

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

**Independent auditor's review report and interim condensed
consolidated financial information (Unaudited)
for the six months ended 30 June 2023**

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

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF MEZZAN HOLDING COMPANY K.S.C.P

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mezzan Holding Company K.S.C.P ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2023, and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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.

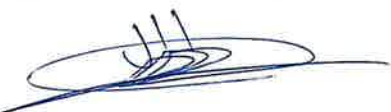
Conclusion

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 the accounts of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violation of the Companies Law No. 1 of 2016 and its executive regulations, as amended or of the Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2023 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2023 that might have had a material effect on the business of the Company or on its financial position.



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

Kuwait
3 August 2023

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

Interim condensed consolidated statement of financial position (Unaudited) –
as at 30 June 2023

		30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
Assets				
Property, plant and equipment	4	78,394,642	78,490,178	80,083,541
Right of use assets		2,498,942	3,183,773	2,820,101
Intangible assets	5	34,926,292	35,008,071	34,912,659
Investment in associates		1,538,850	1,446,667	1,352,820
Investment property	6	3,680,910	3,717,125	3,780,992
Biological assets	18	910,474	917,619	903,792
Investments at fair value through other comprehensive income	18	2,418,133	2,478,845	2,149,621
Non-current assets		<u>124,368,243</u>	<u>125,242,278</u>	<u>126,003,526</u>
Inventories	7	55,658,365	59,596,241	47,934,772
Trade and other receivables	8	71,556,435	66,802,343	78,556,513
Cash and bank balances	10	19,922,947	20,455,951	15,978,288
Current assets		<u>147,137,747</u>	<u>146,854,535</u>	<u>142,469,573</u>
Total assets		<u>271,505,990</u>	<u>272,096,813</u>	<u>268,473,099</u>
Equity				
Share capital		31,132,500	31,132,500	31,132,500
Treasury shares	11	(402,423)	(267,585)	(76,917)
Treasury shares reserve		80,155	-	-
Statutory reserve		16,601,335	16,601,335	16,601,335
Voluntary reserve		16,601,335	16,601,335	16,601,335
Fair value reserve		1,604,918	1,665,630	1,336,406
Foreign currency translation reserve		(359,764)	(323,790)	(390,902)
Other reserve		(4,252,426)	(4,252,426)	(4,513,320)
Retained earnings		43,841,936	41,613,040	45,468,706
Equity attributable to shareholders of the Company		<u>104,847,566</u>	<u>102,770,039</u>	<u>106,159,143</u>
Non-controlling interests		8,914,131	8,584,364	8,790,583
Total equity		<u>113,761,697</u>	<u>111,354,403</u>	<u>114,949,726</u>
Liabilities				
Lease liabilities		1,440,791	1,925,749	1,676,543
Trade and other payables	13	-	-	2,003,006
Retirement benefit obligation		8,212,502	8,744,216	8,745,532
Non-current liabilities		<u>9,653,293</u>	<u>10,669,965</u>	<u>12,425,081</u>
Loans and borrowings	12	70,968,985	70,206,985	73,865,400
Bank overdrafts	10	16,585,778	14,488,373	9,787,954
Lease liabilities		1,020,911	1,365,954	1,133,225
Trade and other payables	13	59,515,326	64,011,133	56,311,713
Current liabilities		<u>148,091,000</u>	<u>150,072,445</u>	<u>141,098,292</u>
Total liabilities		<u>157,744,293</u>	<u>160,742,410</u>	<u>153,523,373</u>
Total equity and liabilities		<u>271,505,990</u>	<u>272,096,813</u>	<u>268,473,099</u>

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

Motasem Jassim Mohamed Al-Wazzan
Chairman

Garrett Walsh
Chief Executive Officer

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

Interim condensed consolidated statement of profit or loss (Unaudited) -
for the three- and six-month periods ended 30 June 2023

	Notes	Three months period ended 30 June		Six months period ended 30 June	
		2023	2022	2023	2022
		KD (Unaudited)	KD (Unaudited)	KD (Unaudited)	KD (Unaudited)
Revenue		61,434,658	61,507,656	140,390,576	133,986,193
Cost of revenue		(48,328,905)	(50,448,138)	(110,821,021)	(108,356,063)
Gross profit		13,105,753	11,059,518	29,569,555	25,630,130
Selling and distribution expenses		(5,540,577)	(5,261,911)	(11,514,196)	(10,284,945)
General and administrative expenses	14	(4,233,582)	(6,151,257)	(8,716,662)	(11,753,686)
Other income	15	65,403	74,149	201,995	28,055
Results from operating activities		3,396,997	(279,501)	9,540,692	3,619,554
Finance costs		(1,355,305)	(761,356)	(2,748,371)	(1,435,943)
Share of results of associates		78,797	44,470	128,693	76,442
Profit/(loss) for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and board of directors' remuneration		2,120,489	(996,387)	6,921,014	2,260,053
KFAS		(17,977)	10,160	(62,643)	(21,113)
NLST		(61,938)	(21,910)	(156,138)	(118,012)
Zakat		(24,774)	(8,163)	(62,455)	(46,604)
Board of directors' remuneration	9	(18,750)	(18,750)	(37,500)	(37,500)
Profit/(loss) for the period		1,997,050	(1,035,050)	6,602,278	2,036,824
Profit/(loss) attributable to:					
Shareholders of the Company		1,674,328	(1,054,674)	5,945,608	1,888,103
Non-controlling interests		322,722	19,624	656,670	148,721
		1,997,050	(1,035,050)	6,602,278	2,036,824
Earnings/(losses) per share (basic and diluted) (fils)	16	5.40	(3.45)	19.17	6.17

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

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

**Interim condensed consolidated statement of comprehensive income (Unaudited) -
for the three- and six-month periods ended 30 June 2023**

	Three months period ended 30 June		Six months period ended 30 June	
	2023 KD (Unaudited)	2022 KD (Unaudited)	2023 KD (Unaudited)	2022 KD (Unaudited)
Profit/(loss) for the period	1,997,050	(1,035,050)	6,602,278	2,036,824
Other comprehensive (loss) / income				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences on foreign operations	(13,777)	145,425	(30,769)	198,109
Net investment hedge- net loss	(5,053)	(31,091)	(7,580)	(46,636)
	<u>(18,830)</u>	<u>114,334</u>	<u>(38,349)</u>	<u>151,473</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Change in fair value of investment at fair value through other comprehensive income	145,312	(902,990)	(60,712)	(938,265)
<i>Other comprehensive income/ (loss)</i>	<u>126,482</u>	<u>(788,656)</u>	<u>(99,061)</u>	<u>(786,792)</u>
Total comprehensive income/(loss) for the period	<u>2,123,532</u>	<u>(1,823,706)</u>	<u>6,503,217</u>	<u>1,250,032</u>
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company	1,800,284	(1,844,229)	5,848,922	1,099,767
Non-controlling interests	323,248	20,523	654,295	150,265
Total comprehensive income/(loss) for the period	<u>2,123,532</u>	<u>(1,823,706)</u>	<u>6,503,217</u>	<u>1,250,032</u>

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

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

Interim condensed consolidated statement of changes in equity (Unaudited) –
for the six-month period ended 30 June 2023

	Attributable to shareholders of the Company											
	Share Capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2023	31,132,500	(267,585)	-	16,601,335	16,601,335	1,665,630	(323,790)	(4,252,426)	41,613,040	102,770,039	8,584,364	111,354,403
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	5,945,608	5,945,608	656,670	6,602,278
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss)/income	-	-	-	-	-	(60,712)	-	-	-	(60,712)	-	(60,712)
Change in fair value	-	-	-	-	-	-	(35,974)	-	-	(35,974)	(2,375)	(38,349)
Foreign currency translation	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	-	-	-	-	-	(60,712)	(35,974)	-	5,945,608	5,848,922	654,295	6,503,217
Dividends (note 21)	-	-	-	-	-	-	-	-	(3,716,712)	(3,716,712)	-	(3,716,712)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	(324,528)	(324,528)
Purchase of treasury shares	-	(317,393)	-	-	-	-	-	-	-	(317,393)	-	(317,393)
Sales of treasury shares	-	182,555	80,155	-	-	-	-	-	-	262,710	-	262,710
Balance at 30 June 2023	31,132,500	(402,423)	80,155	16,601,335	16,601,335	1,604,918	(359,764)	(4,252,426)	43,841,936	104,847,566	8,914,131	113,761,697

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

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

Interim condensed consolidated statement of changes in equity (Unaudited) –
for the six-month period ended 30 June 2023

	Attributable to shareholders of the Company										Total equity	
	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total controlling interests		Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
Balance at 1 January 2022	31,132,500	(2,343,017)	228,415	16,601,335	16,601,335	2,274,671	(540,831)	(4,513,320)	51,987,607	111,428,695	8,640,318	120,069,013
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	1,888,103	1,888,103	148,721	2,036,824
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other comprehensive income/(loss)</i>	-	-	-	-	-	(938,265)	-	-	-	(938,265)	-	(938,265)
Change in fair value	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	149,929	-	-	149,929	1,544	151,473
Total comprehensive (loss)/income for the period	-	-	-	-	-	(938,265)	149,929	-	1,888,103	1,099,767	150,265	1,250,032
Dividends (note 21)	-	-	-	-	-	-	-	-	(4,879,536)	(4,879,536)	-	(4,879,536)
Purchase of treasury shares	-	(1,489,783)	-	-	-	-	-	-	-	(1,489,783)	-	(1,489,783)
Treasury shares given to shareholders as dividend (note 21)	-	3,755,883	(228,415)	-	-	-	-	-	(3,527,468)	-	-	-
Balance at 30 June 2022	31,132,500	(76,917)	-	16,601,335	16,601,335	1,336,406	(390,902)	(4,513,320)	45,468,706	106,159,143	8,790,583	114,949,726

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

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

**Interim condensed consolidated statement of cash flows (Unaudited) -
for the six-month period ended 30 June 2023**

	Notes	Six months period ended 30 June	
		2023 KD (Unaudited)	2022 KD (Unaudited)
Cash flows from operating activities			
Profit for the period before contribution to KFAS, NLST, Zakat and board of directors' remuneration		6,921,014	2,260,053
<i>Adjustment for:</i>			
Depreciation		3,989,728	4,415,965
Amortisation of intangible assets	5	219,761	164,900
Share of results of associates		(128,693)	(76,442)
Provision for retirement benefit obligation		756,604	695,467
Provision for obsolete and slow-moving inventories	7	365,649	798,108
(Reversal)/provision for expected credit losses	8	(353,704)	2,508,327
Gain on disposal of property, plant and equipment	15	(65,674)	(43,465)
Gain on revaluation of biological assets	18	(33,262)	(49,603)
Gain on disposal of biological assets		(8,144)	(1,910)
Loss on derecognition of lease liability		9,998	-
Write-off of biological assets	18	5,826	3,360
Finance costs		2,748,371	1,435,943
Dividend income	15	(65,558)	(60,095)
Foreign currency exchange loss	15	86,271	93,326
		<u>14,448,187</u>	<u>12,143,934</u>
<i>Changes in:</i>			
- inventories		3,571,091	6,181,910
- trade and other receivables		(4,368,912)	(10,672,160)
- related parties balances- net		(4,775,597)	(3,577,750)
- trade and other payables		(293,469)	(939,939)
<i>Cash generated from operating activities</i>		<u>8,581,300</u>	<u>3,135,995</u>
Employees' retirement benefit obligation paid		<u>(1,292,208)</u>	<u>(801,439)</u>
<i>Net cash from operating activities</i>		<u>7,289,092</u>	<u>2,334,556</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(3,673,806)	(6,370,801)
Purchase of intangible assets	5	-	(1,802,000)
Purchase of biological assets	18	-	(92,212)
Proceeds from disposal of property, plant and equipment		535,913	167,429
Dividend received		65,558	60,095
Proceeds from disposal of biological assets		42,725	29,664
Dividend income received from associate		36,510	25,557
Movement in term deposit		(2,500,000)	-
Movement in restricted balance		-	(615,279)
<i>Net cash used in investing activities</i>		<u>(5,493,100)</u>	<u>(8,597,547)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings		3,000,000	4,995,000
Repayment of loans and borrowings		(2,300,250)	-
Payment of lease liability		(830,001)	(834,979)
Dividends paid to equity holders of the Company		(3,716,712)	(4,879,536)
Dividends paid by subsidiaries		(324,528)	-
Purchase of treasury shares		(317,393)	(1,489,783)
Proceeds from sale of treasury shares		262,710	-
Payment of finance costs		(2,637,381)	(1,435,943)
<i>Net cash used in financing activities</i>		<u>(6,863,555)</u>	<u>(3,645,241)</u>
Effect of foreign exchange differences		(62,846)	72,628
Net change in cash and cash equivalents		<u>(5,130,409)</u>	<u>(9,835,604)</u>
Cash and cash equivalents at the beginning of the period		<u>5,832,443</u>	<u>15,283,570</u>
Cash and cash equivalents at the end of the period	10	<u>702,034</u>	<u>5,447,966</u>

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

Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023

1. Reporting entity

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

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

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

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

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

The interim condensed consolidated financial information as at and for the six-month period ended 30 June 2023 comprise of the Company and its subsidiaries (together referred to as “the Group”) and its investment in associates.

This interim condensed consolidated financial information were authorised for issue by the Company’s board of directors on 03 August 2023.

2. Basis of accounting

These interim condensed consolidated financial information have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2022 (‘last annual consolidated financial statements’). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s consolidated financial position and performance since the last consolidated financial statements. Operating results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

These interim condensed consolidated financial information have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business, as management expects that maturing financial obligations can be met through cash inflows from operations and utilization of undrawn facilities. As of 30 June 2023, the Group’s current liabilities exceeded its current assets by KD 953,253 (31 December 2022: 3,217,910 and 30 June 2022: Nil). The interim condensed consolidated financial information do not include any adjustments that might arise due to uncertainty of the Group’s ability to continue as a going concern.

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 2022.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023

3. Judgments and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements as at and for the year ended 31 December 2022.

4. Property, plant and equipment

	30 June 2023	31 December 2022	30 June 2022
	KD	KD	KD
	(Unaudited)	(Audited)	(Unaudited)
Net fixed assets	69,404,880	68,521,438	68,378,264
Capital work in progress	8,989,762	9,968,740	11,705,277
	<u>78,394,642</u>	<u>78,490,178</u>	<u>80,083,541</u>

During the six-month period ended 30 June 2023, the Group acquired property and equipment amounting to KD 3,673,806 (30 June 2022: KD 6,370,801). Depreciation charged for the period amounted to KD 3,259,313 (30 June 2022: KD 3,604,338).

5. Intangible assets

	30 June 2023	31 December 2022	30 June 2022
	KD	KD	KD
	(Unaudited)	(Audited)	(Unaudited)
Goodwill	23,232,456	23,206,400	23,220,091
Other intangible assets	11,693,836	11,801,671	11,692,568
	<u>34,926,292</u>	<u>35,008,071</u>	<u>34,912,659</u>

During the six-month period ended 30 June 2023, the Group did not acquire intangible assets (30 June 2022: 1,802,000).

Amortisation charged for the period amounted to KD 219,761 (30 June 2022: KD 164,900).

6. Investment property

	30 June 2023	31 December 2022	30 June 2022
	KD	KD	KD
	(Unaudited)	(Audited)	(Unaudited)
Balance at 1 January	3,717,125	3,779,805	3,779,805
Depreciation	(51,094)	(103,009)	(50,806)
Net foreign exchange differences	14,879	40,329	51,993
	<u>3,680,910</u>	<u>3,717,125</u>	<u>3,780,992</u>

Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023

As at 30 June 2023, the management does not anticipate any significant change in fair value of investment properties compared to 31 December 2022.

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

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

7. Inventories

	30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
Goods for resale	37,328,319	39,687,453	30,846,910
Raw materials and consumables	13,944,528	14,942,583	13,643,758
Finished goods and work in progress	3,818,511	3,363,225	2,630,925
Goods in transit	2,139,386	3,151,881	2,519,861
	<u>57,230,744</u>	<u>61,145,142</u>	<u>49,641,454</u>
Provision for obsolete and slow-moving inventories	<u>(1,572,379)</u>	<u>(1,548,901)</u>	<u>(1,706,682)</u>
	<u>55,658,365</u>	<u>59,596,241</u>	<u>47,934,772</u>

The current period charge of provision for obsolete and slow-moving inventories of KD 365,649 (30 June 2022: KD 798,108) is included in cost of revenue in the interim condensed consolidated statement of profit or loss.

8. Trade and other receivables

	30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
Trade receivables	66,592,242	67,505,790	70,263,885
Provision for expected credit losses	<u>(15,592,343)</u>	<u>(16,768,386)</u>	<u>(12,892,579)</u>
	50,999,899	50,737,404	57,371,306
Advances to suppliers	13,360,798	10,572,247	15,076,952
Prepaid expenses	3,153,300	1,680,641	1,704,072
Refundable deposits	806,704	802,511	776,681
Due from related parties (Note 9)	66,828	9,566	38,912
Other receivables	<u>3,168,906</u>	<u>2,999,974</u>	<u>3,588,590</u>
	<u>71,556,435</u>	<u>66,802,343</u>	<u>78,556,513</u>

Movement of provision for expected credit losses is as follows:

	2023 KD	2022 KD
Balance at 1 January (Audited)	16,768,386	10,380,414
(Reversal)/charge for the period	(353,704)	2,508,327
Write offs	(848,123)	(66,677)
Effect of movement in exchange rates	<u>25,784</u>	<u>70,515</u>
Balance at 30 June (Unaudited)	<u>15,592,343</u>	<u>12,892,579</u>

Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023

9. Related party transactions

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

Key management personnel

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

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

	30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
Balances with related parties			
<i>Due from related parties (Note 8)</i>			
Other than shareholders and associates	66,828	9,566	38,912
	30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
<i>Due to related parties (Note 13)</i>			
Shareholders	43,473	46,158	64,313
Associates	-	7,228	1,438
Other related parties	1,623,217	6,331,639	2,900,780
	<u>1,666,690</u>	<u>6,385,025</u>	<u>2,966,531</u>
	Three months period ended 30 June	Six months period ended 30 June	
	2023 KD (Unaudited)	2022 KD (Unaudited)	2023 KD (Unaudited)
	2022 KD (Unaudited)	2023 KD (Unaudited)	2022 KD (Unaudited)
Transactions with related parties			
<i>Sales</i>			
Shareholders	4,998	2,229	13,380
Other related parties	1,349	3,004	2,602
	<u>6,347</u>	<u>5,233</u>	<u>15,982</u>
<i>Purchases</i>			
Other related parties	3,808,976	1,765,025	6,085,096
<i>General and administrative expenses</i>			
Other related parties	67,358	79,306	150,270
Key management compensation			
Salaries and other short-term benefits	1,095,147	976,840	1,615,550
Retirement benefit obligation	26,992	26,948	54,305
	<u>1,122,139</u>	<u>1,003,788</u>	<u>1,669,855</u>
Board of directors' remuneration	18,750	18,750	37,500

Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023

10. Cash and cash equivalents

	30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
Cash and current accounts with banks	17,358,482	20,391,486	15,914,619
Term deposits with banks	2,564,465	64,465	63,669
Cash and bank balances	19,922,947	20,455,951	15,978,288
Less: Bank overdrafts	(16,585,778)	(14,488,373)	(9,787,954)
Less: Restricted balances	(70,670)	(70,670)	(678,699)
Less: Term deposits with original maturities of three months or more	(2,564,465)	(64,465)	(63,669)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<u>702,034</u>	<u>5,832,443</u>	<u>5,447,966</u>

Bank overdrafts are denominated in Kuwaiti Dinars, Qatari Riyals and Jordanian Dinars and are from local and foreign commercial banks. These are repayable on demand and carry an average effective interest rate of 4.5% to 5% (31 December 2022: 4.5% to 5% and 30 June 2022: 3.25% to 5%) per annum.

Term deposits are denominated in Kuwaiti Dinars and are placed with local banks carrying an effective rate of interest of 5.25% (31 December 2022: 4.125% and 30 June 2022: 1.750%) per annum.

11. Treasury shares

	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Number of shares	1,100,000	750,000	254,590
Percentage of share capital (%)	0.35%	0.24%	0.08%
Cost ("KD")	402,423	267,585	76,917
Market value ("KD")	586,300	294,750	107,692

12. Loans and borrowings

	30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
<i>Denominated in:</i>			
Kuwaiti Dinars	45,134,785	42,134,785	40,995,000
US Dollars	25,834,200	28,072,200	32,870,400
	<u>70,968,985</u>	<u>70,206,985</u>	<u>73,865,400</u>

This represents various unsecured revolving credit facilities from local and foreign banks to fund its operational requirements. These loans carry effective interest rates of 4.75% to 6.93% (31 December 2022: 4.25% to 6.05% and 30 June 2022: 2.26% to 3.25%) per annum.

Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023

13. Trade and other payables

	30 June 2023 KD (Unaudited)	31 December 2022 KD (Audited)	30 June 2022 KD (Unaudited)
<i>Non-Current Portion</i>			
Other Payables	-	-	2,003,006
<i>Current Portion</i>			
Trade payables	32,482,718	33,619,901	34,077,729
Accrued expenses	21,022,919	20,084,581	15,942,088
Dividend Payable	70,670	70,670	678,699
Advances from customers	109,278	61,065	41,249
Due to related parties (Note 9)	1,666,690	6,385,025	2,966,531
Other payables	4,163,051	3,789,891	2,605,417
	<u>59,515,326</u>	<u>64,011,133</u>	<u>56,311,713</u>

14. General and administrative expenses

	Three months period ended 30 June		Six months period ended 30 June	
	2023 KD (Unaudited)	2022 KD (Unaudited)	2023 KD (Unaudited)	2022 KD (Unaudited)
Staff expenses	1,740,277	2,069,706	4,010,524	4,117,119
Other administrative and provision expenses	1,945,080	3,591,894	3,639,146	6,654,610
Depreciation and amortization	548,225	489,657	1,066,992	981,957
	<u>4,233,582</u>	<u>6,151,257</u>	<u>8,716,662</u>	<u>11,753,686</u>

15. Other income

	Three months period ended 30 June		Six months period ended 30 June	
	2023 KD (Unaudited)	2022 KD (Unaudited)	2023 KD (Unaudited)	2022 KD (Unaudited)
Gain on disposal of property, plant and equipment	18,705	42,474	65,674	43,465
Foreign currency exchange (loss)/ gain	(89,296)	6,660	(86,271)	(93,326)
Dividend income	65,558	60,095	65,558	60,095
Other income/(expense)	70,436	(35,080)	157,034	17,821
	<u>65,403</u>	<u>74,149</u>	<u>201,995</u>	<u>28,055</u>

Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023

16. Basic and diluted earnings/(losses) per share

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

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

	Three months period ended		Six months period ended	
	30 June		30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period (KD)	1,674,328	(1,054,674)	5,945,608	1,888,103
Weighted average number of ordinary shares outstanding during the period (after excluding treasury shares)	309,785,297	305,976,386	310,134,085	306,168,942
Earnings/(losses) per share (fils)	5.40	(3.45)	19.17	6.17

17. Segment information

For management reporting purposes, the Group is organised into five major operating segments and a corporate segment based on internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person responsible for allocating resources to and assessing the performance of the operating segments. The Group does not have material inter-segment transactions.

The principal activities and services under these segments are as follows:

Food segment

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

**Notes to the interim condensed consolidated financial information (Unaudited) -
for the six-month period ended 30 June 2023**

Non-food segment

Fast Moving Consumer Goods ("FMCG") and Healthcare ("HC")

FMCG mainly comprises of distribution of health and beauty products, medicines, medical devices, manufacturing of medicine, medical products and household products.

Industrial

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

Corporate segment

Corporate comprises of central assets, liabilities and support functions for the entire Group. The corporate provides management, information systems and technology, human resource, procurement and finance support to other segments. The Group maintains a central treasury function and manages the cash and borrowing position centrally.

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

Notes to the interim condensed consolidated financial information (Unaudited)
for the six-month period ended 30 June 2023

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

	30 June 2023 (Unaudited)										
	Food					Non-food					Total KD
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG & HC KD	Industrial KD	Sub-total KD	Corporate KD	Total KD		
Revenues	73,775,520	10,108,969	6,644,097	90,528,586	46,662,110	3,198,859	49,860,969	1,021	140,390,576		
Segment profit/ (loss)	3,969,272	(129,912)	1,212,332	5,051,692	4,679,392	531,991	5,211,383	(3,342,061)	6,921,014		
Total Assets	131,591,913	18,504,857	12,862,330	162,959,100	93,039,654	12,337,705	105,377,359	3,169,531	271,505,990		
Total Liabilities	24,210,384	7,989,785	5,088,420	37,288,589	28,563,808	2,445,118	31,008,926	89,446,778	157,744,293		
	31 December 2022 (Audited)										
	Food					Non-food					Total KD
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG & HC KD	Industrial KD	Sub-total KD	Corporate KD	Total KD		
Revenue	132,076,037	29,835,025	13,113,887	175,024,949	73,790,088	6,353,573	80,143,661	3,480	255,172,090		
Segment profit/ (loss)	1,417,357	(5,505,182)	1,805,601	(2,282,224)	3,898,403	639,716	4,538,119	(3,808,194)	(1,552,299)		
Total assets	128,921,670	27,358,833	12,632,706	168,913,209	89,195,731	12,127,102	101,322,833	1,860,771	272,096,813		
Total liabilities	27,462,992	13,869,096	4,017,244	45,349,332	23,343,711	2,401,135	25,744,846	89,648,232	160,742,410		

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

**Notes to the interim condensed consolidated financial information (Unaudited)
for the six-month period ended 30 June 2023**

30 June 2022 (Unaudited)

	Food			Non-food			Corporate		Total KD
	Food KD	Catering KD	Services KD	Sub-total KD	FMCG & HC KD	Industrial KD	Sub-total KD	Corporate KD	
Revenues	69,204,684	13,199,108	6,140,137	88,543,929	42,311,172	3,128,512	45,439,684	2,580	133,986,193
Segment profit/ (loss)	2,691,500	(2,766,018)	943,759	869,241	2,800,939	384,741	3,185,680	(1,794,868)	2,260,053
Total assets	127,888,850	24,706,390	12,643,943	165,239,183	91,308,408	10,170,151	101,478,559	1,755,357	268,473,099
Total liabilities	23,369,404	9,719,316	3,681,370	36,770,090	24,492,425	2,943,714	27,436,139	89,317,144	153,523,373

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

	Kuwait		Kingdom of Saudi Arabia		United Arab Emirates		Qatar		Jordan		Iraq		Total KD
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
30 June 2023 (Unaudited)													
Revenue	103,331,225	3,744,815	16,975,017	10,102,606	4,932,557	1,304,356	140,390,576						
Non-current assets	91,669,635	8,503,429	10,385,636	13,010,311	799,232	-	124,368,243						
31 December 2022 (Audited)													
Revenue	178,075,945	7,372,286	34,883,829	22,952,632	9,143,014	2,744,384	255,172,090						
Non-current assets	91,656,397	8,187,275	10,491,886	14,054,774	851,946	-	125,242,278						
30 June 2022 (Unaudited)													
Revenue	97,506,241	3,818,582	17,797,413	9,428,238	4,171,085	1,264,634	133,986,193						
Non-current assets	91,140,652	7,952,165	10,755,409	15,246,034	909,266	-	126,003,526						

Notes to the interim condensed consolidated financial information (Unaudited)
for the six-month period ended 30 June 2023

18. Fair value measurement

Fair value of financial instruments

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

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

Determination of fair value and fair value hierarchy

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

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

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

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

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

	2023	2022
	KD	KD
Balance at 1 January (Audited)	2,478,845	3,087,886
Change in fair value	(60,712)	(938,265)
Balance at 30 June (Unaudited)	<u>2,418,133</u>	<u>2,149,621</u>

Valuation methods and assumption

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

Description of significant unobservable inputs to valuation

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

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

Notes to the interim condensed consolidated financial information (Unaudited)
for the six-month period ended 30 June 2023

Fair value of biological assets

The following table shows the movement of biological assets from the opening balances to the closing balances for Level 2 fair values.

	2023	2022
	KD	KD
Balance at 1 January (Audited)	917,619	793,091
Write offs	(5,826)	(3,360)
Purchase of livestock	-	92,212
Sale of livestock	(34,581)	(27,754)
Gain on revaluation	33,262	49,603
Balance at 30 June (Unaudited)	<u>910,474</u>	<u>903,792</u>

19. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group for the year ended 31 December 2022.

20. Contingencies and commitments

i. Contingencies

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

	30 June	31 December	30 June
	2023	2022	2022
	KD	KD	KD
	(Unaudited)	(Audited)	(Unaudited)
Letters of guarantee	19,040,735	22,203,946	21,456,263

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

Legal claims

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

ii. Commitments

	30 June	31 December	30 June
	2023	2022	2022
	KD	KD	KD
	(Unaudited)	(Audited)	(Unaudited)
<i>Capital expenditure commitments</i>			
Property, plant and equipment	21,642,413	32,350,777	5,260,778
Intangible assets	757,506	1,287,892	186,275
	<u>22,399,919</u>	<u>33,638,669</u>	<u>5,447,053</u>

21. Annual General Assembly

The Shareholders in their annual general meeting held on 14 May 2023 approved the audited consolidated financial statements of the Group for the year ended 31 December 2022 and the payment of cash dividend of 12 fils per share (31 December 2021: 16 fils per share) on outstanding shares (excluding treasury shares) (2021: stock dividend distributable from treasury shares, aggregating 2 shares for 100 shares) for the year ended 31 December 2022.