, consequently, no independent valuation was considered necessary for the period.

4 TRADE AND OTHER RECEIVABLES

	<i>30 September</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 September</i> <i>2015</i> <i>KD</i>
Trade receivables	56,657,782	48,701,028	51,716,242
Less: Allowance for bad and doubtful debts	(3,429,339)	(3,976,363)	(3,843,816)
	<u>53,228,443</u>	<u>44,724,665</u>	<u>47,872,426</u>
Advance to suppliers	12,382,671	7,546,163	6,707,753
Prepaid expenses	2,129,322	1,369,476	2,364,286
Deposits	672,247	868,067	694,270
Staff receivables	4,897	50,984	78,564
Other receivables	1,738,440	505,797	1,260,794
	<u>70,156,020</u>	<u>55,065,152</u>	<u>58,978,093</u>

5 INVENTORIES

	<i>30 September</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 September</i> <i>2015</i> <i>KD</i>
Goods for resale	23,254,584	27,097,946	23,549,295
Raw materials, packing materials and consumables	7,815,829	9,181,150	10,100,016
Finished goods and work in progress	1,301,376	1,427,284	1,277,178
Goods in transit	1,873,282	794,495	937,906
	<u>34,245,071</u>	<u>38,500,875</u>	<u>35,864,395</u>
Less: Allowance for obsolete and slow moving inventories	(903,920)	(1,674,139)	(1,710,407)
	<u>33,341,151</u>	<u>36,826,736</u>	<u>34,153,988</u>

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2016

6 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent major shareholders, associates, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Significant balances and transactions with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Major shareholders</i>	<i>Associates</i>	<i>Other related parties</i>	<i>30 September 2016</i>	<i>(Audited) 31 December 2015</i>	<i>30 September 2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of financial position:						
Due from related parties	-	-	147,304	147,304	49,318	108,496
Due to related parties	386,167	15,496	1,338,669	1,740,332	1,924,281	1,871,246

The amounts due from/to related parties are interest free and are receivable/payable on demand.

	<i>Major shareholders</i>	<i>Other related parties</i>	<i>Three months period ended 30 September</i>	
	<i>KD</i>	<i>KD</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of income:				
Revenue	5,484	49,158	54,642	73,247
Cost of revenue	(3,686)	(864)	(4,550)	(13,811)
Other income	-	84,011	84,011	86,986
General and administrative expenses	-	(43,751)	(43,751)	(44,501)

	<i>Major shareholders</i>	<i>Other related parties</i>	<i>Nine months period ended 30 September</i>	
	<i>KD</i>	<i>KD</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of income:				
Revenue	16,395	140,879	157,274	183,209
Cost of revenue	(8,971)	(3,325)	(12,296)	(33,216)
Other income	-	295,495	295,495	275,054
General and administrative expenses	-	(135,953)	(135,953)	(128,753)

Compensation of key management personnel

Remuneration paid or accrued in relation to key management (which is deemed for this purpose to comprise the Chief Executive Officer, Chief Finance Officer, Department/division heads, and other Senior Officers) was as follows:

	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Key management compensation:				
Salaries and other short-term benefits	373,587	335,619	1,123,191	1,098,286
Employees' end of service benefits	19,183	15,690	49,866	45,850
	392,770	351,309	1,173,057	1,144,136

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2016

7 LOANS AND BORROWINGS

Currency	Current (Audited)			Non-current (Audited)		
	30 September 2016	31 December 2015	30 September 2015	30 September 2016	31 December 2015	30 September 2015
	KD	KD	KD	KD	KD	KD
Kuwaiti Dinars	8,500,000	5,499,800	7,122,685	-	-	42,250
US Dollars	23,060,785	15,534,400	16,231,278	2,899,707	4,607,561	5,141,839
Saudi Riyal	1,446,660	-	-	5,786,640	-	-
	<u>33,007,445</u>	<u>21,034,200</u>	<u>23,353,963</u>	<u>8,686,347</u>	<u>4,607,561</u>	<u>5,184,089</u>

Loans and borrowings carry interest at commercial rates.

Loans and borrowings of KD 265,415 were secured against certain property, plant and equipment for the period ended 30 September 2015 and were repaid in last quarter of the year ended 31 December 2015.

8 TRADE AND OTHER PAYABLES

	30 September 2016	(Audited) 31 December 2015	30 September 2015
	KD	KD	KD
Trade payable	24,240,414	24,013,941	27,021,819
Accrued expenses	8,881,002	9,671,449	9,947,175
Other payables	3,873,899	1,723,677	2,069,441
Advance from customers	22,803	27,403	27,930
	<u>37,018,118</u>	<u>35,436,470</u>	<u>39,066,365</u>

9 OTHER INCOME

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	2016	2015
	KD	KD	KD	KD
Dividends	65,250	57,094	65,250	57,094
Receipt of insurance claim*	-	-	-	3,300,000
Gain (loss) on disposal of property, plant and equipment	22,672	14,572	(15,634)	98,298
Other income	378,325	852,162	647,929	1,076,797
Foreign exchange (loss) gain	(15,812)	103,913	(218,270)	549,342
	<u>450,435</u>	<u>1,027,741</u>	<u>479,275</u>	<u>5,081,531</u>

*During the period ended 30 September 2015, the insurance company made a final settlement on an insurance claim made during the year ended 31 December 2013, towards a fire accident in one of the factories of the Group.

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

10 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, as follows:

	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
	<i>2016 KD</i>	<i>2015 KD</i>	<i>2016 KD</i>	<i>2015 KD</i>
Profit for the period	<u>3,133,458</u>	<u>3,666,529</u>	<u>13,141,478</u>	<u>16,156,978</u>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period	<u>296,500,000</u>	296,500,000	<u>296,500,000</u>	296,500,000
Bonus shares (Note 11)	<u>14,825,000</u>	14,825,000	<u>14,825,000</u>	14,825,000
	<u>311,325,000</u>	<u>311,325,000</u>	<u>311,325,000</u>	<u>311,325,000</u>
Basic and diluted earnings per share	<u>10.06 fils</u>	<u>11.78 Fils</u>	<u>42.21 fils</u>	<u>51.90 Fils</u>

Basic and diluted earnings per share for the comparative period are adjusted to reflect the effect of bonus shares issued on 13 April 2016 (Note 11). As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

11 ANNUAL GENERAL ASSEMBLY

On 13 April 2016, the shareholders at the Annual General Assembly of the Parent Company approved the following:

- consolidated financial statements for the year ended 31 December 2015; and
- distribution of dividends of KD 8,153,750 for the year ended 31 December 2015.

In addition, on the same day, the shareholders at the Extra-ordinary General Assembly approved issuance of 14,825,000 bonus shares of 100 fils each. Consequently, the number of shares of the Parent Company increased to 311,325,000.

12 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

As at the reporting date, the Group had the following contingent liabilities in respect of letter of guarantee granted by banks from which it is anticipated that no material liabilities will arise:

	<i>30 September 2016 KD</i>	<i>(Audited) 31 December 2015 KD</i>	<i>30 September 2015 KD</i>
	Letters of guarantee	<u>15,810,142</u>	<u>12,919,722</u>

Letters of guarantees commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods and performance guarantees.

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

12 CONTINGENCIES AND COMMITMENTS (continued)

Legal claims

The Group is involved in various incidental claims and legal proceedings matters. Management believes that these matters will not have a material adverse effect on the accompanying interim condensed consolidated financial information.

(b) Commitments:

	<i>30 September 2016 KD</i>	<i>(Audited) 31 December 2015 KD</i>	<i>30 September 2015 KD</i>
Capital expenditure commitments			
Future estimated capital expenditure contracted for as at the reporting date:			
Property, plant and equipment	9,500,847	7,424,831	3,035,063
Intangible assets	345,822	345,822	111,533
	<u>9,846,669</u>	<u>7,770,653</u>	<u>3,146,596</u>
Operating lease commitments as lessee:			
Future minimum lease payments:			
Within one year	2,500,476	2,439,394	1,646,750
After one year but not more than five years	475,971	1,340,877	1,306,275
	<u>2,976,447</u>	<u>3,780,271</u>	<u>2,953,025</u>
Total operating lease expenditure contracted for as at the reporting date			
	<u>2,976,447</u>	<u>3,780,271</u>	<u>2,953,025</u>
Operating lease commitments as lessor:			
Future minimum lease payments:			
Within one year	562,590	283,500	-
After one year but not more than five years	1,969,065	2,268,000	-
	<u>2,531,655</u>	<u>2,551,500</u>	<u>-</u>
Total operating lease income contracted for at the reporting date			
	<u>2,531,655</u>	<u>2,551,500</u>	<u>-</u>

13 SEGMENTAL INFORMATION

For management reporting purposes, the Group is organised into five major operating segments based on internal reporting provided to the chief operating decision maker. The chief operating decision maker, is the person responsible for allocating resources to and assessing the performance of the operating segments. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

(a) Food

- Food : Food comprises all the businesses that relate to the food industry including food and beverages, wholesale trading, manufacturing and retail. The segment deals in a variety of products mainly meat products, cakes, biscuits, potato chips, snacks, canned food products, dairy products and water.
- Catering : Catering comprises of food services for short term and long term delivery of cooked food as well as on site operation of food facilities and catering for one off events.
- Services : Services includes provision/sale of a variety of services/goods respectively to major customers predominantly including sales and delivery of foods as well as ancillary storage, logistics, repairs and maintenance services and sale of non-food items.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2016

13 SEGMENTAL INFORMATION (continued)

(b) Non-food

Fast Moving Consumer Goods ("FMCG") : FMCG mainly comprises of distribution of health and beauty products, medicines, medical products and household products.

Industrial : Industrial comprises of the manufacturing of goods including plastic materials, lube oil and cartons used for packaging.

(c) Corporate : Corporate comprises of central assets, liabilities and support functions for the entire Group. The corporate provides management, information systems and technology, human resource, procurement and finance support to other segments. The Group maintains a central treasury function and manages the cash and borrowing position centrally.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments. Taxation and Board of Directors' remuneration are managed on an overall basis and are allocated to the corporate segments.

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

13 SEGMENTAL INFORMATION (continued)

a) The following table presents information regarding the Group's operating segments.

	Nine months period ended 30 September 2016											
	Food					Non-food					Corporate	Total segment
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG KD	Industrial KD	Sub-total KD	Corporate KD	Total segment KD			
Revenue	81,467,975	19,237,805	13,245,058	113,950,838	37,717,878	4,262,491	41,980,369	310,076	156,241,283			
Segment profit	10,540,663	26,597	2,221,799	12,789,059	3,448,512	461,496	3,910,008	(2,540,055)	14,159,012			
Total assets	100,941,439	23,938,215	13,903,162	138,782,816	50,923,673	8,314,717	59,238,390	8,246,262	206,267,468			
Total liabilities	18,579,818	7,691,474	4,769,275	31,040,567	7,838,529	2,317,492	10,156,021	57,247,240	98,443,828			
Other disclosures:												
Depreciation and amortization	1,945,304	498,892	273,618	2,717,814	249,929	295,985	545,914	407,992	3,671,720			
Investment in associates	-	-	-	-	-	-	-	998,764	998,764			
Capital expenditure (excluding goodwill)	3,072,644	1,378,603	-	4,451,247	38,012	265,732	303,744	377,180	5,132,171			

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

13 SEGMENTAL INFORMATION (continued)

	Nine months period ended 30 September 2015 (Unaudited)							Total segment KD
	Food			Non-food			Corporate	
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG KD	Industrial KD	Sub-total KD	KD
Revenue	75,935,421	20,702,967	12,441,611	109,079,999	36,829,380	4,804,801	41,634,181	90,419
Segment profit	9,678,320	2,076,807	1,823,826	13,578,953	2,912,901	2,382,679	5,295,580	(1,842,990)
Total assets	91,230,677	22,448,347	8,441,579	122,120,603	43,009,676	7,988,799	50,998,475	8,446,886
Total liabilities	19,871,101	7,463,822	1,992,837	29,327,760	8,605,964	2,280,584	10,886,548	44,741,723
<i>Other disclosures:</i>								
Depreciation and amortisation	1,842,048	472,450	180,859	2,495,357	248,161	319,818	567,979	357,674
Investment in associates	-	-	-	-	-	-	-	1,037,669
Capital expenditure (excluding goodwill)	2,546,768	310,351	720,336	3,577,455	121,298	273,234	394,532	134,290
Impairment of property, plant and equipment	-	-	-	-	-	925,100	925,100	-
								925,100

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

13 SEGMENTAL INFORMATION (continued)

Year ended 31 December 2015 (Audited)

	Food					Non-food			Corporate		Total segment KD
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG KD	Industrial KD	Sub-total KD	KD	KD		
Revenue	100,763,767	27,023,118	16,055,193	143,842,078	45,749,694	6,446,889	52,196,583	90,621		196,129,282	
Segment profit	12,808,632	1,925,037	2,464,669	17,198,338	3,270,698	2,391,809	5,662,507	(2,156,772)		20,704,073	
Total assets	89,593,133	20,784,155	8,889,222	119,266,510	45,315,777	7,728,930	53,044,707	8,019,942		180,331,159	
Total liabilities	16,706,339	6,845,719	2,528,438	26,080,496	8,434,034	2,034,433	10,468,467	43,750,768		80,299,731	
<i>Other disclosures:</i>											
Depreciation and amortisation	2,513,319	629,641	256,315	3,399,275	335,020	425,046	760,066	496,540		4,655,881	
Investment in associates	-	-	-	-	-	-	-	1,027,576		1,027,576	
Capital expenditure (excluding goodwill)	2,941,997	390,852	750,909	4,083,758	346,437	292,490	638,927	553,503		5,276,188	
Impairment of property, plant and equipment	-	-	-	-	-	925,100	925,100	-		925,100	

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

13 SEGMENTAL INFORMATION (continued)

b) The following table presents information regarding the Group's geographical segments.

	Kuwait KD	Saudi Arabia KD	U.A.E KD	Qatar KD	Jordan KD	Afghanistan KD	Iraq KD	Total KD
<i>Nine months period ended</i>								
30 September 2016								
Revenue	104,280,159	507,605	25,402,830	14,614,999	7,233,660	3,328,682	873,348	156,241,283
Non-current assets	54,066,509	8,795,644	7,831,891	11,922,368	2,528,164	116,122	-	85,260,698
<i>31 December 2015 (Audited)</i>								
Revenue	129,044,486	87,302	35,077,897	17,911,195	7,318,501	4,667,582	2,022,319	196,129,282
Non-current assets	52,926,788	5,514,565	7,463,924	11,971,588	2,679,380	152,770	-	80,709,015
<i>Nine months period ended 30 September 2015</i>								
Revenue	100,461,161	-	26,437,318	13,006,360	5,642,448	3,422,294	1,835,018	150,804,599
Non-current assets	53,079,594	5,515,710	7,495,868	11,923,209	2,718,509	164,805	-	80,897,695

Mezzan Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

14 BUSINESS COMBINATION

On 23 August 2016, Mezzan Saudi Trading Company (L.L.C.), a subsidiary of Parent Company, acquired 70% equity interest of Al Safi Food Company ("Mezzan Foods" or the "subsidiary") through capital injection, a company incorporated in the Kingdom of Saudi Arabia (KSA) from a third party. Principal activities of Mezzan Foods are manufacturing and distribution of food and beverage products.

The consideration paid and the provisional fair values of the assets acquired and liabilities assumed as, at the acquisition date, and non-controlling interests measured at the fair value, are summarised as follows:

	SAR	KD
Assets:		
Property, plant and equipment	32,533,481	2,621,223
Intangible assets	123,453	9,947
Trade and other receivables	2,230,405	179,704
Inventories	2,130,207	171,631
Due from related parties	84,568	6,814
Bank balances and cash	91,129,226	7,342,282
	<u>128,231,340</u>	<u>10,331,601</u>
Liabilities:		
Employees' end of service benefits	776,664	62,576
Trade and other payables	7,666,392	617,681
Due to related parties	6,115,821	492,752
	<u>14,558,877</u>	<u>1,173,009</u>
Total identifiable net assets at provisional fair values	<u>113,672,463</u>	<u>9,158,592</u>
Consideration paid	90,751,500	7,311,850
Non-controlling interest in a subsidiary recognised at fair value	34,101,739	2,747,577
Goodwill on purchase	<u>11,180,776</u>	<u>900,835</u>
Consideration paid	(90,751,500)	(7,311,848)
Cash and cash equivalents in a subsidiary acquired	91,129,226	7,342,282
Cash inflow on acquisition	<u>377,726</u>	<u>30,434</u>

The above mentioned subsidiary has been consolidated based on the provisional fair values assigned to the identifiable assets and liabilities as on the acquisition date, since the management is in the process of determining the fair values of assets acquired and liabilities assumed. The management of the Parent Company has recognised the non-controlling interests in Mezzan Foods at the provisional fair value in accordance with IFRS 3: *Business Combination*.

The provisional goodwill amounting to KD 900,835 (SAR 11,180,776) on acquisition of Mezzan Foods is recognised in the consolidated statement of financial position.

From the date of acquisition, Mezzan Foods has contributed KD 117,378 of revenue and KD 185,369 loss to the consolidated profit before statutory contributions and board of directors' remuneration of the Group. If the combination had taken place at the beginning of the year, revenue would have been KD 986,091 and the loss contributed to consolidated profit before statutory contributions and board of directors' remuneration of the Group would have been KD 1,431,212.