

**Mezzan Holding Company K.S.C.P and subsidiaries
State of Kuwait**

**Independent auditor's review report and condensed
consolidated interim financial information
for the three months ended 31 March 2021**

**Mezzan Holding Company K.S.C.P. (Closed) and subsidiaries
State of Kuwait**

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**INDEPENDENT AUDITOR'S 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 Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2021, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 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 condensed consolidated 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.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 18 March 2021. Furthermore, the condensed consolidated interim financial information of the Group for the three-month period ended 31 March 2020 were reviewed by another auditor who expressed an unmodified conclusion on the same on 11 August 2020.

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 the accounts of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violation of the Companies Law No. 1 of 2016 and its executive regulations, as amended or of the Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Company or on its financial position.



Talal Y. Al-Muzaini
Licence No. 209A
Deloitte & Touche
Al Wazzan & Co.

Kuwait
10 May 2021

Mezzan Holding Company K.S.C.P. and subsidiaries
State of Kuwait

Interim condensed consolidated statement of financial position
as at 31 March 2021

		31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
Assets	Notes			
Property, plant and equipment		75,156,278	75,472,395	78,813,650
Right of use assets		2,060,983	2,398,877	2,959,622
Intangible assets		29,489,717	29,602,194	29,555,403
Investment in associates		1,205,422	1,204,973	1,079,278
Investment property	4	3,855,082	3,891,222	4,037,445
Biological assets		842,742	821,317	815,063
Trade and other receivables	6	1,773,336	1,773,336	-
Investments at fair value through other comprehensive income		3,585,283	3,215,593	1,933,479
Non-current assets		<u>117,968,843</u>	<u>118,379,907</u>	<u>119,193,940</u>
Inventories	5	46,680,558	49,987,571	41,159,937
Trade and other receivables	6	80,592,155	64,938,039	97,446,922
Cash and cash equivalents	8	22,407,850	19,611,856	19,102,804
Current assets		<u>149,680,563</u>	<u>134,537,466</u>	<u>157,709,663</u>
Total assets		<u>267,649,406</u>	<u>252,917,373</u>	<u>276,903,603</u>
Equity				
Share capital		31,132,500	31,132,500	31,132,500
Treasury shares	9	(5,708,604)	(5,547,635)	(4,563,800)
Statutory reserve		16,601,335	16,601,335	16,601,335
Voluntary reserve		16,601,335	16,601,335	16,601,335
Fair value reserve		2,772,068	2,402,378	1,120,264
Foreign currency translation reserve		(560,177)	(541,189)	(311,021)
Other reserve		(4,525,549)	(4,525,549)	(1,763,509)
Retained earnings		58,255,915	53,297,415	51,582,701
Equity attributable to shareholders of the Company		<u>114,568,823</u>	<u>109,420,590</u>	<u>110,399,805</u>
Non-controlling interests		8,804,127	8,230,180	8,541,580
Total equity		<u>123,372,950</u>	<u>117,650,770</u>	<u>118,941,385</u>
Liabilities				
Loans and borrowings	10	-	-	742,050
Lease liabilities		1,138,784	1,343,694	1,762,182
Trade and other payables		1,944,666	1,944,666	-
Employee's end of service indemnity		8,597,853	8,497,006	7,443,767
Non-current liabilities		<u>11,681,303</u>	<u>11,785,366</u>	<u>9,947,999</u>
Loans and borrowings	10	68,936,679	69,862,155	84,767,868
Bank overdrafts	8	3,003,105	3,263,469	6,586,619
Lease liabilities		796,395	957,429	956,417
Trade and other payables	11	59,858,974	49,398,184	55,703,315
Current liabilities		<u>132,595,153</u>	<u>123,481,237</u>	<u>148,014,219</u>
Total liabilities		<u>144,276,456</u>	<u>135,266,603</u>	<u>157,962,218</u>
Total equity and liabilities		<u>267,649,406</u>	<u>252,917,373</u>	<u>276,903,603</u>

The accompanying notes 1 to 19 form an integral part of the condensed consolidated interim financial information.

Mohammed Jassim Al Wazzan
Vice Chairman

Garrett Walsh
Chief Executive Officer

**Mezzan Holding Company K.S.C.P. and subsidiaries
State of Kuwait**

**Interim condensed consolidated statement of profit or loss
for the three-month period ended 31 March 2021**

	Notes	Three months period ended	
		31 March	
		2021	2020
		KD	KD
Revenues		73,367,891	74,404,440
Cost of revenue		<u>(57,166,388)</u>	<u>(57,795,745)</u>
Gross profit		16,201,503	16,608,695
Selling and distribution expenses		(5,286,530)	(4,972,495)
General and administrative expenses		(4,653,733)	(5,120,929)
Other income/ (other expense)	12	<u>186,235</u>	<u>(122,314)</u>
Results from operating activities		6,447,475	6,392,957
Finance costs		(613,755)	(1,006,052)
Share of results of associates		<u>449</u>	<u>8,454</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”), National Labour Support Tax (“NLST”), Zakat and board of directors’ remuneration		5,834,169	5,395,359
KFAS		(52,224)	(48,819)
NLST		(137,824)	(122,583)
Zakat		(55,130)	(49,034)
Board of directors’ remuneration	7	<u>(18,750)</u>	<u>(18,750)</u>
Profit for the period		<u>5,570,241</u>	<u>5,156,173</u>
Profit attributable to:			
Shareholders of the Company		4,958,500	4,642,737
Non-controlling interests		<u>611,741</u>	<u>513,436</u>
		<u>5,570,241</u>	<u>5,156,173</u>
Earnings per share (basic and diluted) (fils)	13	<u>16.37 fils</u>	<u>15.24 fils</u>

The accompanying notes 1 to 19 form an integral part of the condensed consolidated interim financial information.

Mezzan Holding Company K.S.C.P. and subsidiaries
State of Kuwait

Interim condensed consolidated statement of comprehensive income
for the three-month period ended 31 March 2021

	Three months period ended	
	31 March	
	2021	2020
	KD	KD
Profit for the period	5,570,241	5,156,173
<i>Other comprehensive income/ (loss)</i>		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences on foreign operations	(69,137)	402,600
Net investment hedge- net gain/(loss)	12,355	(237,789)
Change in fair value of investment at fair value through other comprehensive income	369,690	-
<i>Other comprehensive income</i>	312,908	164,811
Total comprehensive income for the period	5,883,149	5,320,984
Total comprehensive income attributable to:		
Shareholders of the Company	5,309,202	4,804,256
Non-controlling interests	573,947	516,728
Total comprehensive income for the period	5,883,149	5,320,984

The accompanying notes 1 to 19 form an integral part of the condensed consolidated interim financial information.

Mezzan Holding Company K.S.C.P. and subsidiaries
State of Kuwait

Interim condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2021

	Attributable to shareholders of the Company										Total equity KD
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
Balance at 1 January 2021	31,132,500	(5,547,635)	16,601,335	16,601,335	2,402,378	(541,189)	(4,525,549)	53,297,415	109,420,590	8,230,180	117,650,770
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	4,958,500	4,958,500	611,741	5,570,241
<i>Other comprehensive income</i>											
Change in Fair Value	-	-	-	-	369,690	-	-	-	369,690	-	369,690
Foreign currency translation	-	-	-	-	-	(18,988)	-	-	(18,988)	(37,794)	(56,782)
Total comprehensive income for the period	-	-	-	-	369,690	(18,988)	-	4,958,500	5,309,202	573,947	5,883,149
Purchase of treasury shares	-	(160,969)	-	-	-	-	-	-	(160,969)	-	(160,969)
Balance at 31 March 2021	31,132,500	(5,708,604)	16,601,335	16,601,335	2,772,068	(560,177)	(4,525,549)	58,255,915	114,568,823	8,804,127	123,372,950

The accompanying notes 1 to 19 form an integral part of the condensed consolidated interim financial information.

Mezzan Holding Company K.S.C.P. and subsidiaries
State of Kuwait

Interim condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2021

	Attributable to shareholders of the Company										
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2020	31,132,500	(4,463,800)	16,601,335	16,601,335	1,120,264	(472,540)	(1,763,509)	46,939,964	105,595,549	8,024,852	113,620,401
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	4,642,737	4,642,737	513,436	5,156,173
<i>Other comprehensive income</i>											
Foreign currency translation	-	-	-	-	-	161,519	-	-	161,519	3,292	164,811
Total comprehensive income for the period	-	-	-	-	-	161,519	-	4,642,737	4,804,256	516,728	5,320,984
Balance at 31 March 2020	<u>31,132,500</u>	<u>(4,563,800)</u>	<u>16,601,335</u>	<u>16,601,335</u>	<u>1,120,264</u>	<u>(311,021)</u>	<u>(1,763,509)</u>	<u>51,582,701</u>	<u>110,399,805</u>	<u>8,541,580</u>	<u>118,941,385</u>

The accompanying notes 1 to 19 form an integral part of the condensed consolidated interim financial information.

**Mezzan Holding Company K.S.C.P and subsidiaries
State of Kuwait**

Interim condensed consolidated statement of cash flows
for the three-month period ended 31 March 2021 (Unaudited)

	Notes	Three months period ended 31 March	
		2021 KD	2020 KD
Cash flows from operating activities			
Profit for the period before contribution to KFAS, NLST, Zakat and board of directors' remuneration		5,834,169	5,395,359
<i>Adjustment for:</i>			
Depreciation		2,131,783	2,083,016
Amortisation of intangible assets		85,758	91,024
Share of results of associates		(449)	(8,454)
Provision for employees' end of service benefits		398,928	320,235
Provision/(reversal of provision) for obsolete and slow-moving inventories	5	66,734	(153,504)
Provision for expected credit losses		154,641	338,473
Gain on disposal of property, plant and equipment	12	(2,810)	(773)
Gain on revaluation of biological assets	15	(38,980)	(31,620)
Gain on disposal of biological assets		(2,345)	(776)
Write-off of biological assets	15	5,754	2,554
Finance costs		613,755	1,006,052
Foreign currency exchange (gain)/loss	12	(82,532)	175,762
		<u>9,164,406</u>	<u>9,217,348</u>
<i>Changes in:</i>			
- inventories		3,239,397	5,307,784
- trade and other receivables		(15,794,304)	(19,379,465)
- related parties balances- net		2,488,491	166,913
- trade and other payables		<u>7,785,844</u>	<u>10,258,134</u>
<i>Net cash from operating activities</i>		<u>6,883,834</u>	<u>5,570,714</u>
Employees' end of service benefits paid		(294,160)	(177,562)
Net cash flows from operating activities		<u>6,589,674</u>	<u>5,393,152</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,571,567)	(1,998,559)
Purchase of biological assets	15	-	(77,265)
Proceeds from disposal of property, plant and equipment		12,701	10,727
Proceeds from disposal of intangible assets		30,000	679
Dividend income received from associates		-	1,000
Proceeds from disposal of biological assets		14,146	14,795
<i>Net cash used in investing activities</i>		<u>(1,514,720)</u>	<u>(2,048,623)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings		259,379	-
Repayment of loans and borrowings		(1,091,070)	(2,136,422)
Payment of lease liability		(390,266)	(288,032)
Purchase of treasury shares		(160,969)	-
Payment of finance costs		(589,433)	(1,006,052)
<i>Net cash used in financing activities</i>		<u>(1,972,359)</u>	<u>(3,430,506)</u>
Effect of exchange rate changes on cash and cash equivalents		(46,237)	(23,953)
Net change in cash and cash equivalents		<u>3,056,358</u>	<u>(109,930)</u>
Cash and cash equivalents at the beginning of the period	8	<u>16,348,387</u>	<u>12,626,115</u>
Cash and cash equivalents at the end of the period	8	<u>19,404,745</u>	<u>12,516,185</u>

The accompanying notes 1 to 19 form an integral part of the condensed consolidated interim financial information.

**Mezzan Holding Company K.S.C.P and subsidiaries
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2021**

1. Reporting entity

Mezzan Holding Company K.S.C.P (“the Company”) is a shareholding company registered and incorporated as a holding company in Kuwait on 3 August 1999. The shares of the Company were listed on Kuwait Stock Exchange (“Boursa Kuwait”) on 11 June 2015.

The principal activities of the Company as per the articles of association are as follows:

- a) Holding shares of Kuwaiti or foreign stock companies as well as holding shares or units in limited liability companies whether Kuwaiti or foreign, or participating in establishing these companies, managing them and sponsoring them on behalf of others.
- b) Providing loans to companies in which the Company holds shares or sponsors. In such cases, it is necessary that the participation ratio of the Company in the share capital of the borrowing company not to be less than 20%.
- c) Owning intellectual property including patents, trademarks, industrial fees or any other related rights and leasing them to other companies to make use of them inside Kuwait and abroad.
- d) Holding movable or real estate assets necessary to carry out its activities within the limits allowed by law.

The Company is allowed to conduct the above-mentioned operations in the State of Kuwait or abroad by its own or as an agent on behalf of other parties. The Company may have an interest or in any way be associated with entities engaged on activities similar to its own or which may assist the group companies in achieving its objectives in Kuwait or abroad, or may establish, participate in or acquire these entities or affiliate itself to it.

The registered office of the Company is Building no. 287, Block 1, Aradiya, Kuwait.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2021 comprise of the Company and its subsidiaries (together referred to as “the Group”) and its investment in associates.

This condensed consolidated interim financial information were authorised for issue by the Company’s board of directors on 10 May 2021.

2. Basis of accounting

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020 (‘last annual consolidated financial statements’). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s consolidated financial position and performance since the last consolidated financial statements. Operating results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Mezzan Holding Company K.S.C.P and subsidiaries
State of Kuwait

Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2021

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the condensed consolidated interim financial information of the Group.

The key changes to the Group's accounting policies resulting from its adoption of new standards are summarised below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no material impact on the condensed consolidated interim financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Other amendments to IFRS which are effective for annual accounting period starting from 1 January 2021 did not have any material impact on the accounting policies, financial position or performance of the Group.

3. Judgments and estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements as at and for the year ended 31 December 2020.

4. Investment property

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
Balance at 1 January	3,891,222	3,990,822	3,990,822
Depreciation	(25,104)	(109,059)	(25,549)
Net foreign exchange differences	(11,036)	3,459	72,172
	<u>3,855,082</u>	<u>3,891,222</u>	<u>4,037,445</u>

**Mezzan Holding Company K.S.C.P and subsidiaries
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2021**

As at 31 December 2020, the fair value of investment property was determined by external, independent property valuer, having an appropriate recognised professional qualifications and experience in valuing such property. The valuers had used generally accepted valuation techniques. Because of the inherent uncertainty of the valuation of investment property, the estimated fair value may have differed, had a ready market existed for this investment property. At the reporting date, the fair value of land and building amounts to KD 5,159,484 and KD 2,348,743 respectively (31 December 2020: land and building: KD 5,174,171 and KD 2,355,429 respectively and 31 March 2020: land and building: KD 5,170,978 and KD 2,330,410 respectively).

As at 31 March 2021, the management does not anticipate any significant change in fair value of investment properties. The fair value of investment properties is categorized as Level 3 under fair value hierarchy.

At the reporting date, the investment properties include freehold land that has an indefinite economic life and is therefore not depreciated.

Management has estimated the economic useful life of the buildings to be 5-30 years.

5. Inventories

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
Goods for resale	32,387,932	34,902,143	25,153,324
Raw materials and consumables	11,103,747	13,121,894	12,173,238
Finished goods and work in progress	3,031,636	3,033,276	2,958,353
Goods in transit	2,324,749	1,160,011	2,854,215
	<u>48,848,064</u>	<u>52,217,324</u>	<u>43,139,130</u>
Provision for obsolete and slow-moving inventories	<u>(2,167,506)</u>	<u>(2,229,753)</u>	<u>(1,979,193)</u>
	<u>46,680,558</u>	<u>49,987,571</u>	<u>41,159,937</u>

The current period provision for obsolete and slow-moving inventories of KD 66,734 (31 March 2020: net provision for obsolete and slow-moving inventories of KD 153,504) is included in cost of revenue in the interim condensed consolidated statement of profit or loss.

**Mezzan Holding Company K.S.C.P and subsidiaries
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2021**

6. Trade and other receivables

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
<i>Non-Current Portion</i>			
Other Receivables	<u>1,773,336</u>	<u>1,773,336</u>	<u>-</u>
<i>Current Portion</i>			
Trade receivables	71,119,862	59,458,253	81,784,745
Provision for expected credit losses	<u>(9,556,237)</u>	<u>(9,441,233)</u>	<u>(8,034,275)</u>
	61,563,625	50,017,020	73,750,470
Advances to suppliers	11,891,739	9,373,952	15,317,702
Prepaid expenses	2,145,740	1,201,892	1,790,763
Refundable deposits	770,866	895,120	807,377
Due from related parties (Note 7)	41,488	36,429	44,861
Other receivables	<u>4,178,697</u>	<u>3,413,626</u>	<u>5,735,749</u>
	<u>80,592,155</u>	<u>64,938,039</u>	<u>97,446,922</u>

Movement of provision for expected credit loss is as follows:

	2021 KD	2020 KD
Balance at 1 January (Audited)	9,441,233	7,716,880
Charge for the period	154,641	338,473
Write offs	(30,243)	(55,038)
Effect of movement in exchange rates	<u>(9,394)</u>	<u>33,960</u>
Balance at 31 March	<u>9,556,237</u>	<u>8,034,275</u>

7. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. All related party transactions are carried out on terms approved by the Group's management.

Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

Details of significant related parties balances and transactions are disclosed below:

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
Balances with related parties			
<i>Due from related parties (Note 6)</i>			
Associates	-	-	-
Other related parties	<u>41,488</u>	<u>36,429</u>	<u>44,861</u>
	<u>41,488</u>	<u>36,429</u>	<u>44,861</u>

**Mezzan Holding Company K.S.C.P and subsidiaries
State of Kuwait**

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2021**

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
<i>Due to related parties (Note 11)</i>			
Shareholders	73,667	73,667	310,304
Associates	583	512	451
Other related parties	4,195,625	1,702,146	1,849,193
	<u>4,269,875</u>	<u>1,776,325</u>	<u>2,159,948</u>
		2021 KD	2020 KD
Transactions with related parties			
<i>Sales</i>			
Shareholders		2,422	5,541
Other related parties		10,681	12,374
		<u>13,103</u>	<u>17,915</u>
<i>Cost of revenue</i>			
Other related parties		4,393,491	3,318,569
<i>General and administrative expenses</i>			
Other related parties		139,996	107,701
Key management compensation			
Salaries and other short-term benefits		497,786	535,572
Employees' end of service benefits		45,213	29,266
		<u>542,999</u>	<u>564,838</u>
Board of directors' remuneration		18,750	18,750

8. Cash and cash equivalents

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
Bank balances and cash	22,407,850	19,611,856	19,102,804
Bank overdrafts	(3,003,105)	(3,263,469)	(6,586,619)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<u>19,404,745</u>	<u>16,348,387</u>	<u>12,516,185</u>

Bank overdrafts are denominated in Kuwaiti Dinars, Qatari Riyals and Jordanian Dinars and are from local and foreign commercial banks. These are repayable on demand and carry an average effective interest rate of 2.5% to 5% (31 December 2020: 2.5% to 5% and 31 March 2020: 3.75%) per annum.

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9. Treasury shares

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
Number of shares	8,667,898	8,385,000	6,780,000
Percentage of share capital	2.78%	2.69%	2.18%
Cost (“KD”)	5,708,604	5,547,635	4,563,800
Market value (“KD”)	4,914,698	4,963,920	3,206,940

10. Loans and borrowings

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
<i>Current portion denominated in:</i>			
Kuwaiti Dinars	36,526,379	36,267,000	50,215,418
US Dollars	32,410,300	32,501,250	33,068,350
Saudi Riyal	-	1,093,905	1,484,100
	<u>68,936,679</u>	<u>69,862,155</u>	<u>84,767,868</u>
<i>Non-Current portion denominated in:</i>			
Saudi Riyal	<u>-</u>	<u>-</u>	<u>742,050</u>

This represents various unsecured revolving credit facilities from local and foreign banks to fund its operational requirements. These loans carry effective interest rates of 1.45% to 2.50% (31 December 2020: 1.45% to 3.07% and 31 March 2020: 2.15% to 4.48%) per annum.

11. Trade and other payables

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
<i>Non Current Portion</i>			
Other Payables	<u>1,944,666</u>	<u>1,944,666</u>	<u>-</u>
<i>Current Portion</i>			
Trade payables	36,078,673	29,532,453	39,984,220
Accrued expenses	15,368,857	13,817,886	10,127,643
Advances from customers	16,681	9,744	14,799
Payables to related parties (Note 7)	4,269,875	1,776,325	2,159,948
Other payables	4,124,888	4,261,776	3,416,705
	<u>59,858,974</u>	<u>49,398,184</u>	<u>55,703,315</u>

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12. Other income/ (other expense)

	2021	2020
	KD	KD
Gain on disposal of property, plant and equipment	2,810	773
Foreign currency exchange gain/(loss)	82,532	(175,762)
Other income	100,893	52,675
	<u>186,235</u>	<u>(122,314)</u>

13. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period less treasury shares.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no outstanding dilutive instruments, the basic and diluted earnings per share are identical.

	2021	2020
Profit for the period (KD)	4,958,500	4,642,737
Weighted average number of ordinary shares outstanding during the period (after excluding treasury shares)	302,927,174	304,545,000
Earnings per share	16.37 fils	15.24 fils

14. Segment information

For management reporting purposes, the Group is organised into five major operating segments and a corporate segment 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:

Food segment

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 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.

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Services Services include 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.

Non-food segment

Fast Moving Consumer Goods (“FMCG”) and Healthcare (“HC”) FMCG mainly comprises of distribution of health and beauty products, medicines, medical devices, manufacturing of medicine, medical products and household products.

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

Corporate segment 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.

The Group’s chief executive officer reviews the internal management reports of each reportable segment at least once quarterly. Segment performance is evaluated based on segmental return on investments. Statutory contributions and Board of Directors’ remuneration are managed on an overall basis and are not allocated to the operating segments.

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i. The following tables present information for the Group's operating segments:

	31 March 2021								
	Food				Non-food			Corporate	Total
	<i>Food</i>	<i>Catering</i>	<i>Services</i>	<i>Sub-total</i>	<i>FMCG & HC</i>	<i>Industrial</i>	<i>Sub-total</i>		
KD	KD	KD	KD	KD	KD	KD	KD	KD	
Revenues	33,728,994	7,335,550	3,536,403	44,600,947	27,340,665	1,425,979	28,766,644	300	73,367,891
Segment profit/ (loss)	2,878,585	288,784	575,225	3,742,594	3,518,401	324,661	3,843,062	(1,751,487)	5,834,169
Total Assets	120,455,639	26,302,461	10,109,759	156,867,859	72,528,004	9,347,441	81,875,445	28,906,102	267,649,406
Total Liabilities	25,653,226	8,007,907	3,381,040	37,042,173	19,420,719	2,433,138	21,853,857	85,380,425	144,276,455
	31 March 2020								
	Food				Non-food			Corporate	Total
	<i>Food</i>	<i>Catering</i>	<i>Services</i>	<i>Sub-total</i>	<i>FMCG & HC</i>	<i>Industrial</i>	<i>Sub-total</i>		
KD	KD	KD	KD	KD	KD	KD	KD	KD	
Revenues	33,083,029	8,695,642	4,484,281	46,262,952	26,943,355	1,197,783	28,141,138	350	74,404,440
Segment profit/ (loss)	2,387,034	436,680	987,422	3,811,136	2,946,615	132,589	3,079,204	(1,494,981)	5,395,359
Total assets	127,022,054	28,798,548	10,524,523	166,345,125	79,469,954	9,359,145	88,829,099	21,729,379	276,903,603
Total liabilities	25,501,980	10,159,196	2,158,863	37,820,039	18,706,253	2,664,620	21,370,873	98,771,306	157,962,218

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31 December 2020 (Audited)										
	Food				FMCG & HC KD	Non-food		Corporate		Total KD
	Food KD	Catering KD	Services KD	Sub-total KD		Industrial KD	Sub-total KD	KD	KD	
Revenue	114,913,759	33,486,607	17,127,213	165,527,579	76,372,241	4,489,351	80,861,592	1,600	246,390,771	
Segment profit/ (loss)	5,064,005	2,708,645	3,272,059	11,044,709	7,299,922	496,676	7,796,598	(5,541,733)	13,299,574	
Total assets	123,430,665	24,793,191	9,998,156	158,222,012	81,299,153	11,577,677	92,876,830	1,818,531	252,917,373	
Total liabilities	18,680,263	7,967,519	3,062,666	29,710,448	20,905,198	2,291,635	23,196,833	82,359,322	135,266,603	

ii. The following table present information regarding the Group's geographical area of operation:

	Kuwait KD	Kingdom of Saudi Arabia KD	United Arab Emirates KD	Qatar KD	Jordan KD	Afghanistan KD	Iraq KD	Total KD
31 March 2021								
Revenue	57,217,886	1,475,519	7,308,054	4,445,593	1,763,401	636,887	520,551	73,367,891
Non-current assets	86,907,995	6,525,864	11,700,418	11,810,590	1,005,507	18,469	-	117,968,843
31 December 2020 (Audited)								
Revenue	180,156,730	4,855,667	26,895,337	20,062,393	6,320,888	5,649,110	2,450,646	246,390,771
Non-current assets	86,527,053	6,706,787	11,924,423	12,159,988	1,036,798	24,858	-	118,379,907
31 March 2020								
Revenue	56,861,857	1,276,738	7,053,679	5,427,393	1,513,540	1,492,969	778,264	74,404,440
Non-current assets	84,050,940	8,004,613	12,844,964	13,094,359	1,175,941	23,123	-	119,193,940

15. Fair value measurement

Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Fair values of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity, it is assumed that the carrying amounts approximate to their fair value.

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted prices in active market for the same instrument;

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table shows a reconciliation of investment at fair value through other comprehensive income from the opening balances to the closing balances for Level 3 fair values.

	2021	2020
	KD	KD
Balance at 1 January (Audited)	3,215,593	1,933,479
Change in fair value	<u>369,690</u>	<u>-</u>
Balance at 31 March	<u><u>3,585,283</u></u>	<u><u>1,933,479</u></u>

Valuation methods and assumption

The Group invests in a private equity company that is not quoted in an active market. Transactions in such investment do not occur on a regular basis. The Group uses a market-based valuation technique for these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

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Description of significant unobservable inputs to valuation

	<i>Valuation techniques</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted investment securities	Market approach	DLOM *	20% - 30%	Increase (decrease) in the discount would decrease (increase) the fair value.

Discount for lack of marketability (“DLOM”) represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Fair value of biological assets

The following table shows the movement of biological assets from the opening balances to the closing balances for Level 3 fair values.

	2021 KD	2020 KD
Balance at 1 January (Audited)	821,317	722,751
Write offs	(5,754)	(2,554)
Purchase of livestock	-	77,265
Sale of livestock	(11,801)	(14,018)
Changes in fair value	38,980	31,619
Balance at 31 March	<u>842,742</u>	<u>815,063</u>

16. Financial risk management

All aspects of the Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group for the year ended 31 December 2020.

17. Contingencies and commitments

i. Contingencies

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:

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
Letter of guarantee	17,907,460	18,884,317	17,509,424

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

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Legal claims

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

ii. *Commitments*

	31 March 2021 KD	31 December 2020 KD (Audited)	31 March 2020 KD
<i>Capital expenditure commitments</i>			
Property, plant and equipment	5,791,387	5,332,746	7,295,406
Intangible assets	<u>145,570</u>	<u>30,174</u>	<u>419,498</u>
	<u><u>5,936,957</u></u>	<u><u>5,362,920</u></u>	<u><u>7,714,904</u></u>

18. Annual General Assembly

The Shareholders in their annual general meeting held on 22 April 2021 approved the audited consolidated financial statements of the Group for the year ended 31 December 2020 and the payment of cash dividend of 18 fils per share (31 December 2019: 15 fils per share). Furthermore, the shareholders approved distribution of 2% treasury shares to the shareholders registered as on 17 May 2021. The payment of cash dividend and distribution of treasury shares will be made after obtaining the necessary regulatory approvals.

19. Impact of Covid-19

In response to the spread of the Covid-19 in GCC and other territories where the Group operates and its resulting disruptions to the social and economic activities in those markets, management had proactively assessed its impacts on its operations and took a series of preventive measures, to ensure the health and safety of its employees, customers, consumers and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Group's operations remained largely unaffected as the food industry in general was exempt from the various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. The underlying demand from retail and wholesale customers for the Group's products has been largely unaffected, although some small shifts in product mix were apparent. Based on these factors, management believes that the COVID-19 pandemic has had no material effect on the Group's reported financial results for the three-month period ended 31 March 2021. The Group continues to monitor the COVID-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2021 or beyond.