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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2018

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 31 March 2018 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month 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, as amended and its executive regulation, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three-month period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

13 May 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 March 2018

	Notes	*31 March 2018 KD*	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
ASSETS				
Non-current assets				
Property, plant and equipment		**79,099,381**	77,113,969	68,106,588
Intangible assets		**13,556,624**	13,566,688	13,754,321
Investment in associates		**1,208,791**	1,124,307	1,014,041
Investment properties	3	**4,123,333**	4,176,695	4,293,831
Biological assets		**663,391**	696,571	765,779
Investment securities		**1,733,785**	763,423	763,423
		100,385,305	97,441,653	88,697,983
Current assets				
Trade and other receivables	4	**68,702,797**	60,165,695	72,990,771
Inventories	5	**34,387,192**	37,516,148	36,144,363
Due from related parties	6	**35,615**	37,098	43,876
Bank balances and cash	7	**17,679,317**	15,726,298	18,927,082
		120,804,921	113,445,239	128,106,092
TOTAL ASSETS		**221,190,226**	210,886,892	216,804,075
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		**4,496,464**	4,449,137	4,175,698
Loans and borrowings	8	**3,603,600**	3,991,185	6,931,144
		8,100,064	8,440,322	11,106,842
Current liabilities				
Loans and borrowings	8	**40,713,840**	39,651,640	31,702,050
Trade and other payables	9	**43,151,917**	40,689,219	40,431,702
Due to related parties	6	**639,901**	464,185	1,213,871
Bank overdrafts	7	**7,827,264**	6,555,908	15,535,674
		92,332,922	87,360,952	88,883,297
TOTAL LIABILITIES		**100,432,986**	95,801,274	99,990,139
NET ASSETS		**120,757,240**	115,085,618	116,813,936
EQUITY				
Share capital		**31,132,500**	31,132,500	31,132,500
Treasury shares		**(37,500)**	(37,500)	-
Statutory reserve		**16,601,335**	16,601,335	15,234,911
Voluntary reserve		**16,601,335**	16,601,335	15,234,911
Retained earnings		**52,006,829**	46,296,483	50,124,883
Foreign currency translation reserve		**(610,384)**	(554,967)	(327,990)
Fair value reserve		**46,403**	46,403	46,403
Equity attributable to equity holders of the Parent Company		**115,740,518**	110,085,589	111,445,618
Non-controlling interests		**5,016,722**	5,000,029	5,368,318
TOTAL EQUITY		**120,757,240**	115,085,618	116,813,936

Abdul Rahman Jassim Mohammed Al Wazzan
(Chairman)

Garrett Walsh
(Chief Executive Officer)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three month ended 31 March 2018

	Notes	Three months period ended 31 March 2018 KD	Three months period ended 31 March 2017 KD
Revenue		**58,831,492**	57,548,299
Cost of revenue		**(45,463,682)**	(42,366,381)
GROSS PROFIT		**13,367,810**	15,181,918
Operating expenses			
Selling and distribution expenses		**(3,902,199)**	(5,582,532)
General and administrative expenses		**(4,001,404)**	(3,958,847)
Other income	10	**327,394**	393,864
OPERATING PROFIT		**5,791,601**	6,034,403
Share of results of associates		**84,484**	-
Finance costs		**(599,249)**	(386,585)
PROFIT BEFORE TAX AND BOARD OF DIRECTORS' REMUNERATION		**5,276,836**	5,647,818
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		**(47,218)**	(50,469)
National Labour Support Tax ("NLST")		**(133,910)**	(152,903)
Zakat		**(53,563)**	(61,161)
Board of Directors' remuneration		**(25,000)**	(25,000)
PROFIT FOR THE PERIOD		**5,017,145**	5,358,285
Attributable to:			
Equity holders of the Parent Company		**4,986,784**	5,318,123
Non-controlling interests		**30,361**	40,162
		5,017,145	5,358,285
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	11	**16.02 fils**	17.08 fils

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three month ended 31 March 2018

	Three months period ended 31 March	
	2018	*2017*
	KD	*KD*
Profit for the period	**5,017,145**	5,358,285
Other comprehensive income (loss):		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net gain (loss) on hedge of investment in foreign operations	**108,450**	(137,494)
Exchange differences on translation of foreign operations	**(177,535)**	(100,779)
Other comprehensive loss for the period	**(69,085)**	(238,273)
Total comprehensive income for the period	**4,948,060**	5,120,012
Attributable to:		
Equity holders of the Parent Company	**4,931,367**	5,088,953
Non-controlling interests	**16,693**	31,059
	4,948,060	5,120,012

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three month ended 31 March 2018

	Note	*Three months period ended 31 March* *2018* *KD*	*2017* *KD*
OPERATING ACTIVITIES			
Profit for the period before tax and Board of Directors' remuneration		**5,276,836**	5,647,818
Adjustments to reconcile profit to net cash flows:			
Depreciation		**1,214,048**	1,191,626
Amortisation of intangible assets		**84,987**	79,095
Fair value increase in investment securities		**(16,395)**	-
Share of results of associates		**(84,484)**	-
Provision for employees' end of service benefits		**283,566**	295,987
(Reversal of) provision for obsolete and slow moving inventories		**(30,513)**	63,380
Provision for bad and doubtful debts		**169,639**	99,120
Gain on disposal of property, plant and equipment		**(4,243)**	(25,839)
Gain on revaluation of biological assets		**(28,840)**	(48,180)
Loss on disposal of biological assets		**23,800**	6,867
Write-off of biological assets		**4,302**	6,030
Finance costs		**599,249**	386,585
Net foreign exchange differences	10	**(3,316)**	(196,335)
		7,488,636	7,506,154
Working capital adjustments:			
Trade and other receivables		**(8,930,673)**	(3,296,354)
Inventories		**3,159,292**	401,801
Net movement in amount due from/to related parties		**177,199**	(131,313)
Trade and other payables		**2,206,323**	(4,258,524)
Cash from operations		**4,100,777**	221,764
Employees' end of service benefits paid		**(226,491)**	(187,716)
Net cash flows from operating activities		**3,874,286**	34,048
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(3,451,944)**	(2,998,937)
Proceeds from disposal of property, plant and equipment		**101,588**	48,450
Purchase of intangible assets		**(150,144)**	(62,247)
Acquisition of non-controlling interests		-	(7,054)
Proceeds from disposal of biological assets		**33,918**	22,380
Net cash flows used in investing activities		**(3,466,582)**	(2,997,408)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**4,072,500**	826,050
Repayment of loans and borrowings		**(3,397,885)**	(1,978,076)
Finance costs paid		**(599,249)**	(386,585)
Net cash flows from (used in) financing activities		**75,366**	(1,538,611)
Effect of foreign exchange difference		**198,593**	(70,968)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**681,663**	(4,572,939)
Cash and cash equivalents at 1 January		**9,170,390**	7,964,347
CASH AND CASH EQUIVALENTS AT 31 MARCH		**9,852,053**	3,391,408

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three month ended 31 March 2018

	Attributable to equity holders of the Parent Company									
	Share capital KD	*Treasury shares 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*
Balance at 1 January 2018 before the adoption of IFRS 9 (Audited)	31,132,500	(37,500)	16,601,335	16,601,335	46,296,483	(554,967)	46,403	110,085,589	5,000,029	115,085,618
Transition adjustment on initial application of IFRS 9 (Note 2.2)	-	-	-	-	723,562	-	-	723,562	-	723,562
Adjusted balance as at 1 January 2018	31,132,500	(37,500)	16,601,335	16,601,335	47,020,045	(554,967)	46,403	110,809,151	5,000,029	115,809,180
Profit for the period	-	-	-	-	4,986,784	-	-	4,986,784	30,361	5,017,145
Other comprehensive loss	-	-	-	-	-	(55,417)	-	(55,417)	(13,668)	(69,085)
Total comprehensive income (loss) for the period	-	-	-	-	4,986,784	(55,417)	-	4,931,367	16,693	4,948,060
As at 31 March 2018	**31,132,500**	**(37,500)**	**16,601,335**	**16,601,335**	**52,006,829**	**(610,384)**	**46,403**	**115,740,518**	**5,016,722**	**120,757,240**
As at 1 January 2017	31,132,500	-	15,234,911	15,234,911	44,803,621	(98,820)	46,403	106,353,526	5,347,452	111,700,978
Profit for the period	-	-	-	-	5,318,123	-	-	5,318,123	40,162	5,358,285
Other comprehensive loss	-	-	-	-	-	(229,170)	-	(229,170)	(9,103)	(238,273)
Total comprehensive income (loss) for the period	-	-	-	-	5,318,123	(229,170)	-	5,088,953	31,059	5,120,012
Acquisition of non-controlling interests without a change in control	-	-	-	-	3,139	-	-	3,139	(10,193)	(7,054)
As at 31 March 2017	31,132,500	-	15,234,911	15,234,911	50,124,883	(327,990)	46,403	111,445,618	5,368,318	116,813,936

The attached notes 1 to 15 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 three months period ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2018.

The Parent Company is a shareholding company registered and incorporated as a holding company in Kuwait on 3 August 1999. The registered office of the Parent Company is Building no. 287, Block 1, Aradiya, Kuwait. The Group is principally engaged in manufacturing, sale and distribution of food and non-food products. The shares of the Parent Company are publicly traded on Kuwait Stock Exchange (KSE).

2.1 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 2017.

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

2.2 NEW STANDARDS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, except for the change in accounting policy detailed below for adoption of *IFRS 15 – Revenue from Contracts with Customers* and *IFRS 9 – Financial Instruments* from 1 January 2018, excluding the trade receivables carried at amortised cost.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group's adoption of IFRS 15 under modified retrospective method had no material impact on this interim condensed consolidated financial information of the Group.

IFRS 9 – Financial Instruments
The Group has adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarized below.

a) Classification of financial assets
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

(1) Financial assets carried at amortised cost;
(2) Financial assets carried at fair value through other comprehensive income (FVOCI); and
(3) Financial assets carried at fair value through profit or loss (FVTPL)

2.2 NEW STANDARDS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 9 – Financial Instruments (continued)
a) Classification of financial assets (continued)

(1) Financial assets carried at amortised cost:
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

(a) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below. Further, financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Financing income, foreign exchange gains and losses and impairment are recognised in the interim condensed consolidated statement of income. Any gain or loss on derecognition is recognised in the interim condensed consolidated statement of income.

(a) Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(b) SPPI test
As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

(2) Financial assets carried at fair value through other comprehensive income (FVOCI):

(i) Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

2.2 NEW STANDARDS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 9 – Financial Instruments (continued)
Classification of financial assets (continued)

(2) Financial assets carried at fair value through other comprehensive income (FVOCI) (continued):

(i) Debt instruments at FVOCI (continued)
FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Financing income and foreign exchange gains and losses and impairment losses are recognised in interim condensed consolidated statement of income. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from equity to the interim condensed consolidated statement of profit or loss.

(ii) Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in interim condensed consolidated statement of comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognised in interim condensed consolidated statement of comprehensive income are transferred to retained earnings on derecognition and are not recognised in the interim condensed consolidated statement of profit or loss. Dividend income on equity investments at FVOCI are recognised in the interim condensed consolidated statement of profit or loss unless they clearly represent a recovery of part of the cost of the investment in which case they are recognised in interim condensed consolidated statement of comprehensive income. Equity investments at FVOCI are not subject to impairment assessment.

(3) Financial assets at fair value through profit or loss (FVPL)

The Group recorded and measured financial assets at fair value though profit or loss in the interim condensed consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset at FVPL if it does not meet the requirements to be measured at amortised cost or at FVOCI and by doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, financing income and dividends are recorded in interim condensed consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are certain equity securities that have been acquired principally for the purpose of selling or repurchasing in the near term.

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition apart in the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

b) Impairment of financial assets
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not held at FVPL. The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2.2 NEW STANDARDS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 9 – Financial Instruments (continued)

c) Hedge accounting
The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships would continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 did not have a significant impact on the Group's interim condensed consolidated financial information.

d) Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
   - The determination of the business model within which a financial asset is held.
   - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVPL.

Impact of adopting IFRS 9

The impact of this change in accounting policy as at 1 January 2018 has been to increase retained earnings by KD 723,562 as follows:

	Retained earnings KD
Closing balance under IAS 39 as at 31 December 2017	46,296,483
Impact on reclassification and re-measurements:	
Reclassification of investment securities (equity) from available-for-sale to FVPL	953,967
Total reclassification and re-measurements impact on opening balance	953,967
Impact on recognition of ECL on trade receivables :	
ECL under IFRS 9 for trade receivables at amortised cost	(230,405)
Total ECL impact on opening balance	(230,405)
Total transition adjustment on adoption of IFRS 9 as at 1 January 2018	**723,562**
Opening balance under IFRS 9 on date of initial application as 1 January 2018	**47,020,045**

2.2 NEW STANDARDS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 9 – Financial Instruments (continued)

Classification of financial assets on the date of initial application of IFRS 9
The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018.

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*Re-measurement ECL*	*Re-measurement others*	*New carrying amount under IFRS 9*
			KD 000's	*KD 000's*	*KD 000's*	*KD 000's*
Financial assets						
Bank balances and cash	Loans and receivable	Amortised cost	15,726	-	-	15,726
Trade receivables	Loans and receivable	Amortised cost	41,100	(230)	-	40,870
Investment securities – Unquoted equity	Available for sale	FVPL	763	-	954	1,717
Other assets	Loans and receivable	Amortised cost	37	-	-	37
Total financial assets			**57,626**	**(230)**	**954**	**58,350**

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

Judgments, estimates and assumptions
In the process of applying the Group's accounting policies, management has made the following judgments, which has the most significant effect in the amounts recognised in the consolidated financial statements:

Classification of financial assets- policy applicable from 1 January 2018
Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets at amortised cost- policy applicable from 1 January 2018
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period

3 INVESTMENT PROPERTIES

The movement in investment properties is as follows:

	31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
As at 1 January	**4,176,695**	4,336,091	4,336,091
Depreciation	**(24,906)**	(102,077)	(25,306)
Net foreign exchange differences	**(28,456)**	(57,319)	(16,954)
	4,123,333	4,176,695	4,293,831

Management has estimated the economic useful life of the buildings to be 5-30 years.

Investment properties include land of KD 1,600,599 (31 December 2017: KD 1,611,592 and 31 March 2017: KD 1,626,983) that has an indefinite economic life and is therefore not depreciated.

The fair value of the investment properties as at 31 December 2017 was estimated by independent valuers to be KD 5,172,366. Management does not anticipate significant change in fair value during the three-month period ended 31 March 2018.

All of the Group's investment properties are categorised within Level 3. During the three-month period ended 31 March 2018, there were no transfers between the levels in the fair value hierarchy.

4 TRADE AND OTHER RECEIVABLES

	31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
Trade receivables	**50,019,810**	45,522,137	57,751,983
Less: Allowance for bad and doubtful debts	**(4,545,483)**	(4,421,313)	(4,051,616)
Trade receivables – net of doubtful debt allowance	**45,474,327**	41,100,824	53,700,367
Advances to suppliers	**16,270,418**	14,776,705	14,737,650
Prepaid expenses	**2,966,260**	2,035,260	2,109,325
Refundable deposits	**768,029**	698,509	635,375
Other receivables	**3,223,763**	1,554,397	1,808,054
	68,702,797	60,165,695	72,990,771

5 INVENTORIES

	31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
Goods for resale (at lower of cost and net realizable value)	**22,607,189**	25,554,313	25,242,120
Raw materials and consumables (at cost)	**9,300,386**	9,636,822	7,737,078
Finished goods (at lower of cost and net realizable value) and work in progress (at cost)	**1,397,334**	1,395,928	1,295,897
Goods in transit (at cost)	**1,972,577**	1,897,019	2,928,692
	35,277,486	38,484,082	37,203,787
Less: Allowance for obsolete and slow moving inventories	**(890,294)**	(967,934)	(1,059,424)
	34,387,192	37,516,148	36,144,363

The write downs and reversals are included in 'cost of revenue' in the statement of profit or loss.

6 RELATED PARTY DISCLOSURES

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*	***31 March 2018*** ***KD***	*(Audited) 31 December 2017* *KD*	*31 March 2017* *KD*
Interim condensed consolidated statement of financial position:						
Due from related parties	-	-	35,615	**35,615**	37,098	43,876
Due to related parties	103,666	7,854	528,381	**639,901**	464,185	1,213,871

Outstanding balances with related parties are unsecured, interest free and have no fixed repayment schedule.

	Major shareholders	*Other related parties*	*Three months period ended 31 March*	
			2018	*2017*
	KD	*KD*	***KD***	*KD*
Interim condensed consolidated statement of income:				
Revenue	3,193	40,514	**43,707**	60,012
Cost of revenue	(1,452)	-	**(1,452)**	(7,428)
Other income	-	121,952	**121,952**	112,997
General and administrative expenses	-	(81,945)	**(81,945)**	(83,930)

Compensation of 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. The key management personnel compensation is as follows:

	Three months period ended 31 March	
	2018	*2017*
	KD	*KD*
Key management compensation:		
Salaries and other short-term benefits	**401,410**	388,263
Employees' end of service benefits	**21,090**	15,521
	422,500	403,784

The Board of Directors at their meeting held on 18 March 2018 proposed directors' remuneration of KD 100,000 for the year ended 31 December 2017. The remuneration was approved by the shareholders at the AGM held on 18 April 2018.

7 CASH AND CASH EQUIVALENTS

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Bank balances and cash	**17,679,317**	15,726,298	18,927,082
Bank overdrafts	**(7,827,264)**	(6,555,908)	(15,535,674)
Cash and cash equivalents included in interim condensed consolidated statement of cash flows	**9,852,053**	9,170,390	3,391,408

Bank overdrafts are repayable on demand and carry an average effective interest rate of 3.75 % (31 December 2017: 3.75% and 31 March 2017: 3.25%) per annum.

8 LOANS AND BORROWINGS

Currency	*Current*			*Non-current*		
	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*	*31 March 2018 KD*	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Kuwaiti Dinars	**9,247,400**	10,997,800	6,000,000	-	-	-
US Dollars	**30,025,000**	27,202,500	24,236,850	-	-	1,802,944
Saudi Riyal	**1,441,440**	1,451,340	1,465,200	**3,603,600**	3,991,185	5,128,200
	40,713,840	39,651,640	31,702,050	**3,603,600**	3,991,185	6,931,144

9 TRADE AND OTHER PAYABLES

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Trade payables	**31,878,432**	27,106,089	30,230,254
Accrued expenses	**8,604,987**	7,303,673	7,905,283
Advances from customers	**2,648,727**	6,260,167	17,307
Other payables	**19,771**	19,290	2,278,858
	43,151,917	40,689,219	40,431,702

10 OTHER INCOME

	Three months period ended 31 March	
	2018 KD	*2017 KD*
(Loss) gain on disposal of property, plant and equipment	**(19,557)**	25,839
Net foreign exchange differences	**3,316**	196,335
Other income	**343,635**	171,690
	327,394	393,864

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Three months ended 31 March	
	2018	*2017*
Profit for the period attributable to equity holders of the Parent Company (KD)	**4,986,783**	5,318,123
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period (shares)	**311,275,000**	311,325,000
Basic and diluted EPS (fils)	**16.02**	17.08

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

12 DISTRIBUTIONS MADE AND PROPOSED

- The Parent Company's Board of Directors in their meeting held on 18 March 2018 proposed cash dividend of 22 fils per share (aggregating to KD 6,848,050) for the year ended 31 December 2017. The 2017 proposed dividend was approved by the shareholders at the AGM on 18 April 2018.
- The Parent Company's Board of Directors in their meeting held on 12 February 2017 proposed cash dividends of 28 fils per share (aggregating to KD 8,717,100) for the year ended 31 December 2016. This proposal has been approved by the shareholders at the AGM on 10 April 2017.

13 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:

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Letters of guarantee	**15,065,038**	14,894,886	14,696,509

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 claim contingency
The Group is involved in various legal claims in the ordinary course of business. Management does not believe that such proceedings (including litigation) will have a material effect on the Group's results and financial position.

13 CONTINGENCIES AND COMMITMENTS (continued)

(b) Commitments:

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Capital expenditure commitments			
Future estimated capital expenditure contracted for as at the reporting date:			
Property, plant and equipment	**7,484,364**	10,824,279	14,900,819
Intangible assets	**198,517**	272,931	508,587
	7,682,881	11,097,210	15,409,406
Operating lease commitments – Group as a lessee:			
Future minimum rentals payable under operating leases:			
Within one year	**2,789,251**	3,595,019	2,576,547
After one year but not more than five years	**300,836**	346,254	517,956
Total operating lease expenditure contracted for as at the reporting date	**3,090,087**	3,941,273	3,094,503

14 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:

(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.

(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.

The Group's chief executive officer reviews the internal management reports of each reportable segment at least 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.

14 SEGMENT INFORMATION (continued)

a) The following tables present information of the Group's operating segments.

	31 March 2018 (Unaudited)								
	Food				***Non-food***			***Corporate***	
	Food KD	*Catering KD*	*Services KD*	***Sub-total KD***	*FMCG KD*	*Industrial KD*	***Sub-total KD***	*KD*	*Total KD*
Revenue	26,914,872	9,566,417	3,408,084	**39,889,373**	17,482,577	1,433,771	**18,916,348**	**25,771**	**58,831,492**
Segment profit (loss)	2,759,015	352,850	808,648	**3,920,513**	1,731,189	120,321	**1,851,510**	**(495,187)**	**5,276,836**
Total assets	112,926,567	26,559,122	10,928,047	**150,413,736**	46,697,386	10,906,884	**57,604,270**	**13,172,220**	**221,190,226**
Total liabilities	21,271,901	8,321,003	2,549,204	**32,142,108**	7,986,787	2,191,330	**10,178,117**	**58,112,761**	**100,432,986**

	31 March 2017 (Unaudited)								
	Food				*Non-food*			*Corporate*	
	Food KD	*Catering KD*	*Services KD*	*Sub-total KD*	*FMCG KD*	*Industrial KD*	*Sub-total KD*	*KD*	*Total KD*
Revenue	29,024,474	7,436,954	3,618,613	40,080,041	15,894,272	1,562,029	17,456,301	11,957	57,548,299
Segment profit (loss)	3,312,521	236,605	755,805	4,304,931	1,635,098	275,579	1,910,677	(567,790)	5,647,818
Total assets	106,996,072	23,668,040	11,251,814	141,915,926	54,601,995	10,371,402	64,973,397	9,914,752	216,804,075
Total liabilities	21,565,631	7,304,780	2,720,402	31,590,813	8,150,701	2,979,816	11,130,517	57,268,809	99,990,139

14 SEGMENT INFORMATION (continued)

	31 December 2017 (Audited)								
	Food				*Non-food*			*Corporate*	
	Food *KD*	*Catering* *KD*	*Services* *KD*	*Sub-total* *KD*	*FMCG* *KD*	*Industrial* *KD*	*Sub-total* *KD*	*KD*	*Total* *KD*
Revenue	110,322,528	29,409,292	14,418,566	154,150,386	44,657,505	5,661,815	50,319,320	78,319	204,548,025
Segment profit (loss)	10,082,253	(113,697)	3,092,851	13,061,407	2,178,713	1,047,291	3,226,004	(2,703,670)	13,583,741
Total assets	107,583,058	25,448,756	11,500,144	144,531,958	45,784,368	10,590,265	56,374,633	9,980,301	210,886,892
Total liabilities	18,854,188	7,306,416	2,191,531	28,352,135	10,671,494	2,082,345	12,753,839	54,695,300	95,801,274

14 SEGMENT INFORMATION (continued)

b) The following tables present information regarding the Group's geographical area of operations.

	Kuwait KD	*KSA KD*	*U.A.E KD*	*Qatar KD*	*Jordan KD*	*Afghanistan KD*	*Iraq KD*	*Total KD*
31 March 2018 (Unaudited)								
Revenue	**44,132,650**	**1,228,892**	**5,554,277**	**5,162,868**	**1,184,833**	**1,055,985**	**511,987**	**58,831,492**
Non-current assets	**67,491,501**	**8,446,840**	**11,184,868**	**11,143,710**	**2,057,169**	**61,217**	**-**	**100,385,305**
31 December 2017 (Audited)								
Revenue	136,998,966	4,880,016	30,357,404	20,280,228	5,746,214	4,306,698	1,978,499	204,548,025
Non-current assets	63,814,618	8,593,111	10,821,216	12,028,448	2,114,637	69,623	-	97,441,653
31 March 2017 (Unaudited)								
Revenue	40,094,227	1,593,422	7,840,313	4,988,270	1,589,888	1,000,318	441,861	57,548,299
Non-current assets	56,942,079	8,625,798	8,645,673	11,931,103	2,457,681	95,649	-	88,697,983

15 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Non-financial instruments:
Investment property is fair valued and is classified under level 3 fair value hierarchy.

The fair value of investment properties under the Level 3 hierarchy was determined using the market comparable approach.

Financial instruments:
Financial instruments comprise of financial assets and financial liabilities.

For financial instruments where there is no active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial assets at fair value through profit and loss is fair valued and is classified under fair value hierarchies as given below:

	Level 3 *KD*	*Total* *KD*
31 March 2018		
Investment securities	1,733,785	**1,733,785**
31 December 2017 and 31 March 2017		
Investment securities	-	-
	-	-

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	As at 1 January 2018 *KD*	*Reclassification due to adoption of IFRS 9* *KD*	*Gain recorded in profit or loss* *KD*	*As at 31 March 2018* *KD*
Financial assets at fair value through profit or loss				
Equity securities	-	**1,717,390**	**16,395**	**1,733,785**

Description of significant unobservable inputs to valuation

	Valuation techniques	*Significant unobservable inputs*	*Range*	*Sensitivity of the input to fair value*
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.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short term maturity or re-priced immediately based on market rates.

Due to application of IFRS 9, equity securities previously stated at cost were measured at fair value and classified as level 3 for the first time.