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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2016

EY
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 June 2016 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.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, the Executive Regulation of Law No. 25 of 2012, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the six months period ended 30 June 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

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

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

7 August 2016
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2016

	Notes	*30 June 2016* **KD**	*(Audited) 31 December 2015* KD	*30 June 2015* KD
ASSETS				
Non-current assets				
Property, plant and equipment		**62,087,757**	61,329,304	66,120,125
Intangible assets		**12,518,089**	12,480,142	12,406,592
Investment in associates		**1,042,576**	1,027,576	996,625
Investment properties	3	**4,327,481**	4,382,964	-
Biological assets		**712,988**	725,606	527,233
Financial assets available for sale		**763,423**	763,423	763,423
		81,452,314	80,709,015	80,813,998
Current assets				
Trade and other receivables	4	**68,586,088**	55,065,152	57,964,798
Inventories	5	**33,522,191**	36,826,736	32,492,285
Due from related parties	6	**122,249**	49,318	45,734
Bank balances and cash		**12,371,453**	7,680,938	6,824,579
		114,601,981	99,622,144	97,327,396
TOTAL ASSETS		**196,054,295**	180,331,159	178,141,394
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		**3,954,672**	3,797,413	3,905,891
Loans and borrowings	7	**3,462,712**	4,607,561	5,830,806
Due to related parties	6	**-**	200,000	400,000
		7,417,384	8,604,974	10,136,697
Current liabilities				
Loans and borrowings	7	**32,799,788**	21,034,200	31,483,091
Trade and other payables	8	**40,156,805**	35,436,470	38,654,140
Due to related parties	6	**1,408,442**	1,724,281	1,561,198
Bank overdrafts		**12,307,950**	13,499,806	3,364,879
		86,672,985	71,694,757	75,063,308
TOTAL LIABILITIES		**94,090,369**	80,299,731	85,200,005
NET ASSETS		**101,963,926**	100,031,428	92,941,389
EQUITY				
Share capital		**31,132,500**	29,650,000	29,650,000
Statutory reserve		**13,427,355**	13,427,355	11,406,071
Voluntary reserve		**13,427,355**	13,427,355	11,406,071
Retained earnings		**41,246,520**	40,874,750	37,969,714
Foreign currency translation reserve		**(30,935)**	50,865	66,099
Fair value reserve		**46,403**	46,403	38,568
Equity attributable to equity holders of the Parent Company		**99,249,198**	97,476,728	90,536,523
Non-controlling interests		**2,714,728**	2,554,700	2,404,866
TOTAL EQUITY		**101,963,926**	100,031,428	92,941,389

Mohammed Jassim Al Wazzan
(Vice Chairman)

Garrett Walsh
(Chief Executive Officer)

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2016

	Notes	*Three months period ended 30 June*		*Six months period ended 30 June*	
		2016 ***KD***	*2015* *KD*	***2016*** ***KD***	*2015* *KD*
Revenue		**52,823,457**	51,600,046	**108,497,118**	104,469,788
Cost of revenue		**(39,244,291)**	(38,180,931)	**(80,601,715)**	(77,609,837)
GROSS PROFIT		**13,579,166**	13,419,115	**27,895,403**	26,859,951
Operating expenses					
Selling and distribution expenses		**(5,512,290)**	(5,309,258)	**(10,524,029)**	(10,223,429)
General and administrative expenses		**(2,672,890)**	(3,059,352)	**(5,946,332)**	(6,215,197)
Other income	9	**145,589**	3,591,572	**28,840**	4,053,790
OPERATING PROFIT		**5,539,575**	8,642,077	**11,453,882**	14,475,115
Impairment of property, plant and equipment		**-**	(925,100)	**-**	(925,100)
Share of results of associates		**15,000**	-	**15,000**	13,066
Finance costs		**(314,083)**	(239,294)	**(615,971)**	(461,888)
PROFIT BEFORE STATUTORY CONTRIBUTIONS AND BOARD OF DIRECTORS' REMUNERATION		**5,240,492**	7,477,683	**10,852,911**	13,101,193
Kuwait Foundation for the Advancement of Science		**(45,520)**	(65,017)	**(94,639)**	(114,899)
National Labour Support Tax		**(118,738)**	(31,061)	**(250,212)**	(31,061)
Zakat		**(47,495)**	(71,376)	**(100,085)**	(117,703)
Board of Directors' remuneration		**(31,250)**	(6,250)	**(62,500)**	(12,500)
PROFIT FOR THE PERIOD		**4,997,489**	7,303,979	**10,345,475**	12,825,030
Attributable to:					
Equity holders of the Parent Company		**4,814,788**	7,037,361	**10,008,020**	12,490,449
Non-controlling interests		**182,701**	266,618	**337,455**	334,581
		4,997,489	7,303,979	**10,345,475**	12,825,030
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	10	**15.47 fils**	22.60 fils	**32.15 fils**	40.12 fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2016

	Three months period ended 30 June		*Six months period ended 30 June*	
	2016 ***KD***	*2015* *KD*	***2016*** ***KD***	*2015* *KD*
Profit for the period	**4,997,489**	7,303,979	**10,345,475**	12,825,030
Other comprehensive income (loss):				
Items that may be reclassified subsequently to consolidated statement of income:				
Net gains/(loss) on hedge arising during the period	**5,991**	(55,736)	**50,556**	(311,000)
Foreign currency translation adjustment	**(5,280)**	133,317	**(132,935)**	530,568
Other comprehensive income (loss) for the period	**711**	77,581	**(82,379)**	219,568
Total comprehensive income for the period	**4,998,200**	7,381,560	**10,263,096**	13,044,598
Attributable to:				
Equity holders of the Parent Company	**4,815,525**	7,115,033	**9,926,220**	12,718,107
Non-controlling interests	**182,675**	266,527	**336,876**	326,491
	4,998,200	7,381,560	**10,263,096**	13,044,598

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2016

	Notes	Six months period ended 30 June 2016 KD	2015 KD
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, Zakat, NLST and Board of Directors' remuneration		**10,852,911**	13,101,193
Adjustments to reconcile profit to net cash flows:			
Depreciation		**2,241,192**	2,106,579
Amortisation of intangible assets		**141,310**	102,051
Provision for employees' end of service benefits		**506,932**	537,004
Provision for (reversal of) obsolete and slow moving inventories		**5,716**	(220,199)
(Reversal of) allowance for bad and doubtful debts		**(409,150)**	59,497
Share of results of associates		**(15,000)**	(13,066)
Impairment of property, plant and equipment		**-**	925,100
Loss (gain) on sale of property, plant and equipment		**38,306**	(83,726)
Gain on revaluation of biological assets		**(34,460)**	(87,234)
(Gain) loss on disposal of biological assets		**(11,827)**	7,458
Write-off of biological assets		**11,696**	25,893
Finance costs		**615,971**	461,888
Foreign exchange loss (gain)	9	**202,458**	(445,429)
		14,146,055	16,477,009
Working capital changes:			
Trade and other receivables		**(13,115,757)**	(11,672,838)
Inventories		**3,298,113**	676,992
Movement in amount due from related parties		**(72,931)**	9,179
Movement in amount due to related parties		**(315,839)**	37,339
Trade and other payables		**3,958,965**	5,146,797
Cash from operations		**7,898,606**	10,674,478
Employees' end of service benefits paid		**(343,037)**	(654,086)
Net cash flows from operating activities		**7,555,569**	10,020,392
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(3,266,651)**	(2,874,992)
Proceeds from disposal of property, plant and equipment		**62,249**	84,523
Payment for intangible assets		**(168,957)**	(324,849)
Proceeds from disposal of intangible assets		**-**	12,309
Purchase of biological assets		**-**	(152,183)
Proceeds from disposal of biological assets		**47,209**	4,757
Net cash flows used in investing activities		**(3,326,150)**	(3,250,435)
FINANCING ACTIVITIES			
Net movement in loans and borrowings		**10,620,739**	6,364,109
Net movement in amount due to related parties (non-current)		**(200,000)**	(100,000)
Dividends paid to equity holders of Parent Company		**(8,102,275)**	(8,700,000)
Dividends paid to non-controlling interests		**(176,848)**	(62,188)
Finance costs paid		**(615,971)**	(461,888)
Net cash flows from (used in) financing activities		**1,525,645**	(2,959,967)
Effect of foreign currency translation		**127,307**	(1,026,029)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,882,371**	2,783,961
Cash and cash equivalents at 1 January		**(5,818,868)**	675,739
CASH AND CASH EQUIVALENTS AT 30 JUNE		**63,503**	3,459,700
CASH AND CASH EQUIVALENTS			
Bank balances and cash		**12,371,453**	6,824,579
Bank overdrafts		**(12,307,950)**	(3,364,879)
		63,503	3,459,700

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2016

	Attributable to equity holders of the Parent Company								
	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Retained earnings KD*	*Foreign currency translation reserve KD*	*Fair value reserve KD*	*Sub total KD*	*Non-controlling interests KD*	*Total KD*
As at 1 January 2016	29,650,000	13,427,355	13,427,355	40,874,750	50,865	46,403	97,476,728	2,554,700	100,031,428
Profit for the period	-	-	-	10,008,020	-	-	10,008,020	337,455	10,345,475
Other comprehensive loss	-	-	-	-	(81,800)	-	(81,800)	(579)	(82,379)
Total comprehensive income for the period	-	-	-	10,008,020	(81,800)	-	9,926,220	336,876	10,263,096
Issue of bonus shares (Note 11)	1,482,500	-	-	(1,482,500)	-	-	-	-	-
Dividends (Note 11)	-	-	-	(8,153,750)	-	-	(8,153,750)	-	(8,153,750)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(176,848)	(176,848)
As at 30 June 2016	**31,132,500**	**13,427,355**	**13,427,355**	**41,246,520**	**(30,935)**	**46,403**	**99,249,198**	**2,714,728**	**101,963,926**
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	-	-	-	(8,700,000)	-	-	(8,700,000)	-	(8,700,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(62,188)	(62,188)
As at 30 June 2015	29,650,000	11,406,071	11,406,071	37,969,714	66,099	38,568	90,536,523	2,404,866	92,941,389

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 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 7 August 2016.

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

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

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012, executive regulations of Law No. 25 of 2012 will continue until a new set of executive regulation is issued.

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

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

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

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

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

3 INVESTMENT PROPERTIES

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

The movement in investment properties is as follows:

	30 June 2016 KD	*(Audited) 31 December 2015* KD	*30 June 2015* KD
As at beginning of the period	**4,382,964**	-	-
Transfer from property, plant and equipment	-	4,385,474	-
Additions	-	23,701	-
Charge for the period	**(50,569)**	(26,211)	-
Foreign exchange differences	**(4,914)**	-	-
	4,327,481	4,382,964	-

3 INVESTMENT PROPERTIES (continued)

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

4 TRADE AND OTHER RECEIVABLES

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Trade receivables	**57,046,704**	48,701,028	52,223,670
Less: Allowance for bad and doubtful debts	**(3,199,901)**	(3,976,363)	(3,575,512)
	53,846,803	44,724,665	48,648,158
Advance to suppliers	**11,131,509**	7,546,163	5,323,316
Prepaid expenses	**1,972,187**	1,369,476	2,231,297
Deposits	**658,696**	868,067	699,654
Staff receivables	**1,909**	50,984	75,422
Other receivables	**974,984**	505,797	986,951
	68,586,088	55,065,152	57,964,798

5 INVENTORIES

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Goods for resale	**22,648,070**	27,097,946	21,569,632
Raw materials, packing materials and consumables	**9,311,313**	9,181,150	9,839,595
Finished goods and work in progress	**1,215,516**	1,427,284	1,255,583
Goods in transit	**1,789,585**	794,495	1,551,446
	34,964,484	38,500,875	34,216,256
Less: Allowance for obsolete and slow moving inventories	**(1,442,293)**	(1,674,139)	(1,723,971)
	33,522,191	36,826,736	32,492,285

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:

	Major shareholders KD	*Associates* KD	*Other related parties* KD	***30 June 2016*** ***KD***	*(Audited) 31 December 2015* KD	*30 June 2015* KD
Interim condensed consolidated statement of financial position:						
Due from related parties	-	-	122,249	**122,249**	49,318	45,734
Due to related parties	438,666	11,173	958,603	**1,408,442**	1,924,281	1,961,198

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

	Major shareholders KD	*Other related parties* KD	*Three months period ended 30 June* ***2016*** ***KD***	*2015* KD
Interim condensed consolidated statement of income:				
Revenue	7,544	42,951	**50,495**	88,013
Cost of revenue	(3,799)	(1,177)	**(4,976)**	(10,149)
Other income	-	106,735	**106,735**	188,068
General and administrative expenses	-	(46,101)	**(46,101)**	(76,590)

	Major shareholders KD	*Other related parties* KD	*Six months period ended 30 June* ***2016*** ***KD***	*2015* KD
Interim condensed consolidated statement of income:				
Revenue	10,911	91,721	**102,632**	109,962
Cost of revenue	(5,285)	(2,461)	**(7,746)**	(19,405)
Other income	-	211,484	**211,484**	188,068
General and administrative expenses	-	(92,202)	**(92,202)**	(84,252)

Compensation of key management personnel

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

	Three months period ended 30 June		*Six months period ended 30 June*	
	2016 ***KD***	*2015* KD	***2016*** ***KD***	*2015* KD
Key management compensation:				
Salaries and other short-term benefits	**376,622**	368,962	**749,604**	762,667
Employees' end of service benefits	**15,331**	17,217	**30,683**	30,160
	391,953	386,179	**780,287**	792,827

7 LOANS AND BORROWINGS

Currency	*Current*			*Non-current*		
	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*	*30 June 2016 KD*	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Kuwaiti Dinars	**9,500,000**	5,499,800	12,722,305	-	-	42,250
US Dollars	**23,299,788**	15,534,400	18,760,786	**3,462,712**	4,607,561	5,788,556
	32,799,788	21,034,200	31,483,091	**3,462,712**	4,607,561	5,830,806

Loans and borrowings carry interest at commercial rates.

Loans and borrowings of KD 620,415 were secured against certain property, plant and equipment for the period ended 30 June 2015.

8 TRADE AND OTHER PAYABLES

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Trade payable	**28,988,483**	24,013,941	27,362,466
Accrued expenses	**9,464,379**	9,671,449	9,621,022
Other payables	**1,676,028**	1,723,677	1,653,723
Advance from customers	**27,915**	27,403	16,929
	40,156,805	35,436,470	38,654,140

9 OTHER INCOME

	Three months period ended 30 June		*Six months period ended 30 June*	
	2016 KD	*2015 KD*	*2016 KD*	*2015 KD*
Receipt of insurance claim*	-	3,300,000	-	3,300,000
(Loss) gain on disposal of property, plant and equipment	**(38,306)**	73,034	**(38,306)**	83,726
Other income	**213,115**	189,224	**269,604**	224,635
Foreign exchange (loss) gain	**(29,220)**	29,314	**(202,458)**	445,429
	145,589	3,591,572	**28,840**	4,053,790

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

10 BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months period ended 30 June		*Six months period ended 30 June*	
	2016	*2015*	***2016***	*2015*
	KD	*KD*	***KD***	*KD*
Profit for the period	**4,814,788**	7,037,361	**10,008,020**	12,490,449
	Shares	*Shares*	***Shares***	*Shares*
Weighted average number of ordinary shares outstanding during the period	**296,500,000**	296,500,000	**296,500,000**	296,500,000
Bonus shares (Note 11)	**14,825,000**	14,825,000	**14,825,000**	14,825,000
	311,325,000	311,325,000	**311,325,000**	311,325,000
Basic and diluted earnings per share	**15.47 fils**	22.60 fils	**32.15 fils**	40.12 fils

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

11 ANNUAL GENERAL ASSEMBLY

On 13 April 2016, the shareholders at the Annual General Assembly of the Parent Company approved the following:
- consolidated financial statements for the year ended 31 December 2015; and
- distribution of dividends of KD 8,153,750 for the year ended 31 December 2015.

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

12 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

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

	30 June 2016	*(Audited) 31 December 2015*	*30 June 2015*
	KD	*KD*	*KD*
Letters of guarantee	**15,472,023**	12,919,722	12,877,940

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

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.

12 CONTINGENCIES AND COMMITMENTS (continued)

(b) Commitments:

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Capital expenditure commitments			
Future estimated capital expenditure contracted for as at the reporting date:			
Property, plant and equipment	**9,468,887**	7,424,831	453,100
Intangible assets	**345,822**	345,822	120,027
	9,814,709	7,770,653	573,127
Operating lease commitments as lessee:			
Future minimum lease payments:			
Within one year	**2,233,937**	2,439,394	1,906,415
After one year but not more than five years	**529,483**	1,340,877	1,656,493
Total operating lease expenditure contracted for as at the reporting date	**2,763,420**	3,780,271	3,562,908

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Operating lease commitments as lessor:			
Future minimum lease payments:			
Within one year	**282,100**	283,500	-
After one year but not more than five years	**2,256,800**	2,268,000	-
Total operating lease income contracted for at the reporting Date	**2,538,900**	2,551,500	-

13 SEGMENTAL INFORMATION

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

(a) Food

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

13 SEGMENTAL INFORMATION (continued)

(b) Non-food

Fast Moving Consumer Goods ("FMCG")	:	FMCG mainly comprises of distribution of health and beauty products, medicines, medical products and household products.
Industrial	:	Industrial comprises of the manufacturing of goods including plastic materials, lube oil and cartons used for packaging.
(c) Corporate	:	Corporate comprises of central assets, liabilities and support functions for the entire Group. The corporate provides management, information systems and technology, human resource, procurement and finance support to other segments. The Group maintains a central treasury function and manages the cash and borrowing position centrally.

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

13 SEGMENTAL INFORMATION (continued)

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

	Six months period ended 30 June 2016								
	Food				*Non-food*			*Corporate*	
	Food KD	*Catering KD*	*Services KD*	*Sub-total KD*	*FMCG KD*	*Industrial KD*	*Sub-total KD*	*KD*	*Total segment KD*
Revenue	56,368,388	12,647,306	8,387,792	**77,403,486**	27,853,447	3,036,649	**30,890,096**	203,536	**108,497,118**
Segment profit	7,644,822	471,620	1,460,024	**9,576,466**	2,677,660	328,179	**3,005,839**	(1,729,394)	**10,852,911**
Total assets	92,869,399	25,559,264	9,405,877	**127,834,540**	49,539,525	8,703,094	**58,242,619**	9,977,136	**196,054,295**
Total liabilities	18,735,340	7,356,195	2,340,974	**28,432,509**	9,485,316	2,751,137	**12,236,453**	53,421,407	**94,090,369**
Other disclosures:									
Depreciation and amortization	1,284,489	319,822	144,478	**1,748,789**	166,105	197,380	**363,485**	270,228	**2,382,502**
Investment in associates	-	-	-	-	-	-	-	1,042,576	**1,042,576**
Capital expenditure (excluding goodwill)	1,842,056	1,205,984	-	**3,048,040**	25,520	49,824	**75,344**	312,224	**3,435,608**

13 SEGMENTAL INFORMATION (continued)

	Six months period ended 30 June 2015								
	Food				*Non-food*			*Corporate*	
	Food KD	*Catering KD*	*Services KD*	*Sub-total KD*	*FMCG KD*	*Industrial KD*	*Sub-total KD*	*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
Other disclosures:									
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

13 SEGMENTAL INFORMATION (continued)

	Year ended 31 December 2015 (Audited)								
	Food				*Non-food*			*Corporate*	
	Food KD	*Catering KD*	*Services KD*	*Sub-total KD*	*FMCG KD*	*Industrial KD*	*Sub-total KD*	*KD*	*Total segment KD*
Revenue	100,763,767	27,023,118	16,055,193	143,842,078	45,749,694	6,446,889	52,196,583	90,621	196,129,282
Segment profit	12,808,632	1,925,037	2,464,669	17,198,338	3,270,698	2,391,809	5,662,507	(2,156,772)	20,704,073
Total assets	89,593,133	20,784,155	8,889,222	119,266,510	45,315,777	7,728,930	53,044,707	8,019,942	180,331,159
Total liabilities	16,706,339	6,845,719	2,528,438	26,080,496	8,434,034	2,034,433	10,468,467	43,750,768	80,299,731
Other disclosures:									
Depreciation and amortisation	2,513,319	629,641	256,315	3,399,275	335,020	425,046	760,066	496,540	4,655,881
Investment in associates	-	-	-	-	-	-	-	1,027,576	1,027,576
Capital expenditure (excluding goodwill)	2,941,997	390,852	750,909	4,083,758	346,437	292,490	638,927	553,503	5,276,188
Impairment of property, plant and equipment	-	-	-	-	-	925,100	925,100	-	925,100

13 SEGMENTAL INFORMATION (continued)

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

	Kuwait KD	*Saudi Arabia* KD	*U.A.E* KD	*Qatar* KD	*Jordan* KD	*Afghanistan* KD	*Iraq* KD	*Total* KD
Six months period ended 30 June 2016								
Revenue	74,413,651	260,108	16,551,167	9,739,891	4,874,401	2,139,851	518,049	**108,497,118**
Non-current assets	53,932,168	5,397,635	7,686,176	11,730,579	2,577,609	128,147	-	**81,452,314**
31 December 2015 (Audited)								
Revenue	129,044,486	87,302	35,077,897	17,911,195	7,318,501	4,667,582	2,022,319	196,129,282
Non-current assets	52,926,788	5,514,565	7,463,924	11,971,588	2,679,380	152,770	-	80,709,015
Six months period ended 30 June 2015								
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	52,874,022	5,537,108	7,526,560	11,924,110	2,773,929	178,269	-	80,813,998

14 SUBSEQUENT EVENT

The Parent Company, through one of its wholly owned subsidiaries, is in the process of acquiring a 70% stake from a Company operating in a food sector in the Kingdom of Saudi Arabia. The investment in the acquisition is expected to be between KD 7 million and KD 7.7 million. The acquisition is expected to be completed in the near future subject to satisfying certain conditions precedent and obtaining regulatory approvals.