

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

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

30 SEPTEMBER 2015



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 2015 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. 25 of 2012, as amended and its executive regulation, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the nine months period ended 30 September 2015 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-HUMAIIDI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAIIDI & PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

5 November 2015
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2015

		30 September 2015 KD	(Audited) 31 December 2014 KD	30 September 2014 KD
ASSETS				
Non-current assets				
Property, plant and equipment		61,704,303	65,348,325	62,127,215
Intangible assets		12,469,707	11,879,790	11,683,874
Investment in associates		1,037,669	983,559	983,559
Investment properties	3	4,385,474	-	-
Financial assets available for sale		763,423	763,423	763,423
		<u>80,360,576</u>	<u>78,975,097</u>	<u>75,558,071</u>
Current assets				
Trade and other receivables	4	58,978,093	46,351,457	59,901,880
Inventories	5	34,153,988	33,275,002	28,331,451
Due from related parties	6	108,496	54,913	2,569,975
Bank balances and cash		7,964,811	5,168,163	8,488,619
		<u>101,205,388</u>	<u>84,849,535</u>	<u>99,291,925</u>
TOTAL ASSETS		<u>181,565,964</u>	<u>163,824,632</u>	<u>174,849,996</u>
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		3,929,529	3,987,982	3,743,299
Loans and borrowings	7	5,184,089	6,362,178	7,895,878
Due to related parties	6	300,000	600,000	800,000
		<u>9,413,618</u>	<u>10,950,160</u>	<u>12,439,177</u>
Current liabilities				
Loans and borrowings	7	23,353,963	24,587,610	27,477,510
Trade and other payables	8	39,066,365	33,711,600	34,313,890
Due to related parties	6	1,571,246	1,423,859	3,904,930
Bank overdrafts		11,550,839	4,492,424	11,046,480
		<u>75,542,413</u>	<u>64,215,493</u>	<u>76,742,810</u>
TOTAL LIABILITIES		<u>84,956,031</u>	<u>75,165,653</u>	<u>89,181,987</u>
NET ASSETS		<u>96,609,933</u>	<u>88,658,979</u>	<u>85,668,009</u>
EQUITY				
Share capital		29,650,000	29,650,000	29,650,000
Statutory reserve		11,406,071	11,406,071	9,900,000
Voluntary reserve		11,406,071	11,406,071	9,900,000
Retained earnings		41,637,289	34,179,265	34,126,053
Foreign currency translation reserve		26,458	(161,559)	(80,928)
Fair value reserve		38,568	38,568	38,568
Equity attributable to equity holders of the Parent Company		<u>94,164,457</u>	<u>86,518,416</u>	<u>83,533,693</u>
Non-controlling interests		2,445,476	2,140,563	2,134,316
TOTAL EQUITY		<u>96,609,933</u>	<u>88,658,979</u>	<u>85,668,009</u>

Mohammed Jassim Al Wazzan
(Vice Chairman)

Garett Walsh
(Chief Executive Officer)

The attached notes 1 to 15 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 2015

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2015	2014	2015	2014
		KD	KD	KD	KD
Revenue		46,334,811	43,880,092	150,804,599	136,524,764
Cost of revenue		(33,923,473)	(32,585,696)	(111,533,310)	(101,248,182)
GROSS PROFIT		12,411,338	11,294,396	39,271,289	35,276,582
Operating expenses					
Selling and distribution expenses		(5,022,622)	(4,348,744)	(15,246,051)	(12,728,339)
General and administrative expenses		(4,258,970)	(3,766,994)	(10,474,167)	(10,030,039)
Other income	9	1,027,741	1,341,558	5,081,531	1,791,272
OPERATING PROFIT		4,157,487	4,520,216	18,632,602	14,309,476
Impairment of property, plant and equipment		-	-	(925,100)	(294,039)
Share of results of associates		41,044	42,650	54,110	54,892
Finance costs		(268,181)	(266,336)	(730,069)	(825,995)
PROFIT BEFORE STATUTORY CONTRIBUTIONS AND BOARD OF DIRECTORS' REMUNERATION		3,930,350	4,296,530	17,031,543	13,244,334
Kuwait Foundation for the Advancement of Science		(34,940)	(43,423)	(149,839)	(107,285)
National Labour Support Tax		(132,186)	-	(163,247)	-
Zakat		(42,309)	(64,335)	(160,012)	(125,831)
Board of Directors' remuneration		(6,250)	(6,250)	(18,750)	(18,750)
PROFIT FOR THE PERIOD		3,714,665	4,182,522	16,539,695	12,992,468
Attributable to:					
Equity holders of the Parent Company		3,666,529	4,152,056	16,156,978	11,687,430
Non-controlling interests		48,136	30,466	382,717	1,305,038
		3,714,665	4,182,522	16,539,695	12,992,468
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	10	12.37 Fils	14.00 Fils	54.49 Fils	39.42 Fils

The attached notes 1 to 15 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 2015

	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
	<i>2015 KD</i>	<i>2014 KD</i>	<i>2015 KD</i>	<i>2014 KD</i>
Profit for the period	3,714,665	4,182,522	16,539,695	12,992,468
Other comprehensive (loss) income:				
<i>Other comprehensive (loss) income to be reclassified/transferred to consolidated statement of income in subsequent periods</i>				
Share of associate's fair value reserve	-	38,568	-	38,568
Foreign currency translation adjustment	(44,019)	132,959	175,549	94,422
Net other comprehensive (loss) income to be reclassified to consolidated statement of income in subsequent periods	(44,019)	171,527	175,549	132,990
Total comprehensive income for the period	3,670,646	4,354,049	16,715,244	13,125,458
Attributable to:				
Equity holders of the Parent Company	3,622,510	4,329,263	16,344,995	11,824,859
Non-controlling interests	48,136	24,786	370,249	1,300,599
	3,670,646	4,354,049	16,715,244	13,125,458

The attached notes 1 to 15 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 2015

	Notes	Nine months period ended 30 September	
		2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit for the period		16,539,695	12,992,468
Adjustments to reconcile profit to net cash flows:			
Depreciation		3,251,191	3,125,446
Receipt of Insurance claim		(3,300,000)	-
Amortisation of intangible assets		169,819	133,879
Provision for employees' end of service benefits		772,226	367,790
Reversal of provision for obsolete and slow moving inventories		(225,445)	(214,138)
Allowance for bad and doubtful debts		418,380	588,256
Share of results of associates		(54,110)	(54,892)
Impairment of property, plant and equipment		925,100	294,039
Gain on sale of property, plant and equipment		(98,298)	(268,434)
Gain on sale of investment properties		-	(952,964)
Finance costs		730,069	825,995
Foreign exchange gain	9	(549,342)	(30,947)
		18,579,285	16,806,498
Working capital changes:			
Trade and other receivables		(13,045,016)	(11,726,596)
Inventories		(653,541)	4,380,889
Net movement in amount due from / to related parties		(206,196)	(36,417)
Trade and other payables		4,940,741	6,566,966
		9,615,273	15,991,340
Cash from operations		(830,679)	(293,471)
Employees' end of service benefits paid			
Net cash flows from operating activities		8,784,594	15,697,869
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,106,277)	(7,489,111)
Proceeds from disposal of property, plant and equipment		108,777	285,863
Receipt of Insurance claim		3,300,000	-
Purchase of intangible assets		(455,075)	(317,173)
Proceeds from disposal of intangible assets		12,309	-
Decrease in restricted balances with banks		-	10,479,875
Net cash outflow on acquisition of subsidiaries	11	-	(9,845,372)
Payment for acquisition of additional shares in subsidiaries		(2,102)	(548,329)
Dividend income received from associates		-	54,765
		(1,142,368)	(7,379,482)
FINANCING ACTIVITIES			
Net movement in loans and borrowings		(2,411,736)	564,360
Dividends paid to equity holders of Parent Company		(8,700,000)	(3,926,803)
Dividends paid to non-controlling interests		(62,188)	(2,340,684)
Finance costs paid		(730,069)	(825,995)
		(11,903,993)	(6,529,122)
Net cash flows used in financing activities			
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,261,767)	1,789,265
Cash and cash equivalents at 1 January		675,739	(4,347,126)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		(3,586,028)	(2,557,861)
CASH AND CASH EQUIVALENTS			
Bank balances and cash		7,964,811	8,488,619
Bank overdrafts		(11,550,839)	(11,046,480)
		(3,586,028)	(2,557,861)

The attached notes 1 to 15 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 2015

	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 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 (Note 13)	-	-	-	(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	
As at 1 January 2014	19,800,000	9,900,000	9,900,000	31,327,033	(179,789)	-	70,747,244	11,485,000	82,232,244	
Profit for the period	-	-	-	11,687,430	-	-	11,687,430	1,305,038	12,992,468	
Other comprehensive income/(loss)	-	-	-	-	98,861	38,568	137,429	(4,439)	132,990	
Total comprehensive income for the period	-	-	-	11,687,430	98,861	38,568	11,824,859	1,300,599	13,125,458	
Issue of bonus shares (Note 13)	9,850,000	-	-	(9,850,000)	-	-	-	-	-	
Ownership changes in subsidiaries (Note 11 and 12(i))	-	-	-	(51,421)	-	-	(51,421)	(396,908)	(448,329)	
Ownership changes in subsidiaries (Note 11 and 12(ii))	-	-	-	5,863,011	-	-	5,863,011	(7,063,011)	(1,200,000)	
Dividends	-	-	-	(4,850,000)	-	-	(4,850,000)	-	(4,850,000)	
Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,191,364)	(3,191,364)	
As at 30 September 2014	29,650,000	9,900,000	9,900,000	34,126,053	(80,928)	38,568	83,533,693	2,134,316	85,668,009	

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2015

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 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 5 November 2015.

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 28 May 2015 and as a result, the shares of the Parent Company were listed on KSE from 11 June 2015.

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 2014. 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 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

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

New standards, interpretations and amendments adopted by the Group

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

As at 30 September 2015

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in this interim condensed consolidated financial information. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 15 in these financial information as the reconciliation is reported to the chief operating decision maker for the purpose of decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in this interim condensed consolidated financial information. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment is not relevant for the Group and its subsidiaries.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2015

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)***IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

3 INVESTMENT PROPERTIES

During the nine months period ended 30 September 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. Based on internal valuation exercise performed by the management, the fair value of the investment properties is not materially different from the carrying value.

4 TRADE AND OTHER RECEIVABLES

	<i>30 September</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>
Trade receivables	51,716,242	46,157,906	54,430,209
Less: allowance for bad and doubtful debts	(3,843,816)	(4,369,956)	(5,198,949)
	47,872,426	41,787,950	49,231,260
Advance to suppliers	6,707,753	2,866,481	4,066,242
Prepaid expenses	2,364,286	722,909	1,172,041
Deposits	694,270	643,956	643,350
Staff receivables	78,564	76,078	114,535
Other receivables	1,260,794	254,083	4,674,452
	58,978,093	46,351,457	59,901,880

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

5 INVENTORIES

	<i>30 September</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>
Goods for resale	23,549,295	24,093,912	19,101,596
Raw materials, packing materials and consumables	10,100,016	10,014,368	8,834,819
Finished goods and work in progress	1,277,178	1,172,747	2,501,608
Goods in transit	937,906	150,152	-
	<u>35,864,395</u>	<u>35,431,179</u>	<u>30,438,023</u>
Less: allowance for obsolete and slow moving inventories	<u>(1,710,407)</u>	<u>(2,156,177)</u>	<u>(2,106,572)</u>
	<u><u>34,153,988</u></u>	<u><u>33,275,002</u></u>	<u><u>28,331,451</u></u>

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</i> <i>shareholders</i>	<i>Associates</i>	<i>Other</i> <i>related</i> <i>parties</i>	<i>30 September</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>
Interim condensed consolidated statement of financial position:						
Due from related parties	-	-	108,496	108,496	54,913	2,569,975
Due to related parties	868,298	10,108	992,840	1,871,246	2,023,859	4,704,930

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

	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>Other</i> <i>related</i> <i>parties</i> <i>KD</i>	<i>Three months period ended</i> <i>30 September</i>	
			<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>
Interim condensed consolidated statement of income:				
Revenue	-	73,247	73,247	16,668
Cost of revenue	-	(13,811)	(13,811)	(8,136)
Other income	-	86,986	86,986	(194,658)
Gain on sale of investment properties	-	-	-	952,964
Gain on sale of property, plant and equipment	-	-	-	228,747
General and administrative expenses	-	(44,501)	(44,501)	5,515

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

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6 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Major shareholders KD	Other related parties KD	Nine months period ended 30 September	
			2015	2014
			KD	KD
Interim condensed consolidated statement of income:				
Revenue	7,783	175,426	183,209	37,110
Cost of revenue	(9,256)	(23,960)	(33,216)	(22,812)
Other income	-	275,054	275,054	102,267
Gain on sale of investment properties	-	-	-	952,964
Gain on sale of property, plant and equipment	-	-	-	228,747
General and administrative expenses	-	(128,753)	(128,753)	(134,553)

Other related party transactions:

- i) During the period ended 30 September 2014, the Group sold its investment property to a related party with a net carrying value of KD 1,547,036 for a consideration of KD 2,500,000 and realised a gain of KD 952,964.
- ii) During the period ended 30 September 2014, the Parent Company acquired non-controlling interests in certain subsidiaries from a related party and minority shareholders. (Note 12).

Compensation of key management personnel

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Key management compensation:				
Salaries and other short-term benefits	335,619	338,453	1,098,286	1,179,651
Employees' end of service benefits	15,690	14,245	45,850	29,775
	<u>351,309</u>	<u>352,698</u>	<u>1,144,136</u>	<u>1,209,426</u>

7 LOANS AND BORROWINGS

Currency	Non-current (Audited)			Current (Audited)		
	30 September 2015	31 December 2014	30 September 2014	30 September 2015	31 December 2014	30 September 2014
	KD	KD	KD	KD	KD	KD
Kuwaiti Dinars	42,250	92,250	265,414	7,122,685	11,027,845	13,834,880
US Dollars	5,141,839	6,269,928	7,630,464	16,231,278	13,559,765	13,642,630
	<u>5,184,089</u>	<u>6,362,178</u>	<u>7,895,878</u>	<u>23,353,963</u>	<u>24,587,610</u>	<u>27,477,510</u>

Loans and borrowings carry interest at commercial rates.

Loans and borrowings of KD 265,415 (31 December 2014: KD 620,415 and 30 September 2014: KD 1,100,415) are secured against certain property, plant and equipment.

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8 TRADE AND OTHER PAYABLES

	<i>30 September</i> 2015 <i>KD</i>	<i>(Audited)</i> <i>31 December</i> 2014 <i>KD</i>	<i>30 September</i> 2014 <i>KD</i>
Trade payable	27,021,819	23,399,054	23,666,325
Accrued expenses	9,947,175	9,192,012	8,395,623
Other payables	2,069,441	1,088,246	2,251,942
Advance from customers	27,930	32,288	-
	<u>39,066,365</u>	<u>33,711,600</u>	<u>34,313,890</u>

9 OTHER INCOME

	<i>Three months period ended</i> <i>30 September</i>		<i>Nine months period ended</i> <i>30 September</i>	
	<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>
Gain on sale of investment properties	-	952,964	-	952,964
Dividends	57,094	-	57,094	73,406
Receipt of insurance claim	-	-	3,300,000	-
Gain (loss) on disposal of property, plant and equipment	14,572	(13,931)	98,298	268,434
Other income	852,162	369,361	1,076,797	465,521
Foreign exchange gain	103,913	33,164	549,342	30,947
	<u>1,027,741</u>	<u>1,341,558</u>	<u>5,081,531</u>	<u>1,791,272</u>

During the nine months period ended 30 September 2015, the insurance company made a final settlement of KD 3,300,000 in respect of an insurance claim made by the Group relating to a fire incident in one of its factories during the year ended 31 December 2013.

10 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts 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</i> <i>30 September</i>		<i>Nine months period ended</i> <i>30 September</i>	
	<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>
Profit for the period	<u>3,666,529</u>	<u>4,152,056</u>	<u>16,156,978</u>	<u>11,687,430</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>	198,000,000	<u>296,500,000</u>	198,000,000
Bonus shares	-	98,500,000	-	98,500,000
	<u>296,500,000</u>	<u>296,500,000</u>	<u>296,500,000</u>	<u>296,500,000</u>
Basic and diluted earnings per share	<u>12.37 Fils</u>	<u>14.00 Fils</u>	<u>54.49 Fils</u>	<u>39.42 Fils</u>

On 24 August 2014, the shareholders at the Extra-ordinary General Assembly approved issuance of 98,500,000 bonus shares of 100 fils each. As a result, the shares of the Parent Company increased to 296,500,000.

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

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11 BUSINESS COMBINATIONS

On 9 January 2014, the Parent Company acquired 100% equity interest in UNITRA International L.L.C. (“UNITRA”) and Middle East Trading Store L.L.C. (“METS”) (collectively referred to as “acquiree companies”), companies incorporated in the United Arab Emirates (U.A.E.). Principal activities of the acquiree companies are trading in food and beverages.

During the year ended 31 December 2014, the Group finalised the Purchase Price Allocation (“PPA”) exercise and determined that the fair value of the assets and liabilities acquired did not materially differ from their provisionally determined fair values as at the acquisition date.

The consideration paid and the values of assets acquired and liabilities assumed are summarised as follows:

	<i>UNITRA</i> <i>KD</i>	<i>MET</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Assets:			
Property, plant and equipment	77,704	9,397	87,101
Trade and other receivables	2,250,084	603,822	2,853,906
Inventories	902,784	263,367	1,166,151
Bank balances and cash	641,258	15,466	656,724
	<u>3,871,830</u>	<u>892,052</u>	<u>4,763,882</u>
Liabilities:			
Employees’ end of service benefits	321,194	10,658	331,852
Trade and other payables	2,593,720	291,412	2,885,132
	<u>2,914,914</u>	<u>302,070</u>	<u>3,216,984</u>
Total identifiable net assets at provisional fair values	<u>956,916</u>	<u>589,982</u>	<u>1,546,898</u>
Consideration paid			<u>10,502,096</u>
Goodwill			<u>8,955,198</u>
Consideration paid			<u>10,502,096</u>
Cash and cash equivalents acquired			<u>(656,724)</u>
Net cash outflow on acquisition			<u>9,845,372</u>

12 ACQUISITION OF NON-CONTROLLING INTERESTS

- i) During the period ended 30 September 2014, the Parent Company acquired additional equity interest in certain subsidiaries from a related party (Note 6 (ii)) for a total consideration of KD 448,329.
- ii) During the period ended 30 September 2014, the Parent Company entered into an agreement with the minority shareholders to acquire the remaining shares held by them in certain subsidiaries (Kuwait Indo Trading Company W.L.L. (KITCO), Gulf Pastries Manufacturing Company W.L.L. (GPM), Kuwait Biscuit and Food Products Manufacturing Company W.L.L. (KBC) and Al Wazzan Foodstuff Factory L.L.C. for a total consideration of KD 1,200,000 to be paid by the Parent Company and 18,383,563 shares of the Parent Company to be transferred by the shareholders of the Parent Company. The agreement required KD 1,200,000 to be paid by the Parent Company over a period of 3 years. This transaction resulted in a difference of KD 5,863,011 during the period ended 30 September 2014 and was recorded directly in equity in ‘Retained earnings’ in accordance with IFRS 10: *Consolidated Financial Statement*. As at 30 September 2015, the Parent Company has paid KD 500,000 whereas the balance of KD 700,000 is still outstanding and is included in the amount due to related parties.

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13 ANNUAL GENERAL ASSEMBLY

On 17 March 2015, the shareholders at the Annual General Assembly of the Parent Company approved the following:

- audited consolidated financial statements of the Group for the year ended 31 December 2014; and
- distribution of dividends of KD 8,700,000 in respect of the year ended 31 December 2014.

On 24 August 2014, the shareholders at the Extra-ordinary General Assembly approved issuance of 98,500,000 bonus shares of 100 fils each. Consequently, the shares of the Parent Company increased to 296,500,000.

14 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

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

	<i>30 September</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>
Letters of guarantee	12,682,129	11,546,095	11,766,188
Letters of credit	1,980,451	4,628,563	4,172,429
	<u>14,662,580</u>	<u>16,174,658</u>	<u>15,938,617</u>

Letters of credit, guarantees (including standby letters of credit) 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.

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</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>
Capital expenditure commitments			
Future estimated capital expenditure contracted for as at the reporting date:			
Property, plant and equipment	3,035,063	968,508	5,804,168
Intangible assets	111,533	55,258	124,473
	<u>3,146,596</u>	<u>1,023,766</u>	<u>5,928,641</u>
Operating lease commitments:			
Future minimum lease payments:			
Within one year	1,646,750	1,913,819	2,017,005
After one year but not more than five years	1,306,275	1,806,413	1,819,586
	<u>2,953,025</u>	<u>3,720,232</u>	<u>3,836,591</u>
Total operating lease expenditure contracted for as at the reporting date	<u>2,953,025</u>	<u>3,720,232</u>	<u>3,836,591</u>

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15 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:

- | | |
|-------------------------------------|---|
| 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 namely meat products, cakes, biscuits, potato chips, snacks, canned food products, dairy products and water. |
| Fast Moving Consumer Goods ("FMCG") | : FMCG mainly comprises of distribution of health and beauty products, medicines, medical products and household products. |
| 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. |
| Industrial | : Industrial comprises of the manufacturing of goods including plastic materials, lube oil and cartons used for packaging. |
| 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. |
| 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 2015

15 SEGMENTAL INFORMATION (continued)

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

	Nine months period ended 30 September 2015 (Unaudited)											
	Food					Non-food					Corporate	Total segment KD
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG KD	Industrial KD	Sub-total KD	Corporate KD	Total segment 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	150,804,599			
Segment profit	9,678,320	2,076,807	1,823,826	13,578,952	2,912,901	2,382,679	5,295,579	(1,842,989)	17,031,543			
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	181,565,964			
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	84,956,031			
Other disclosures:												
Depreciation and amortisation	1,842,048	472,450	180,859	2,495,357	248,161	319,818	567,979	357,674	3,421,010			
Investment in associates	-	-	-	-	-	-	-	1,037,669	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	4,106,277			
Impairment of property, plant and equipment	-	-	-	-	-	925,100	925,100	-	925,100			

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

15 SEGMENTAL INFORMATION (continued)

	Nine months period ended 30 September 2014										Total segment KD	
	Food					Non-food						Corporate
	Food KD	Catering KD	Services KD	Sub-total KD	FMSG KD	Industrial KD	Sub-total KD	Corporate KD				
Revenue	67,449,180	19,795,413	9,077,630	96,322,223	35,250,681	4,837,147	40,087,828	114,713	136,524,764			
Segment profit	7,757,182	1,771,255	1,887,815	11,416,252	1,685,364	64,759	1,750,123	77,959	13,244,334			
Total assets	87,818,476	18,592,552	3,825,946	110,236,974	44,270,407	9,078,917	53,349,324	11,263,698	174,849,996			
Total liabilities	19,743,518	7,617,085	2,205,613	29,566,216	7,717,541	3,191,674	10,909,215	48,706,556	89,181,987			
<i>Other disclosures:</i>												
Depreciation and amortization	1,565,115	655,208	140,857	2,361,180	249,055	354,225	603,280	294,865	3,259,325			
Investment in associates	-	-	-	-	-	-	-	983,559	983,559			
Capital expenditure (excluding goodwill)	6,112,443	239,692	300,814	6,652,949	86,824	680,470	767,294	386,041	7,806,284			
Impairment of property, plant and Equipment	294,039	-	-	294,039	-	-	-	-	294,039			

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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15 SEGMENTAL INFORMATION (continued)

	Year ended 31 December 2014 (Audited)											
	Food					Non-food					Corporate	Total segment KD
	Food KD	Catering KD	Services KD	Sub-total KD	FMSG KD	Industrial KD	Sub-total KD	Corporate KD	Total segment KD			
Revenue	92,417,266	27,521,113	13,251,783	133,190,162	42,800,530	6,398,195	49,198,725	114,860	182,503,747			
Segment profit	10,263,453	2,386,476	2,314,120	14,964,049	1,192,142	(94,719)	1,097,423	310,796	16,372,268			
Total assets	77,207,368	18,881,038	7,547,504	103,635,910	44,116,939	8,965,995	53,082,934	7,105,788	163,824,632			
Total liabilities	16,249,844	7,649,376	2,061,742	25,960,962	8,227,076	3,258,297	11,485,373	37,719,318	75,165,653			
<i>Other disclosures:</i>												
Depreciation and amortisation	2,102,161	970,930	228,829	3,301,920	334,126	468,860	802,986	391,655	4,496,561			
Investment in associates	-	-	-	-	-	-	-	983,559	983,559			
Capital expenditure (excluding goodwill)	6,906,462	772,529	2,970,706	10,649,697	222,268	1,241,775	1,464,043	691,576	12,805,316			
Impairment of property, plant and equipment	513,472	53,568	239,212	806,252	-	-	-	-	806,252			
Impairment of intangible Assets	-	-	-	-	78,865	-	78,865	-	78,865			

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As at 30 September 2015

15 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 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	52,542,475	5,515,710	7,495,868	11,923,209	2,718,509	164,805	-	80,360,576
<i>Year ended 31 December 2014 (Audited)</i>								
Revenue	122,655,242	-	31,617,301	17,144,134	3,762,659	7,324,411	-	182,503,747
Non-current assets	53,124,199	4,749,600	7,461,660	10,702,794	2,742,282	194,562	-	78,975,097
<i>Nine months period ended 30 September 2014</i>								
Revenue	96,321,446	-	20,355,216	11,916,227	2,453,784	5,478,091	-	136,524,764
Non-current assets	52,127,845	4,146,462	7,273,200	9,082,955	2,723,882	203,727	-	75,558,071