

# Mezzan Holding Company KSCC

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**Interim Condensed  
Consolidated Financial  
Information (unaudited)  
For the Period Ended  
June 30, 2015**

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شركة ميزان القابضة  
MEZZAN HOLDING CO.

# INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the Period Ended June 30, 2015

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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 June 2015 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months period then ended and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six 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.

### *Other matters*

The accompanying interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months period ended 30 June 2014, were not audited, reviewed or compiled by us and accordingly, we do not express a conclusion, opinion or any other form of assurance on them.



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

*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 six months period ended 30 June 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

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

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

30 July 2015  
Kuwait

Interim Condensed Consolidated Financial Information (unaudited)  
Interim Condensed Consolidated Statement of Financial Position (unaudited)

	<i>Notes</i>	<i>(Unaudited)</i> 30 June 2015 KD	<i>(Audited)</i> 31 December 2014 KD	<i>(Audited)</i> 30 June 2014 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		66,120,125	65,348,325	58,915,403
Intangible assets		12,406,592	11,879,790	11,500,563
Investment in associates		996,625	983,559	902,341
Investment properties		-	-	1,551,674
Financial assets available for sale		763,423	763,423	763,423
		<u>80,286,765</u>	<u>78,975,097</u>	<u>73,633,404</u>
<b>Current assets</b>				
Trade and other receivables	3	57,964,798	46,351,457	54,506,753
Inventories	4	33,019,518	33,275,002	25,831,301
Due from related parties	5	45,734	54,913	1,000,234
Bank balances and cash		6,824,579	5,168,163	7,310,348
		<u>97,854,629</u>	<u>84,849,535</u>	<u>88,648,636</u>
<b>TOTAL ASSETS</b>		<u>178,141,394</u>	<u>163,824,632</u>	<u>162,282,040</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		3,905,891	3,987,982	3,681,844
Loans and borrowings	6	5,830,806	6,362,178	8,647,761
Due to related parties	5	400,000	600,000	800,000
		<u>10,136,697</u>	<u>10,950,160</u>	<u>13,129,605</u>
<b>Current liabilities</b>				
Loans and borrowings	6	31,483,091	24,587,610	23,239,352
Trade and other payables	7	38,654,140	33,711,600	31,116,251
Due to related parties	5	1,561,198	1,423,859	2,954,377
Bank overdrafts		3,364,879	4,492,424	5,616,355
		<u>75,063,308</u>	<u>64,215,493</u>	<u>62,926,335</u>
<b>TOTAL LIABILITIES</b>		<u>85,200,005</u>	<u>75,165,653</u>	<u>76,055,940</u>
<b>NET ASSETS</b>		<u>92,941,389</u>	<u>88,658,979</u>	<u>86,226,100</u>
<b>EQUITY</b>				
Share capital		29,650,000	29,650,000	19,800,000
Statutory reserve		11,406,071	11,406,071	9,900,000
Voluntary reserve		11,406,071	11,406,071	9,900,000
Retained earnings		37,969,714	34,179,265	44,725,418
Foreign currency translation reserve		66,099	(161,559)	(219,567)
Fair value reserve		38,568	38,568	-
		<u>90,536,523</u>	<u>86,518,416</u>	<u>84,105,851</u>
<b>Equity attributable to equity holders of the Parent Company</b>		<u>90,536,523</u>	<u>86,518,416</u>	<u>84,105,851</u>
Non-controlling interests		2,404,866	2,140,563	2,120,249
<b>TOTAL EQUITY</b>		<u>92,941,389</u>	<u>88,658,979</u>	<u>86,226,100</u>

Mohammad Al Wazzan  
(Vice Chairman)

Garrett Walsh  
(Chief Executive Officer)

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

## Interim Condensed Consolidated Financial Information (unaudited)

## Interim Condensed Consolidated Statement of Income (unaudited)

	Notes	3 months period ended 30 June		6 months period ended 30 June	
		(Unaudited) 2015 KD	(Unaudited) 2014 KD	(Unaudited) 2015 KD	(Audited) 2014 KD
		Revenue	51,600,046	44,839,342	104,469,788
Cost of revenue	(38,180,931)	(32,798,205)	(77,609,837)	(68,662,486)	
<b>GROSS PROFIT</b>		<b>13,419,115</b>	<b>12,041,137</b>	<b>26,859,951</b>	<b>23,982,186</b>
<b>Operating expenses</b>					
Selling and distribution expenses		(5,309,258)	(4,249,932)	(10,223,429)	(8,379,595)
General and administrative expenses		(3,059,352)	(3,196,800)	(6,215,197)	(6,263,045)
Other income	8	3,591,572	382,934	4,053,790	449,714
<b>OPERATING PROFIT</b>		<b>8,642,077</b>	<b>4,977,339</b>	<b>14,475,115</b>	<b>9,789,260</b>
Impairment of property, plant and equipment		(925,100)	(294,039)	(925,100)	(294,039)
Share of results of associates		-	-	13,066	12,242
Finance costs		(239,294)	(231,375)	(461,888)	(559,659)
<b>PROFIT BEFORE STATUTORY CONTRIBUTIONS AND BOARD OF DIRECTORS' REMUNERATION</b>		<b>7,477,683</b>	<b>4,451,925</b>	<b>13,101,193</b>	<b>8,947,804</b>
Contribution to KFAS		(65,017)	(30,116)	(114,899)	(63,862)
NLST		(31,061)	-	(31,061)	-
Zakat		(71,376)	(28,862)	(117,703)	(61,496)
Board of Directors' remuneration		(6,250)	(6,250)	(12,500)	(12,500)
<b>PROFIT FOR THE PERIOD</b>		<b>7,303,979</b>	<b>4,386,697</b>	<b>12,825,030</b>	<b>8,809,946</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		7,037,361	3,858,467	12,490,449	7,535,374
Non-controlling interests		266,618	528,230	334,581	1,274,572
		<b>7,303,979</b>	<b>4,386,697</b>	<b>12,825,030</b>	<b>8,809,946</b>
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	9	<b>23.73 Fils</b>	13.01 Fils	<b>42.13 Fils</b>	25.41 Fils

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

Interim Condensed Consolidated Financial Information (unaudited)  
Interim Condensed Consolidated Statement of Comprehensive Income (unaudited)

	<i>3 months period ended</i>		<i>6 months period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>7,303,979</b>	4,386,697	<b>12,825,030</b>	8,809,946
<b>Other comprehensive income (loss):</b>				
<i>Other comprehensive income (loss) to be reclassified/transferred to consolidated profit or loss in subsequent periods</i>				
Foreign currency translation adjustment	<b>77,581</b>	(134,163)	<b>219,568</b>	(38,537)
Net other comprehensive income (loss) to be reclassified to consolidated statement of income in subsequent interim periods	<b>77,581</b>	(134,163)	<b>219,568</b>	(38,537)
<b>Total comprehensive income for the period</b>	<b>7,381,560</b>	4,252,534	<b>13,044,598</b>	8,771,409
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>7,115,033</b>	3,726,610	<b>12,718,107</b>	7,495,596
Non-controlling interests	<b>266,527</b>	525,924	<b>326,491</b>	1,275,813
	<b>7,381,560</b>	4,252,534	<b>13,044,598</b>	8,771,409

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

Interim Condensed Consolidated Financial Information (unaudited)  
Interim Condensed Consolidated Statement of Cash Flows (unaudited)

	Notes	6 months period ended 30 June	
		2015 KD	2014 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period	8	12,825,030	8,809,946
Adjustments to reconcile profit to net cash flows:			
Depreciation		2,106,579	2,059,437
Amortisation of intangible assets		102,051	88,927
Provision for employees' end of service benefits		537,004	342,770
Reversal of obsolete and slow moving inventories		(220,199)	(212,845)
Allowance for bad and doubtful debts		59,497	302,247
Share of results of associates		(13,066)	(12,242)
Impairment of property, plant and equipment		925,100	294,039
Gain on sale of property, plant and equipment		(83,726)	(282,365)
Finance costs		461,888	559,659
Foreign exchange (gain) loss	8	(445,429)	2,217
		<u>16,254,729</u>	<u>11,951,790</u>
Working capital changes:			
Trade and other receivables		(11,672,838)	(5,605,870)
Inventories		475,683	6,879,745
Net movement in amount due from / to related parties		(53,482)	(2,609,186)
Trade and other payables		4,396,931	3,465,714
		<u>9,401,023</u>	<u>14,082,193</u>
Cash from operations		9,401,023	14,082,193
Employees' end of service benefits paid		(654,086)	(329,906)
		<u>8,746,937</u>	<u>13,752,287</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2,874,992)	(3,699,414)
Proceeds from disposal of property, plant and equipment		84,523	56,129
Purchase of intangible assets		(324,849)	(292,606)
Proceeds from disposal of intangible assets		12,309	-
Decrease in restricted balances with banks		-	10,479,875
Net cash outflow on acquisition of subsidiaries	10	-	(9,845,372)
Dividend income received from associates		-	54,765
		<u>(3,103,009)</u>	<u>(3,246,623)</u>
<b>FINANCING ACTIVITIES</b>			
Net movement in loans and borrowings		6,364,109	(2,921,915)
Dividends paid to equity holders of Parent Company		(8,700,000)	(460,000)
Dividends paid to non-controlling interests		(62,188)	(522,971)
Finance costs paid		(461,888)	(559,659)
		<u>(2,859,967)</u>	<u>(4,464,545)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		2,783,961	6,041,119
		<u>675,739</u>	<u>(4,347,126)</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>			
		<u>3,459,700</u>	<u>1,693,993</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash		6,824,579	7,310,348
Bank overdrafts		(3,364,879)	(5,616,355)
		<u>3,459,700</u>	<u>1,693,993</u>

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

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	-	-	-	12,490,449	-	-	12,490,449	334,581	12,825,030
Other comprehensive income (loss)	-	-	-	-	227,658	-	227,658	(8,090)	219,568
Total comprehensive income for the period	-	-	-	12,490,449	227,658	-	12,718,107	326,491	13,044,598
Dividends (Note 12)	-	-	-	(8,700,000)	-	-	(8,700,000)	-	(8,700,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(62,188)	(62,188)
<b>As at 30 June 2015</b>	<b>29,650,000</b>	<b>11,406,071</b>	<b>11,406,071</b>	<b>37,969,714</b>	<b>66,099</b>	<b>38,568</b>	<b>90,536,523</b>	<b>2,404,866</b>	<b>92,941,389</b>
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	-	-	-	7,535,374	-	-	7,535,374	1,274,572	8,809,946
Other comprehensive (loss) income	-	-	-	-	(39,778)	-	(39,778)	1,241	(38,537)
Total comprehensive income (loss) for the period	-	-	-	7,535,374	(39,778)	-	7,495,596	1,275,813	8,771,409
Ownership changes in subsidiaries (Note 10 and 11 (i))	-	-	-	-	-	-	-	(448,329)	(448,329)
Ownership changes in subsidiaries (Note 10 and 11 (ii))	-	-	-	5,863,011	-	-	5,863,011	(7,063,011)	(1,200,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,129,224)	(3,129,224)
As at 30 June 2014 (Audited)	19,800,000	9,900,000	9,900,000	44,725,418	(219,567)	-	84,105,851	2,120,249	86,226,100

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

## 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 six months period ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 30 July 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 June 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 statements 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 statements 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.

## 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICIES (continued)

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

#### *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 14 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 these interim condensed consolidated financial statements. 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

Mezzan Holding Company K.S.C.P is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

#### *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.

## 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICIES (continued)

### 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 TRADE AND OTHER RECEIVABLES

	<i>(Unaudited)</i> 30 June 2015 KD	<i>(Audited)</i> 31 December 2014 KD	<i>(Audited)</i> 30 June 2014 KD
Trade receivables	52,223,670	46,157,906	50,788,967
Less: Allowance for bad and doubtful debts	(3,575,512)	(4,369,956)	(5,428,394)
	<u>48,648,158</u>	<u>41,787,950</u>	<u>45,360,573</u>
Advance to suppliers	5,323,316	2,866,481	4,429,623
Prepaid expenses	2,231,297	722,909	1,267,466
Deposits	699,654	643,956	653,042
Staff receivables	75,422	76,078	166,904
Other receivables	986,951	254,083	2,629,145
	<u>57,964,798</u>	<u>46,351,457</u>	<u>54,506,753</u>

## 4 INVENTORIES

	<i>(Unaudited)</i> 30 June 2015 KD	<i>(Audited)</i> 31 December 2014 KD	<i>(Audited)</i> 30 June 2014 KD
Goods for resale	21,569,632	24,093,912	18,618,508
Raw materials, packing materials and consumables	10,366,828	10,014,368	6,282,192
Finished goods and work in progress	1,255,583	1,172,747	2,849,413
Goods in transit	1,551,446	150,152	196,763
	<u>34,743,489</u>	<u>35,431,179</u>	<u>27,946,876</u>
Less: Allowance for obsolete and slow moving inventories	(1,723,971)	(2,156,177)	(2,115,575)
	<u>33,019,518</u>	<u>33,275,002</u>	<u>25,831,301</u>

**5 RELATED PARTY BALANCES AND TRANSACTIONS**

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

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

	<i>Major shareholders KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>30 June 2015 KD</i>	<i>(Audited) 31 December 2014 KD</i>	<i>(Audited) 30 June 2014 KD</i>
<b>Interim condensed consolidated statement of financial position:</b>						
Due from related parties	-	-	45,734	<b>45,734</b>	54,913	1,000,234
Due to related parties	917,132	7,530	1,036,536	<b>1,961,198</b>	2,023,859	3,754,377

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

	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>3 months period ended 30 June</i>	
			<i>2015 KD</i>	<i>2014 KD</i>
<b>Interim condensed consolidated statement of income:</b>				
Revenue	-	88,013	<b>88,013</b>	2,308
Cost of revenue	-	(10,149)	<b>(10,149)</b>	(8,888)
Other income	-	188,068	<b>188,068</b>	296,925
General and administrative expenses	-	(76,590)	<b>(76,590)</b>	(84,017)

	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>6 months period ended 30 June</i>	
			<i>2015 KD</i>	<i>2014 KD</i>
<b>Interim condensed consolidated statement of income:</b>				
Revenue	7,783	102,179	<b>109,962</b>	20,442
Cost of revenue	(9,256)	(10,149)	<b>(19,405)</b>	(14,676)
Other income	-	188,068	<b>188,068</b>	296,925
General and administrative expenses	-	(84,252)	<b>(84,252)</b>	(140,068)

**Other related party transactions:**

During the period ended 30 June 2014, the Parent Company acquired non-controlling interests in certain subsidiaries from a related party for a consideration of KD 448,329 (Note 11).

**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:

	<i>3 months period ended 30 June</i>		<i>6 months period ended 30 June</i>	
	<i>2015 KD</i>	<i>2014 KD</i>	<i>2015 KD</i>	<i>2014 KD</i>
<b>Key management compensation:</b>				
Salaries and other short-term benefits	<b>368,962</b>	460,602	<b>762,667</b>	785,744
Employees' end of service benefits	<b>17,217</b>	5,664	<b>30,160</b>	18,782
	<b>386,179</b>	466,266	<b>792,827</b>	804,526

## 6 LOANS AND BORROWINGS

Currency	Non-current			Current		
	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Audited)	(Audited)
	30 June	31 December	30 June	30 June	31 December	30 June
	2015	2014	2014	2015	2014	2014
	KD	KD	KD	KD	KD	KD
Kuwaiti Dinars	42,250	92,250	265,415	12,722,305	11,027,845	15,834,640
US Dollars	5,788,556	6,269,928	8,382,346	18,760,786	13,559,765	7,404,712
	<u>5,830,806</u>	<u>6,362,178</u>	<u>8,647,761</u>	<u>31,483,091</u>	<u>24,587,610</u>	<u>23,239,352</u>

Loans and borrowings carry interest at commercial rates.

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

## 7 TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)	(Audited)
	30 June	31 December	30 June
	2015	2014	2014
	KD	KD	KD
Trade payable	27,362,466	23,399,054	21,431,231
Accrued expenses	9,621,022	9,192,012	6,636,811
Other payables	1,653,723	1,088,246	3,042,699
Advance from customers	16,929	32,288	5,510
	<u>38,654,140</u>	<u>33,711,600</u>	<u>31,116,251</u>

## 8 OTHER INCOME

	3 months period ended		6 months period ended	
	30 June		30 June	
	2015	2014	2015	2014
	KD	KD	KD	KD
Receipt of insurance claim	3,300,000	-	3,300,000	-
Gain on disposal of property, plant and equipment	73,034	271,673	83,726	282,365
Other income	189,224	101,082	224,635	169,566
Foreign exchange gain (loss)	29,314	10,179	445,429	(2,217)
	<u>3,591,572</u>	<u>382,934</u>	<u>4,053,790</u>	<u>449,714</u>

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

## 9 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>3 months period ended 30 June</i>		<i>6 months period ended 30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	<u>7,037,361</u>	<u>3,858,467</u>	<u>12,490,449</u>	<u>7,535,374</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	<u>-</u>	98,500,000	<u>-</u>	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>23.73 Fils</u>	<u>13.01 Fils</u>	<u>42.13 Fils</u>	<u>25.41 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.

Basic and diluted earnings per share for the comparative year is adjusted to reflect the effect of bonus shares issued on 24 August 2014.

## Interim Condensed Consolidated Financial Information (unaudited)

Notes to the Interim Condensed Consolidated Financial Information (unaudited)

**10 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 finalized 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 summarized as follows:

	<i>UNITRA</i> <i>KD</i>	<i>MET</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b>Assets:</b>			
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>
<b>Liabilities:</b>			
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 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><u>9,845,372</u></u>

**11 ACQUISITION OF NON-CONTROLLING INTERESTS**

- i) During the period ended 30 June 2014, the Parent Company acquired additional equity interest in certain subsidiaries from a related party (Note 5) for a total consideration of KD 448,329.
- ii) During the year ended 31 December 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) 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 year ended 31 December 2014 and is recorded directly in equity in 'Retained earnings' in accordance with IFRS 10: *Consolidated Financial Statement*. As at 30 June 2015, the Parent Company has paid KD 400,000 whereas the balance of KD 800,000 is still outstanding and is included in the amount due to related parties.

**12 ANNUAL GENERAL ASSEMBLY**

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

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

**13 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>(Unaudited)</i> <b>30 June</b> <i>2015</i> <b>KD</b>	<i>(Audited)</i> <b>31 December</b> <i>2014</i> <b>KD</b>	<i>(Audited)</i> <b>30 June</b> <i>2014</i> <b>KD</b>
Letters of guarantee	<b>12,877,940</b>	11,546,095	11,045,151
Letters of credit	<b>2,092,374</b>	4,628,563	2,628,891
	<b><u>14,970,314</u></b>	<u>16,174,658</u>	<u>13,674,042</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.

### 13 CONTINGENCIES AND COMMITMENTS (continued)

#### Legal claims

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

#### (b) Commitments:

	<i>(Unaudited)</i> 30 June 2015 KD	<i>(Audited)</i> 31 December 2014 KD	<i>(Audited)</i> 30 June 2014 KD
<b>Capital expenditure commitments</b>			
Future estimated capital expenditure contracted for as at the reporting date:			
Property, plant and equipment	453,100	968,508	6,279,796
Intangible assets	120,027	55,258	163,239
	<u>573,127</u>	<u>1,023,766</u>	<u>6,443,035</u>
<b>Operating lease commitments:</b>			
Future minimum lease payments:			
Within one year	1,906,415	1,913,819	2,683,172
After one year but not more than five years	1,656,493	1,806,413	2,054,942
	<u>3,562,908</u>	<u>3,720,232</u>	<u>4,738,114</u>
Total operating lease expenditure contracted for as at the reporting date	<u>3,562,908</u>	<u>3,720,232</u>	<u>4,738,114</u>

## 14 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.

Interim Condensed Consolidated Financial Information (unaudited)  
Notes to the Interim Condensed Consolidated Financial Information (unaudited)

**14 SEGMENTAL INFORMATION (continued)**

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

	Six months period ended 30 June 2015 (Unaudited)									
	Food					Non-food				
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG KD	Industrial KD	Sub-total KD	Corporate KD	Total segment KD	
Revenue	52,099,553	14,536,220	8,551,179	75,186,952	25,976,615	3,263,818	29,240,433	42,403	104,469,788	
Segment profit	6,984,929	2,048,394	1,256,443	10,289,766	1,889,117	2,306,976	4,196,093	(1,384,666)	13,101,193	
Total assets	90,182,835	19,929,467	9,787,924	119,900,226	42,372,291	8,195,754	50,568,045	7,673,123	178,141,394	
Total liabilities	20,607,271	7,901,938	2,623,786	31,132,995	8,171,651	2,549,965	10,721,616	43,345,394	85,200,005	
<b>Other disclosures:</b>										
Depreciation and amortisation	1,130,110	310,853	162,511	1,603,474	162,070	219,723	381,793	223,363	2,208,630	
Investment in associates	-	-	-	-	-	-	-	996,625	996,625	
Capital expenditure (excluding goodwill)	1,613,929	206,383	677,797	2,498,109	222,937	262,934	485,871	215,861	3,199,841	
Impairment of property, plant and equipment	-	-	-	-	-	925,100	925,100	-	925,100	

Interim Condensed Consolidated Financial Information (unaudited)  
Notes to the Interim Condensed Consolidated Financial Information (unaudited)

14 SEGMENTAL INFORMATION (continued)

	Six months period ended 30 June 2014 (audited)										
	Food					Non-food			Corporate		Total segment
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG KD	Industrial KD	Sub-total KD	KD	KD		
Total revenue	46,788,478	13,512,716	4,527,917	64,829,111	24,218,256	3,522,002	27,740,258	75,304		92,644,672	
Segment profit	5,639,815	1,429,702	1,057,369	8,126,886	1,381,934	89,140	1,471,074	(650,156)		8,947,804	
Total assets	77,100,937	17,033,124	6,046,628	100,180,689	45,570,525	8,107,866	53,678,391	8,422,960		162,282,040	
Total liabilities	12,748,301	6,771,311	4,805,893	24,325,505	8,448,595	2,317,863	10,766,458	40,963,977		76,055,940	
<i>Other disclosures:</i>											
Depreciation and amortisation	1,018,531	435,396	88,168	1,542,095	170,841	232,767	403,608	202,661		2,148,364	
Investment in associates	-	-	-	-	-	-	-	902,341		902,341	
Capital expenditure (excluding goodwill)	2,937,833	119,597	226,485	3,283,915	78,702	284,374	363,076	345,029		3,992,020	
Goodwill	8,955,198	-	-	8,955,198	-	-	-	-		8,955,198	
Impairment of property, plant and equipment	294,039	-	-	294,039	-	-	-	-		294,039	

Interim Condensed Consolidated Financial Information (unaudited)  
Notes to the Interim Condensed Consolidated Financial Information (unaudited)

14 SEGMENTAL INFORMATION (continued)

	Year ended 31 December 2014 (Audited)							Total segment KD	
	Food			Non-food			Corporate		
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG KD	Industrial KD			Sub-total 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

**14 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>Six months period ended 30 June 2015 (Unaudited)</i>								
Revenue	70,741,054	-	17,678,450	8,531,008	3,884,475	2,136,191	1,498,610	104,469,788
Non-current assets	52,346,789	5,537,108	7,526,560	11,924,110	2,773,929	178,269	-	80,286,765
<i>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>Six months period ended 30 June 2014 (Audited)</i>								
Revenue	67,057,227	-	13,772,921	8,354,871	362,679	3,096,974	-	92,644,672
Non-current assets	44,183,475	3,419,445	14,172,197	9,029,591	2,694,400	134,296	-	73,633,404



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