

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

**Independent auditor's review report and interim condensed
consolidated financial information (Unaudited)
for the nine months ended 30 September 2021**

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

Contents	Page
Independent auditor's report on review of interim condensed consolidated financial information	1
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of profit or loss (Unaudited)	3
Interim condensed consolidated statement of comprehensive income (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5-6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to the interim condensed consolidated financial information (Unaudited)	8-20

**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 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 30 September 2021, and the related condensed consolidated statements of profit or loss, comprehensive income for the three-month and nine-month periods then ended and the related condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim 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 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 interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2020 were reviewed by another auditor who expressed an unmodified conclusion on the same on 12 November 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 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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.

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

**Interim condensed consolidated statement of financial position (Unaudited)
as at 30 September 2021**

		30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Assets				
Property, plant and equipment	4	75,999,158	75,472,395	76,886,935
Right of use assets		1,510,542	2,398,877	2,416,676
Intangible assets	5	31,931,251	29,602,194	29,625,972
Investment in associates		1,207,404	1,204,973	1,143,749
Investment property	6	3,794,639	3,891,222	3,955,065
Biological assets		862,826	821,317	819,047
Trade and other receivables	8	-	1,773,336	-
Investments at fair value through other comprehensive income		3,053,090	3,215,593	2,767,492
Non-current assets		<u>118,358,910</u>	<u>118,379,907</u>	<u>117,614,936</u>
Inventories	7	46,589,308	49,987,571	45,888,743
Trade and other receivables	8	75,672,413	64,938,039	75,575,251
Cash and bank balances	10	19,500,467	19,611,856	14,159,281
Current assets		<u>141,762,188</u>	<u>134,537,466</u>	<u>135,623,275</u>
Total assets		<u>260,121,098</u>	<u>252,917,373</u>	<u>253,238,211</u>
Equity				
Share capital		31,132,500	31,132,500	31,132,500
Treasury shares	11	(2,077,820)	(5,547,635)	(4,563,800)
Treasury shares reserve		221,342	-	-
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		2,239,875	2,402,378	1,954,277
Foreign currency translation reserve		(643,991)	(541,189)	(382,723)
Other reserve		(4,528,072)	(4,525,549)	(1,763,509)
Retained earnings		53,087,545	53,297,415	52,637,441
Equity attributable to shareholders of the Company		<u>112,634,049</u>	<u>109,420,590</u>	<u>112,216,856</u>
Non-controlling interests		8,704,279	8,230,180	8,910,587
Total equity		<u>121,338,328</u>	<u>117,650,770</u>	<u>121,127,443</u>
Liabilities				
Lease liabilities		796,009	1,343,694	1,379,383
Trade and other payables		1,944,666	1,944,666	-
Employee's end of service indemnity		8,759,148	8,497,006	7,728,123
Non-current liabilities		<u>11,499,823</u>	<u>11,785,366</u>	<u>9,107,506</u>
Loans and borrowings	12	68,636,420	69,862,155	70,629,336
Bank overdrafts	10	4,313,604	3,263,469	245,488
Lease liabilities		645,661	957,429	817,168
Trade and other payables	13	53,687,262	49,398,184	51,311,270
Current liabilities		<u>127,282,947</u>	<u>123,481,237</u>	<u>123,003,262</u>
Total liabilities		<u>138,782,770</u>	<u>135,266,603</u>	<u>132,110,768</u>
Total equity and liabilities		<u>260,121,098</u>	<u>252,917,373</u>	<u>253,238,211</u>

The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial information.

Abdulrahman Jassim Al Wazzan
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 (Unaudited)
for the three and nine-month periods ended 30 September 2021

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2021 KD (Unaudited)	2020 KD (Unaudited)	2021 KD (Unaudited)	2020 KD (Unaudited)
Revenues		57,193,564	60,098,086	191,223,814	194,353,275
Cost of revenue		(46,222,377)	(44,900,015)	(150,746,143)	(147,274,182)
Gross profit		10,971,187	15,198,071	40,477,671	47,079,093
Selling and distribution expenses		(3,491,041)	(5,221,130)	(13,762,931)	(15,156,608)
General and administrative expenses		(4,449,412)	(6,660,644)	(14,087,941)	(17,341,949)
Other income	14	49,062	42,709	426,397	99,976
Results from operating activities		3,079,796	3,359,006	13,053,196	14,680,512
Finance costs		(493,397)	(697,556)	(1,712,026)	(2,578,978)
Share of results of associates		20,237	37,463	20,686	72,925
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		2,606,636	2,698,913	11,361,856	12,174,459
KFAS		(24,884)	(22,769)	(101,334)	(108,622)
NLST		(109,796)	(65,149)	(318,726)	(308,943)
Zakat		(43,917)	(26,060)	(126,506)	(122,691)
Board of directors’ remuneration	9	(18,750)	(18,750)	(56,250)	(56,250)
Profit for the period		2,409,289	2,566,185	10,759,040	11,577,953
Profit attributable to:					
Shareholders of the Company		2,291,039	2,144,087	9,530,605	10,265,652
Non-controlling interests		118,250	422,098	1,228,435	1,312,301
		<u>2,409,289</u>	<u>2,566,185</u>	<u>10,759,040</u>	<u>11,577,953</u>
Earnings per share (basic and diluted) (fils)	15	<u>7.44 fils</u>	<u>7.04 fils</u>	<u>31.20 fils</u>	<u>33.71 fils</u>

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

Interim condensed consolidated statement of comprehensive income (Unaudited)
for the three and nine-month periods ended 30 September 2021

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2021	2020	2021	2020
	KD	KD	KD	KD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	2,409,289	2,566,185	10,759,040	11,577,953
<i>Other comprehensive (loss) / income</i>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences on foreign operations	81,921	(130,593)	(161,039)	216,342
Net investment hedge- net (loss) / gain	(6,995)	75,515	19,936	(131,264)
	<u>74,926</u>	<u>(55,078)</u>	<u>(141,103)</u>	<u>85,078</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Change in fair value of investment at fair value through other comprehensive income	(485,424)	(88,916)	(162,503)	834,013
<i>Other comprehensive (loss) / income</i>	<u>(410,498)</u>	<u>(143,994)</u>	<u>(303,606)</u>	<u>919,091</u>
Total comprehensive income for the period	<u><u>1,998,791</u></u>	<u><u>2,422,191</u></u>	<u><u>10,455,434</u></u>	<u><u>12,497,044</u></u>
Total comprehensive income attributable to:				
Shareholders of the Company	1,877,620	2,007,517	9,262,777	11,189,482
Non-controlling interests	121,171	414,674	1,192,657	1,307,562
Total comprehensive income for the period	<u><u>1,998,791</u></u>	<u><u>2,422,191</u></u>	<u><u>10,455,434</u></u>	<u><u>12,497,044</u></u>

The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity (Unaudited)
for the nine-month period ended 30 September 2021

	Attributable to shareholders of the Company											
	Share capital	Treasury shares	Treasury shares reserve	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	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
Profit for the period	-	-	-	-	-	-	-	-	9,530,605	9,530,605	1,228,435	10,759,040
<i>Other comprehensive income</i>												
Change in Fair Value	-	-	-	-	-	(162,503)	-	-	-	(162,503)	-	(162,503)
Foreign currency translation	-	-	-	-	-	-	(102,802)	-	-	(102,802)	(38,301)	(141,103)
Total comprehensive income for the period	-	-	-	-	-	(162,503)	(102,802)	-	9,530,605	9,265,300	1,190,134	10,455,434
Dividends (note 20)	-	-	-	-	-	-	-	-	(5,444,190)	(5,444,190)	-	(5,444,190)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	(718,558)	(718,558)
Change in non-controlling interest	-	-	-	-	-	-	-	(2,523)	-	(2,523)	2,523	-
Purchase of treasury shares	-	(756,644)	-	-	-	-	-	-	-	(756,644)	-	(756,644)
Sale of treasury shares	-	144,194	7,322	-	-	-	-	-	-	151,516	-	151,516
Treasury shares given to shareholders as dividend (note 20)	-	4,082,265	214,020	-	-	-	-	-	(4,296,285)	-	-	-
Balance at 30 September 2021	<u>31,132,500</u>	<u>(2,077,820)</u>	<u>221,342</u>	<u>16,601,335</u>	<u>16,601,335</u>	<u>2,239,875</u>	<u>(643,991)</u>	<u>(4,528,072)</u>	<u>53,087,545</u>	<u>112,634,049</u>	<u>8,704,279</u>	<u>121,338,328</u>

The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity (Unaudited)
for the nine-month period ended 30 September 2021

	Attributable to shareholders of the Company										Total equity KD
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Other reserve KD	Retained earnings KD	Total KD	Non-controlling interests KD	
	Balance at 1 January 2020	31,132,500	(4,563,800)	16,601,335	16,601,335	1,120,264	(472,540)	(1,763,509)	46,939,964	105,595,549	
Adjustment on account of Purchase price allocation	-	-	-	-	-	-	-	-	-	(149,542)	(149,542)
Adjusted balance at 1 January 2020	31,132,500	(4,563,800)	16,601,335	16,601,335	1,120,264	(472,540)	(1,763,509)	46,939,964	105,595,549	7,875,310	113,470,859
Profit for the period	-	-	-	-	-	-	-	10,265,652	10,265,652	1,312,301	11,577,953
<i>Other comprehensive income</i>											
Change in Fair Value	-	-	-	-	834,013	-	-	-	834,013	-	834,013
Foreign currency translation	-	-	-	-	-	89,817	-	-	89,817	(4,739)	85,078
Total comprehensive income for the period	-	-	-	-	834,013	89,817	-	10,265,652	11,189,482	1,307,562	12,497,044
Dividend payable to the shareholders of the Company (Note 20)	-	-	-	-	-	-	-	(4,568,175)	(4,568,175)	-	(4,568,175)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	(272,285)	(272,285)
Balance at 30 September 2020	<u>31,132,500</u>	<u>(4,563,800)</u>	<u>16,601,335</u>	<u>16,601,335</u>	<u>1,954,277</u>	<u>(382,723)</u>	<u>(1,763,509)</u>	<u>52,637,441</u>	<u>112,216,856</u>	<u>8,910,587</u>	<u>121,127,443</u>

The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

	Notes	Nine months period ended 30 September	
		2021 KD (Unaudited)	2020 KD (Unaudited)
Cash flows from operating activities			
Profit for the period before contribution to KFAS, NLST, Zakat and board of directors' remuneration		11,361,856	12,174,459
<i>Adjustment for:</i>			
Depreciation		6,210,902	6,336,580
Amortisation of intangible assets	5	284,752	271,371
Share of results of associates		(20,686)	(72,925)
Provision for employees' end of service benefits		1,094,708	1,166,204
Provision for obsolete and slow-moving inventories	7	154,818	1,024,742
Provision for expected credit losses	8	720,211	1,112,382
(Gain)/Loss on disposal of property, plant and equipment	14	(9,006)	24,094
Impairment of property, plant and equipment		-	256,052
Gain on revaluation of biological assets	17	(107,363)	(98,370)
Gain on disposal of biological assets		(3,425)	(3,823)
Write-off of biological assets	17	14,361	21,212
Finance costs		1,712,026	2,578,978
Dividend income		(98,338)	(88,700)
Foreign currency exchange (gain)/loss	14	(110,100)	99,697
		<u>21,204,716</u>	<u>24,801,953</u>
<i>Changes in:</i>			
- inventories		3,241,780	(601,840)
- trade and other receivables		(9,363,605)	1,696,640
- related parties balances- net		1,173,677	1,719,699
- trade and other payables		2,322,268	4,038,953
Net cash from operating activities		<u>18,578,836</u>	<u>31,655,405</u>
Employees' end of service benefits paid		<u>(825,391)</u>	<u>(727,610)</u>
<i>Net cash flows from operating activities</i>		<u>17,753,445</u>	<u>30,927,795</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,113,179)	(4,729,212)
Proceeds from disposal of property, plant and equipment		32,366	103,239
Proceeds from sale of treasury shares		151,516	-
Purchase of intangible assets		(2,527,619)	-
Proceeds from disposal of intangible assets		30,000	23,418
Purchase of biological assets		-	(77,264)
Proceeds from disposal of biological assets		54,918	61,949
Dividend received		116,593	89,700
<i>Net cash used in investing activities</i>		<u>(8,255,405)</u>	<u>(4,528,170)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings		7,579,371	7,652,500
Repayment of loans and borrowings		(8,626,070)	(24,409,959)
Payment of lease liability		(923,516)	(1,013,155)
Dividends paid to equity holders of the Company		(5,444,190)	(4,568,175)
Dividends paid to Non-Controlling Interests		(718,558)	(272,285)
Purchase of treasury shares		(756,644)	-
Payment of finance costs		(1,647,963)	(2,487,216)
<i>Net cash used in financing activities</i>		<u>(10,537,570)</u>	<u>(25,098,290)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(121,994)</u>	<u>(13,657)</u>
Net change in cash and cash equivalents		<u>(1,161,524)</u>	<u>1,287,678</u>
Cash and cash equivalents at the beginning of the period	10	<u>16,348,387</u>	<u>12,626,115</u>
Cash and cash equivalents at the end of the period	10	<u>15,186,863</u>	<u>13,913,793</u>

The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 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 interim condensed consolidated financial information as at and for the nine months period ended 30 September 2021 comprise of the Company and its subsidiaries (together referred to as “the Group”) and its investment in associates.

This interim condensed consolidated financial information were authorised for issue by the Company’s board of directors on 11 November 2021.

2. Basis of accounting

These interim condensed consolidated 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 nine-month period ended 30 September 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 interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated 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.

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

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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. Property, plant and equipment

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Net fixed assets	68,706,461	72,357,986	71,222,278
Capital work in progress	7,292,697	3,114,409	5,664,657
	<u>75,999,158</u>	<u>75,472,395</u>	<u>76,886,935</u>

During the nine-months period ended 30 September 2021, the Group acquired property and equipment amounting to KD 6,113,179 (30 September 2020: KD 4,729,212). Depreciation charged for the period amounted to KD 5,252,894 (30 September 2020: KD 5,293,739).

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

5. Intangible assets

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Goodwill	23,048,339	23,103,100	23,202,666
Other intangible assets	8,882,912	6,499,094	6,423,306
	<u>31,931,251</u>	<u>29,602,194</u>	<u>29,625,972</u>

During the nine-month period ended 30 September 2021, the Group acquired intangible assets amounting to KD 2,527,619 (30 September 2020: nil) which includes dealership right for a consideration of KD 2,512,342.

Amortisation charged for the period amounted to KD 284,752 (30 September 2020: KD 271,371).

6. Investment property

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Balance at 1 January	3,891,222	3,990,822	3,990,822
Depreciation	(75,896)	(103,059)	(77,257)
Net foreign exchange differences	(20,687)	3,459	41,500
	<u>3,794,639</u>	<u>3,891,222</u>	<u>3,955,065</u>

As at 30 September 2021, the management does not anticipate any significant change in fair value of investment properties compared to 31 December 2020.

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.

7. Inventories

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Goods for resale	29,182,544	34,902,143	30,141,619
Raw materials and consumables	13,431,646	13,121,894	12,932,427
Finished goods and work in progress	2,458,718	3,033,276	2,758,293
Goods in transit	3,553,018	1,160,011	2,182,124
	<u>48,625,926</u>	<u>52,217,324</u>	<u>48,014,463</u>
Provision for obsolete and slow-moving inventories	(2,036,618)	(2,229,753)	(2,125,720)
	<u>46,589,308</u>	<u>49,987,571</u>	<u>45,888,743</u>

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

The current period provision for obsolete and slow-moving inventories of KD 154,818 (30 September 2020: KD 1,024,742) is included in cost of revenue in the interim condensed consolidated statement of profit or loss.

8. Trade and other receivables

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
<i>Non-Current Portion</i>			
Other Receivables	-	1,773,336	-
<i>Current Portion</i>			
Trade receivables	66,846,227	59,458,253	66,229,844
Provision for expected credit losses	(10,001,358)	(9,441,233)	(8,740,644)
	56,844,869	50,017,020	57,489,200
Advances to suppliers	13,134,423	9,373,952	9,231,967
Prepaid expenses	1,861,083	1,201,892	1,575,666
Refundable deposits	1,205,124	895,120	961,145
Due from related parties (Note 9)	336,845	36,429	38,978
Other receivables	2,290,069	3,413,626	6,278,295
	<u>75,672,413</u>	<u>64,938,039</u>	<u>75,575,251</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
Prior Year Adjustment	-	67,014
Charge for the period	720,211	1,021,968
Write offs	(142,861)	(84,191)
Effect of movement in exchange rates	(17,225)	18,973
Balance at 30 September (Unaudited)	<u>10,001,358</u>	<u>8,740,644</u>

9. 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.

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

Details of significant related parties balances and transactions are disclosed below

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Balances with related parties			
<i>Due from related parties (Note 8)</i>			
Other than shareholders and associates	336,845	36,429	38,978
<i>Trade and other receivables</i>			
Other related parties	-	-	1,967,935
	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
<i>Due to related parties (Note 13)</i>			
Shareholders	73,667	73,667	385,990
Associates	784	512	427
Other related parties	3,175,967	1,702,146	3,320,434
	<u>3,250,418</u>	<u>1,776,325</u>	<u>3,706,851</u>

	Three-month period ended 30 September		Nine month period ended 30 September	
	2021 KD (Unaudited)	2020 KD (Unaudited)	2021 KD (Unaudited)	2020 KD (Unaudited)
Transactions with related parties				
<i>Sales</i>				
Shareholders	1,608	8,806	5,833	22,744
Other related parties	9,368	9,859	28,969	34,346
	<u>10,976</u>	<u>18,665</u>	<u>34,802</u>	<u>57,090</u>
<i>Cost of revenue</i>				
Other related parties	3,788,526	4,157,116	11,677,458	11,990,343
<i>General and administrative expenses</i>				
Other related parties	106,232	105,059	354,475	313,185
Key management compensation				
Salaries and other short-term				
benefits	504,613	526,226	2,659,595	1,618,604
Employees' end of service benefits	29,329	26,696	84,818	86,489
	<u>533,942</u>	<u>552,922</u>	<u>2,744,413</u>	<u>1,705,093</u>
Board of directors' remuneration	18,750	18,750	56,250	56,250

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

10. Cash and cash equivalents

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Cash and bank balances	19,500,467	19,611,856	14,159,281
Bank overdrafts	<u>(4,313,604)</u>	<u>(3,263,469)</u>	<u>(245,488)</u>
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<u>15,186,863</u>	<u>16,348,387</u>	<u>13,913,793</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 3.25% (31 December 2020: 2.5% to 5% and 30 September 2020: 2.5%) per annum.

11. Treasury shares

	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2020 (Unaudited)
Number of shares (Note 20)	3,373,500	8,385,000	6,780,000
Percentage of share capital (%)	1.08%	2.69%	2.18%
Cost ("KD")	2,077,820	5,547,635	4,563,800
Market value ("KD")	2,145,546	4,963,920	4,223,940

12. Loans and borrowings

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
<i>Current portion denominated in:</i>			
Kuwaiti Dinars	36,306,370	36,267,000	36,339,676
US Dollars	32,330,050	32,501,250	32,816,900
Saudi Riyal	<u>-</u>	<u>1,093,905</u>	<u>1,472,760</u>
	<u>68,636,420</u>	<u>69,862,155</u>	<u>70,629,336</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 1.53% to 2.50% (31 December 2020: 1.45% to 3.07% and 30 September 2020: 1.45% to 3.12%) per annum.

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

13. Trade and other payables

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
<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	33,645,868	29,532,453	30,849,468
Accrued expenses	14,228,585	13,817,886	13,094,333
Advances from customers	17,867	9,744	12,134
Payables to related parties (Note 9)	3,250,418	1,776,325	3,706,851
Other payables	<u>2,544,524</u>	<u>4,261,776</u>	<u>3,648,484</u>
	<u>53,687,262</u>	<u>49,398,184</u>	<u>51,311,270</u>

14. Other income

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 KD (Unaudited)	2020 KD (Unaudited)	2021 KD (Unaudited)	2020 KD (Unaudited)
Loss/ (gain) on disposal of property, plant and equipment	(1,626)	(26,496)	9,006	(24,094)
Foreign currency exchange gain/ (loss)	(18,518)	35,748	110,100	(99,697)
Dividend income	289	-	98,627	88,700
Other income	<u>68,917</u>	<u>33,457</u>	<u>208,664</u>	<u>135,067</u>
	<u>49,062</u>	<u>42,709</u>	<u>426,397</u>	<u>99,976</u>

15. 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.

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

Interim condensed consolidated statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2021

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (KD)	2,291,039	2,144,087	9,530,605	10,265,652
Weighted average number of ordinary shares outstanding during the period (after excluding treasury shares)	308,076,463	304,545,000	305,499,554	304,545,000
Earnings per share	7.44 fils	7.04 fils	31.20 fils	33.71 fils

16. 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 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 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.

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

Notes to the condensed consolidated interim financial information (Unaudited)
for the nine-month period ended 30 September 2021

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

30 September 2021 (Unaudited)										
	Food			Sub-total	FMCG & HC	Non-food		Sub-total	Corporate	Total
	Food	Catering	Services			KD	Industrial		KD	
Revenues	91,324,732	22,911,779	9,949,959	124,186,470	62,836,860	4,199,284	67,036,144	1,200	191,223,814	
Segment profit/ (loss)	4,800,580	683,718	1,483,116	6,967,414	6,624,216	629,907	7,254,123	(2,859,681)	11,361,856	
Total Assets	123,774,792	27,779,109	10,942,723	162,496,624	83,696,448	9,703,349	93,399,797	4,224,677	260,121,098	
Total Liabilities	24,145,859	9,744,434	2,884,618	36,774,911	19,719,181	2,764,439	22,483,620	79,524,239	138,782,770	
31 December 2020 (Audited)										
	Food			Sub-total	FMCG & HC	Non-food		Sub-total	Corporate	Total
	Food	Catering	Services			KD	Industrial		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	

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

**Notes to the condensed consolidated interim financial information (Unaudited)
for the nine-month period ended 30 September 2021**

	30 September 2020 (Unaudited)									
	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	
Revenues	89,436,494	26,520,397	13,501,951	129,458,842	61,644,739	3,248,444	64,893,183	1,250	194,353,275	
Segment profit/ (loss)	5,894,542	2,557,920	3,039,969	11,492,431	6,247,195	307,068	6,554,263	(5,872,235)	12,174,459	
Total assets	114,050,926	25,667,493	15,598,481	155,316,900	80,685,858	8,858,828	89,544,686	8,376,625	253,238,211	
Total liabilities	22,556,557	8,068,362	3,303,619	33,928,538	17,665,969	2,029,384	19,695,353	78,486,877	132,110,768	

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
30 September 2021 (Unaudited)								
Revenue	141,569,348	4,171,907	22,561,004	14,796,816	5,415,231	848,606	1,860,902	191,223,814
Non-current assets	88,064,730	6,279,166	11,218,103	11,851,268	945,476	167	-	118,358,910
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
30 September 2020 (Unaudited)								
Revenue	144,719,330	3,720,633	19,113,473	15,565,181	4,515,780	4,728,455	1,990,423	194,353,275
Non-current assets	84,178,401	7,468,405	12,297,199	12,542,244	1,103,011	25,676	-	117,614,936

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

Notes to the condensed consolidated interim financial information (Unaudited)
for the nine-month period ended 30 September 2021

17. 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>(162,503)</u>	<u>834,013</u>
Balance at 30 September (Unaudited)	<u><u>3,053,090</u></u>	<u><u>2,767,492</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.

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

**Notes to the condensed consolidated interim financial information (Unaudited)
for the nine-month period ended 30 September 2021**

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	(14,361)	(21,212)
Purchase of livestock	-	77,264
Sale of livestock	(54,918)	(58,126)
Changes in fair value	110,788	98,370
Balance at 30 September (Unaudited)	<u>862,826</u>	<u>819,047</u>

18. 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.

19. Contingencies and commitments

i. Contingencies

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

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	30 September 2020 KD (Unaudited)
Letters of guarantee	22,902,495	18,884,317	18,209,179

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

Notes to the condensed consolidated interim financial information (Unaudited)
for the nine-month period ended 30 September 2021

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.

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 interim condensed consolidated financial information.

ii. Commitments

	30 September 2021 KD (Unaudited)	31 December 2020 KD (Audited)	31 September 2020 KD (Unaudited)
<i>Capital expenditure commitments</i>			
Property, plant and equipment	5,823,007	5,332,746	6,275,026
Intangible assets	229,405	30,174	425,428
	<u>6,052,412</u>	<u>5,362,920</u>	<u>6,700,454</u>

20. 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 bonus shares of 2% from the paid-up share capital from treasury shares to the shareholders registered as on 17 May 2021 (cum-dividend date).

21. 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 nine-month period ended 30 September 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.