



**Livestock Transport and Trading Company K.P.S.C.
and its subsidiaries
State of Kuwait**

Interim condensed consolidated financial information (Unaudited)
and review report for the nine month period ended 30 September 2017



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The Board of Directors

Livestock Transport and Trading Company K.P.S.C.
State of Kuwait

Report on review of interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2017, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The Parent Company's 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

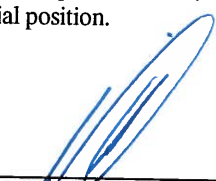
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

Report on review of 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 nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, as amended, and its Executive Regulation nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the nine month period ended 30 September 2017, that might have had a material effect on the business of the Group or its consolidated financial position.



Khalid Ebrahim Al-Shatti
License No. 175A
PricewaterhouseCoopers
(Al-Shatti & Co.)

Kuwait: 12 November 2017

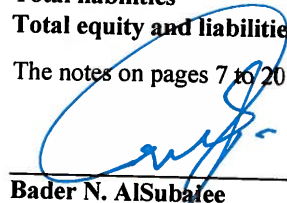


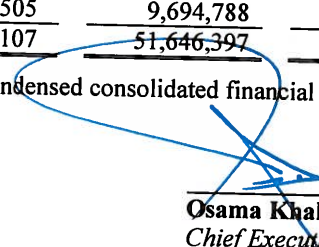
Qais M. Al-Nisf
License No. 38 "A"
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Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2017
(All amounts are in Kuwaiti Dinar)

	Notes	30 September 2017	31 December 2016 (Audited)	30 September 2016
ASSETS				
Non-current assets				
Property, plant and equipment	5	25,442,556	14,611,547	9,993,344
Investments in associates		455,142	513,986	619,941
Available for sale investments	6	995,075	1,024,559	1,031,499
Held to maturity investments	7	2,742,661	2,427,352	1,211,285
		<u>29,635,434</u>	<u>18,577,444</u>	<u>12,856,069</u>
Current assets				
Inventories	8	6,978,850	4,275,227	5,889,336
Trade and other receivables	9	18,907,516	16,622,889	16,706,689
Investments at fair value through profit or loss		1,050,647	939,791	949,248
Cash and cash equivalents	10	9,981,660	11,231,046	9,243,649
		<u>36,918,673</u>	<u>33,068,953</u>	<u>32,788,922</u>
Total assets		<u>66,554,107</u>	<u>51,646,397</u>	<u>45,644,991</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		21,659,057	21,659,057	21,659,057
Share premium		4,967,805	4,967,805	4,967,805
Treasury shares	11	(1,647,126)	(1,647,126)	(1,647,126)
Statutory reserve		11,825,560	11,825,560	11,825,560
Voluntary reserve	20	4,204,289	10,758,595	10,758,595
Other reserves	12	57,785	(104,042)	22,116
Retained earnings / (accumulated losses)		2,467,232	(5,508,240)	(6,833,054)
Total equity		<u>43,534,602</u>	<u>41,951,609</u>	<u>40,752,953</u>
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		1,476,627	1,415,440	1,437,020
Bank borrowing	13	10,514,007	2,556,714	-
		<u>11,990,634</u>	<u>3,972,154</u>	<u>1,437,020</u>
Current liabilities				
Bank borrowing	13	2,500,000	-	-
Trade and other payables	14	8,528,871	5,722,634	3,455,018
		<u>11,028,871</u>	<u>5,722,634</u>	<u>3,455,018</u>
Total liabilities		<u>23,019,505</u>	<u>9,694,788</u>	<u>4,892,038</u>
Total equity and liabilities		<u>66,554,107</u>	<u>51,646,397</u>	<u>45,644,991</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.


Bader N. AlSubaiee
Chairman


Osama Khaled Bodai
Chief Executive Officer

**Livestock Transport and Trading Company K.P.S.C.
and its subsidiaries
State of Kuwait**



Interim condensed consolidated statement of income (Unaudited)
For the nine month period ended 30 September 2017
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017	2016	2017	2016
Operating revenues		14,371,046	14,140,401	46,605,771	38,925,362
Operating costs		(13,012,266)	(13,013,290)	(42,325,027)	(34,199,484)
Gross profit		1,358,780	1,127,111	4,280,744	4,725,878
Other operating income	15	68,061	92,797	1,332,886	311,695
Marketing expenses		(358,154)	(300,964)	(1,308,854)	(947,655)
General and administrative expenses		(559,072)	(603,771)	(1,810,007)	(1,802,972)
Other operating expenses		-	-	-	(108,698)
Operating profit		509,615	315,173	2,494,769	2,178,248
Net investment income		53,625	34,379	140,912	159,034
Group's share in associates' results		(18,428)	23,755	(24,569)	137,333
Gain on disposal of an associate		-	-	-	199,788
Foreign currency exchange (loss) / gain		(153,692)	217,591	(17,089)	62,240
Profit before subsidiaries' tax and deductions		391,120	590,898	2,594,023	2,736,643
Income tax on subsidiaries		-	(16,968)	-	(45,164)
Profit after subsidiaries' tax and before deductions		391,120	573,930	2,594,023	2,691,479
National Labor Support Tax ("NLST")		(9,778)	(14,308)	(64,851)	(67,287)
Zakat		(3,911)	(5,723)	(25,940)	(26,915)
Board of Directors' remuneration		(12,000)	(12,000)	(36,000)	(36,000)
Profit for the period		365,431	541,899	2,467,232	2,561,277
Basic and diluted earnings per share (fils)	16	1.75	2.59	11.79	12.24

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the nine month period ended 30 September 2017
(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017	2016	2017	2016
Profit for the period		<u>365,431</u>	<u>541,899</u>	<u>2,467,232</u>	<u>2,561,277</u>
Other comprehensive income items:					
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>					
Available for sale investments:					
- Change in fair value	12	21,946	(34,817)	8,932	(51,343)
Foreign currency translation differences	12	<u>45,062</u>	<u>11,718</u>	<u>152,895</u>	<u>34,507</u>
Other comprehensive income / (loss) for the period		<u>67,008</u>	<u>(23,099)</u>	<u>161,827</u>	<u>(16,836)</u>
Total comprehensive income for the period		<u><u>432,439</u></u>	<u><u>518,800</u></u>	<u><u>2,629,059</u></u>	<u><u>2,544,441</u></u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

**Livestock Transport and Trading Company K.P.S.C.
and its subsidiaries
State of Kuwait**



Interim condensed consolidated statement of changes in equity (Unaudited)

For the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Retained earnings/ (accumulated losses)	Total equity
At 1 January 2017	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	(104,042)	(5,508,240)	41,951,609
Profit for the period	-	-	-	-	-	-	2,467,232	2,467,232
Other comprehensive income for the period	-	-	-	-	-	161,827	-	161,827
Total comprehensive income for the period	-	-	-	-	-	161,827	-	161,827
Extinguishment of accumulated losses (Note 20)	-	-	-	-	-	161,827	2,467,232	2,629,059
Dividends paid (Note 20)	-	-	-	-	(5,508,240)	-	5,508,240	-
At 30 September 2017	<u>21,659,057</u>	<u>4,967,805</u>	<u>(1,647,126)</u>	<u>11,825,560</u>	<u>4,204,289</u>	<u>57,785</u>	<u>2,467,232</u>	<u>(1,046,066)</u>
								<u>43,534,602</u>
At 1 January 2016	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	38,952	(9,394,331)	38,208,512
Profit for the period	-	-	-	-	-	-	2,561,277	2,561,277
Other comprehensive loss for the period	-	-	-	-	-	(16,836)	-	(16,836)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(16,836)	-	(16,836)
At 30 September 2016	<u>21,659,057</u>	<u>4,967,805</u>	<u>(1,647,126)</u>	<u>11,825,560</u>	<u>10,758,595</u>	<u>(16,836)</u>	<u>2,561,277</u>	<u>2,544,441</u>
						<u>22,116</u>	<u>(6,833,054)</u>	<u>40,752,953</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

**Livestock Transport and Trading Company K.P.S.C.
and its subsidiaries
State of Kuwait**



Interim condensed consolidated statement of cash flows (Unaudited)
For the nine month period ended 30 September 2017
(All amounts are in Kuwaiti Dinar)

		For the nine months ended 30 September	
	Notes	2017	2016
OPERATING ACTIVITIES			
Profit for the period		2,467,232	2,561,277
<i>Adjustments for:</i>			
Depreciation	5	852,417	812,183
Interests on deposits and call accounts		(58,178)	(122,437)
Net investment income		(140,912)	(154,556)
Group's share in associates' results		24,569	(137,333)
Gain on disposal of an associate		-	(199,788)
Gain on disposal of available for sale investments		-	(4,478)
Foreign currency exchange (loss) / gain		17,089	(62,240)
Employees' end of service benefits		167,449	190,551
		3,329,666	2,883,179
<i>Changes in working capital:</i>			
Inventories		(2,703,623)	(36,360)
Trade and other receivables		(2,167,743)	(6,104,449)
Trade and other payables		2,751,215	(12,713)
Cash flows generated from / (used in) operations		1,209,515	(3,270,343)
Employees' end of service benefits paid		(105,759)	(133,488)
Net cash flows generated from / (used in) operating activities		1,103,756	(3,403,831)
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	5	(11,595,738)	(6,881,094)
Acquisition of a subsidiary, net of cash acquired		30,543	-
Dividends received from associates		34,920	34,345
Proceeds from disposal of an associate		-	199,788
Proceeds from sale of available for sale investments		38,416	36,042
Purchase of held to maturity investments		(315,309)	(1,175,914)
Investments at fair value through profit or loss		(85,082)	6,164,726
Interest received on deposits and call accounts		58,178	122,437
Net cash flows used in investing activities		(11,834,072)	(1,499,670)
FINANCING ACTIVITIES			
Dividends paid		(1,008,133)	-
Proceeds from bank borrowing		10,457,293	-
Net cash flows generated from financing activities		9,449,160	-
Net foreign exchange differences		31,770	(89,329)
Net decrease in cash and cash equivalents		(1,249,386)	(4,992,830)
Cash and cash equivalents at the beginning of the period		11,231,046	14,236,479
Cash and cash equivalents at the end of the period	10	9,981,660	9,243,649

The Parent Company has the following non-cash transaction during the period which is not presented in the interim condensed consolidated statement of cash flows:

Non-cash transaction:

Extinguishment of accumulated losses against voluntary reserve	20	5,508,240	-
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The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. INCORPORATION AND ACTIVITIES

Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") was incorporated in accordance with the Memorandum of Association authenticated at the Ministry of Justice - Real Estate Registration and Authentication Department under No. 70 /D/Vol. 2 on 24 November 1973. On 20 January 1974, the Parent Company has been incorporated in accordance with the resolution of the founders' General Assembly meeting of the Parent Company.

The head office of the Parent Company is located at Sulaibiya, Agricultural Area, Block 12, Kuwait. Kuwait Investment Authority is the principal shareholder in the Parent Company. The Parent Company is listed on Kuwait Stock Exchange.

The Parent Company's objectives are as follows:

1. To carry out all operations of producing, transporting and trading in all kinds of meat within the State of Kuwait and abroad.
2. To construct and buy farms, pastures, barns, land and real estate deemed necessary to achieve the Parent Company's objectives within the State of Kuwait or abroad, especially barns mentioned in the memorandum of association and in the way stated therein.
3. To carry out all transportation operations deemed necessary for the Parent Company's business or for others similar businesses whether within the State of Kuwait or abroad.
4. To own, buy and utilise means of marine and land transportation necessary to achieve the Parent Company's objectives. In addition, utilise air transport necessary for the same inside or outside the State of Kuwait.
5. To run any business or processing activity relating to meat production and transportation, wool and leather trade within the State of Kuwait or abroad.
6. To own, lease and rent of real estates, buildings, workshops, docks and stores deemed necessary to achieve the Parent Company's objectives.
7. To import and export marine equipment necessary for the Parent Company's vessels.
8. To import, export and manufacture all kinds of fodder.
9. The Parent Company may conduct all transactions and all other actions necessary to facilitate achieving its objectives. In addition, the Parent Company may have an interest or establish, own, contribute or participate in any way with other entities that practice business activities similar to its own or which may help the Parent Company in achieving its objectives inside and outside Kuwait, the Parent Company has the right to buy such entities or affiliate the same to it.
10. Utilisation of financial surplus through investment in portfolios managed by specialised companies and authorities.

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. INCORPORATION AND ACTIVITIES (CONTINUED)

The Group operates in three countries; Kuwait, United Arab Emirates ("UAE") and Australia, and transports and sells livestock to certain countries in the Middle East.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries (together referred to as the "Group").

<u>Name of the subsidiary</u>	<u>Voting rights and equity interest (%)</u>			<u>Activity</u>	<u>Country of incorporation</u>
	<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>		
Rural Export and Trading (WA) PTY Ltd.	100	100	100	Trade in livestock and meat	Australia
Trans Emirates Livestock Trading Company L.L.C. (formerly Emirates Livestock and Meat Products Trading Company L.L.C.)	100	49	49	Trade in livestock and meat	UAE

- On 22 January 2017, the Group acquired the remaining 51% of its former associate "Emirates Livestock and Meat Products Trading Company L.L.C." to become a fully owned subsidiary which resulted in no goodwill from the acquisition transaction as the purchase considerations was proportionate to the company's carrying values; thus, no purchase price allocation was performed as the company is dormant. Also, name has been changed to "Trans Emirates Livestock Trading Company L.L.C.". Out of the 51% acquired, 1% is held by a nominee of the Parent Company who has confirmed in writing that the Parent Company has the beneficial ownership interest in the subsidiary through a letter of assignment
- The financial information of the subsidiaries has been consolidated based on financial information prepared by management as at 30 September 2017.
- The total assets of subsidiaries amounted to KD 6,542,156 as at 30 September 2017 (31 December 2016: KD 5,243,221 and 30 September 2016: 5,799,381) and their respective total liabilities amounted KD 696,549 as at 30 September 2017 (31 December 2016: KD 506,138 and 30 September 2016: KD 686,077). Their revenue amounted to KD 7,371,062 for the nine month period ended 30 September 2017 (30 September 2016: KD 6,710,389). Their (loss) / profit amounted to KD (23,294) for the nine month period ended 30 September 2017 (30 September 2016: KD 57,847).

The interim condensed consolidated financial information for the period ended 30 September 2017 were authorised for issue by Parent Company's Board of Directors on 7 November 2017.

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2. BASIS OF PREPARATION

The interim condensed consolidated financial information have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The interim condensed consolidated financial information does not include all the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the nine month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2016.

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

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and amendments effective as of 1 January 2017. The nature and effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

The following is an explanation of new standards and amendments applicable as of 1 January 2017, as well as clarification of standards issued but not effective yet:

a) New standards and amendments effective from 1 January 2017

No new or amended standards have been effective for the current period that result in any material impact on the accounting policies, financial position or performance of the Group.

b) Standards and interpretations issued but not effective

The following new IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 Financial Instruments

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group's management anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's consolidated financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group's management undertakes a detailed review.

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

b) Standards and interpretations issued but not effective (Continued)

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 – Leases

The standard will affect primarily the accounting for the Group's operating leases. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Amendments to IFRS 2 - Share-based payment

Amendments to IFRS 2 Share-based payments clarified the effect of vesting conditions on the measurement of cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features and the accounting for a modification of the terms and conditions that changes the classification of the transaction from cash-settled to equity-settled. The Group is currently assessing the impact of the amendments to IFRS 2.

3. JUDGEMENT AND ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements 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 audited annual consolidated financial statements as at and for the financial year ended 31 December 2016.

4. FAIR VALUE ESTIMATION

The fair values of financial assets and liabilities are estimated as follows:

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in active markets for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level 3: Inputs for the asset or liabilities that are not based on observable market data.

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

4. FAIR VALUE ESTIMATION (CONTINUED)

The table below gives information about how the fair values of the financial assets are determined:

Financial assets	Fair value as at			Valuation date	Fair value hierarchy	Valuation technique(s) and key inputs
	30 September 2017	31 December 2016 (Audited)	30 September 2016			
Available for sale investments						
Quoted shares	48,344	82,149	84,511	30 September	Level 1	Bid prices
Unquoted shares	719,323	715,002	719,580	30 September	Level 2	Technical valuation
Total	767,667	797,151	804,091			
Investments at fair value through profit or loss						
Quoted shares	954,166	852,326	852,671	30 September	Level 1	Bid prices
Unquoted shares	96,481	87,465	96,577	30 September	Level 3	Technical valuation
Total	1,050,647	939,791	949,248			

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses.

The carrying value of other financial assets and liabilities does not significantly differ from their fair values as at the interim condensed consolidated financial information date.

5. PROPERTY, PLANT AND EQUIPMENT

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Opening balance	14,611,547	3,866,863	3,866,863
Additions*	11,595,738	11,854,531	6,881,094
Depreciation charge	(852,417)	(1,104,045)	(812,183)
Foreign currency translation differences	87,688	(5,802)	57,570
	25,442,556	14,611,547	9,993,344

*Additions include capital work in progress representing building of a new vessel, manufacturing equipments and construction of buildings amounting to KD 10,358,785 (year ended 31 December 2016: KD 10,703,781, period ended 30 September 2016: KD 6,824,622).

For the period ended 30 September 2017, depreciation charges amounting to KD 484,440, KD 130,361 and KD 237,616 (year ended 31 December 2016: KD 682,351, KD 160,496 and KD 261,198; period ended 30 September 2016: KD 506,513, KD 117,632 and KD 188,038) were charged to operating costs, marketing expenses and general and administrative expenses, respectively.

Machinery and equipment included in property, plant and equipment with a carrying value of KD 159,461 (year ended 31 December 2016: KD 190,523, period ended 30 September 2016: KD Nil) are mortgaged as a security against bank borrowing (Note 13).

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2017

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6. AVAILABLE FOR SALE INVESTMENTS

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Quoted securities	48,344	82,149	84,511
Unquoted local securities	592,932	567,036	582,895
Unquoted foreign securities	353,799	375,374	364,093
	<u>995,075</u>	<u>1,024,559</u>	<u>1,031,499</u>

- Available for sale investments include unquoted local securities of KD 227,408 as of 30 September 2017 (31 December 2016: KD 227,408 and 30 September 2016: KD 227,408), are carried at cost less impairment as its fair value cannot be reliably measured.

- Valuation techniques of available for sale investments are disclosed in Note 4.

7. HELD TO MATURITY INVESTMENTS

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Local bonds and Sukuk	<u>2,742,661</u>	<u>2,427,352</u>	<u>1,211,285</u>

During the period ended 30 September 2017, the Group has local Sukuk at annual return income of 5.50% (31 December 2016: KD 5.50% and 30 September 2016: KD 5.50%) and local bonds at annual interest rates ranging from 6.25% to 6.50% (31 December 2016: 6.20% to 6.50% and 30 September 2016: 6.20% to 6.50%). Bonds are classified as non-current on the basis of their maturities.

8. INVENTORIES

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Livestock and meat (net)	1,110,099	1,675,475	2,694,035
Fodder	91,984	228,426	438,614
Intestine	42,681	97,907	210,567
Medicines, fertilisers and others	<u>550,673</u>	<u>38,342</u>	<u>31,357</u>
	<u>1,795,437</u>	<u>2,040,150</u>	<u>3,374,573</u>
Goods in transit	3,984,289	1,313,052	1,600,458
Production materials and spare parts	<u>1,199,124</u>	<u>922,025</u>	<u>914,305</u>
	<u>6,978,850</u>	<u>4,275,227</u>	<u>5,889,336</u>

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9. TRADE AND OTHER RECEIVABLES

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Trade receivables	7,733,828	9,899,372	8,633,313
Accrued Government subsidy*	16,330,630	16,330,630	16,330,630
	24,064,458	26,230,002	24,963,943
Provision for doubtful debts	(13,128,324)	(13,130,070)	(13,126,867)
	10,936,134	13,099,932	11,837,076
Advances to suppliers	7,210,584	2,946,619	4,016,587
Prepaid expenses	403,856	183,994	349,780
Refundable deposits	21,978	13,277	11,055
Deferred tax assets	47,444	44,259	52,350
Others	287,520	334,808	439,841
	<u>18,907,516</u>	<u>16,622,889</u>	<u>16,706,689</u>

* Pursuant to Council of Ministers resolution No. 1308 dated 11 September 2011 regarding the Parent Company's purchase and transfer of livestock to Kuwait port (CIF) and selling the same at cost plus 15% margin, the Ministerial Decree No. 409 which was issued on 8 July 2012 regarding the Ministry of Commerce and Industry's financial support of KD 16.835 per head of sheep live or chilled or completely frozen which was entered into Kuwait from whatever source or means, and in effect until 1 November 2012.

The Government subsidy due from Ministry of Commerce and Industry (the "Ministry") as a result of the subsidy granted to the Parent Company to meet the increased prices of certain foodstuff and consumer goods in accordance with the previous ministerial Decrees' amounted to KD 16,330,630 as at 30 September 2017 (KD 16,330,630 as at 31 December 2016 and KD 16,330,630 as at 30 September 2016) which includes KD 1,665,502 recognised by the Group in excess of the amount stated in the Council of Ministers' Decree No. 1308 dated 11 September 2011 for covering the costs incurred for clearance, transportation, medical care, nutrition, dead livestock, and transportation to slaughterhouse, selling and marketing expenses and other livestock expenses.

To date, the Group's subsidy has not been approved by the Ministry due to a dispute regarding the subsidy per head. Further, there are legal cases filed by the Parent Company against the Ministry claiming the subsidy due amount. The court had appointed experts to look into the matter. On 1 March 2017, a verdict was issued by the Court of First Instances in favour of the Parent Company for an amount of KD 2,294,156. On 30 March 2017, management has appealed against the verdict demanding the full amount of KD 3,462,353 relating to the legal case. At the reporting date, the provision for impairment maintained against this balance amounted to KD 12,730,079 as at 30 September 2017 (KD 12,730,079 as at 31 December 2016 and KD 12,730,079 as at 30 September 2016).

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10. CASH AND CASH EQUIVALENTS

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Cash on hand and at banks	2,635,071	4,498,986	3,421,679
Time deposits maturing within 3 months from placement date	7,338,120	6,621,151	4,501,486
Cash at investment portfolios	8,469	110,909	1,320,484
	<u>9,981,660</u>	<u>11,231,046</u>	<u>9,243,649</u>

The annual average effective interest rate on deposits is 1.17% as at 30 September 2017 (31 December 2016: 1.13% and 30 September 2016: 1.19%).

11. TREASURY SHARES

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Number of shares	7,377,383	7,377,383	7,377,383
Percentage of issued shares (%)	3.41%	3.41%	3.41%
Market value	<u>2,065,667</u>	<u>1,578,760</u>	<u>1,785,327</u>

The Parent Company is committed to retain reserves, share premium and retained earnings equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the relevant instructions of the regulatory authorities.

12. OTHER RESERVES

	Change in fair value reserve of available for sale investments	Foreign currency translation reserve	Total
At 1 January 2017	(33,807)	(70,235)	(104,042)
Change in fair value of available for sale investments	8,932	-	8,932
Foreign currency translation differences	-	152,895	152,895
At 30 September 2017	<u>(24,875)</u>	<u>82,660</u>	<u>57,785</u>
At 1 January 2016	24,619	14,333	38,952
Change in fair value of available for sale investments	(58,426)	-	(58,426)
Foreign currency translation differences	-	(84,568)	(84,568)
At 31 December 2016	<u>(33,807)</u>	<u>(70,235)</u>	<u>(104,042)</u>
At 1 January 2016	24,619	14,333	38,952
Change in fair value of available for sale investments	(51,343)	-	(51,343)
Foreign currency translation differences	-	34,507	34,507
At 30 September 2016	<u>(26,724)</u>	<u>48,840</u>	<u>22,116</u>

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(All amounts are in Kuwaiti Dinar unless otherwise stated)

13. BANK BORROWING

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Non-current portion	10,514,007	2,556,714	-
Current portion	2,500,000	-	-
	<u>13,014,007</u>	<u>2,556,714</u>	<u>-</u>

Bank borrowing denominated in Kuwaiti Dinars ("KD") obtained from a local bank carry an effective interest rate of 3.5% (year ended 31 December 2016: 3.5% and period ended 30 September 2016: Nil) per annum. The bank borrowing is used to finance the building of a new vessel, manufacturing equipments and construction of buildings.

Bank borrowing is secured by the following:

- Machinery and equipment included in property, plant and equipment amounting to KD 159,461 (year ended 31 December 2016: KD 190,523, period ended 30 September 2016: KD Nil) (Note 5).
- It also requires, among many other matters, security over all the Parent Company's bank accounts held with the bank.

14. TRADE AND OTHER PAYABLES

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Trade payables	5,787,192	2,889,758	989,282
Advances from customers	56,574	-	-
Dividends payable (Note 18)	70,316	32,383	125,655
Accrued expenses	1,872,987	1,418,188	1,475,740
Accrued bonus expense	3,109	473,144	276,249
Accrued leave	239,592	170,068	165,216
Refundable deposits	10,000	10,000	-
Due to related parties (Note 18)	-	-	60,750
Board of Directors' remuneration (Note 18)	36,000	126,000	36,000
National Labour Support Tax ("NLST")	64,851	103,785	170,178
Zakat	25,940	41,514	68,072
Other payables	362,310	457,794	87,876
	<u>8,528,871</u>	<u>5,722,634</u>	<u>3,455,018</u>

15. OTHER OPERATING INCOME

Other operating income includes an amount of KD 1,088,000 representing gain on sale of utilisation right of a land in Al Rai area.

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16. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit for the period by the weighted average number of common shares outstanding (less treasury shares) during the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Profit for the period	365,431	541,899	2,467,232	2,561,277
Weighted average number of outstanding shares less treasury shares	209,213,192	209,213,192	209,213,192	209,213,192
Earnings per share (fils)	1.75	2.59	11.79	12.24

The Parent Company had no outstanding dilutive shares.

17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Letters of guarantee	1,498,231	428,375	1,904,446

As at 30 September 2017, the Group has capital commitments for new vessel, buildings and manufacturing equipments amounting KD 18,281,860 (31 December 2016: KD 27,105,833 and 30 September 2016: KD 31,725,184).

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent, major shareholders, directors and key management personnel of the Group, their close family members, and entities controlled, or significantly influenced by the Parent Company. In the ordinary course of business, and subject to the approval of the Group's management, transactions were made with such related parties during the period ended 30 September.

Details of significant related party transactions and balances are as follows:

Transactions	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Management fees paid to associates	-	24,076	-	72,421
Key management benefits Board of Directors'	128,084	59,534	235,161	129,721
remuneration	12,000	12,000	36,000	36,000
Group's share in associates' results	(18,428)	23,755	(24,569)	137,333

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18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances	30 September 2017	31 December 2016 (Audited)	30 September 2016
Key management long term balances	227,030	118,106	113,569
Key management short term balances	46,293	27,823	25,400
Investment in associates	455,142	513,986	619,941
Dividends payable (Note 14)	(70,316)	(32,383)	(125,655)
Due to related parties (Note 14)	-	-	(60,750)
Board of Directors' accrued remuneration (Note 14)	(36,000)	(126,000)	(36,000)

All transactions with related parties are subject to the approval of Shareholders General Assembly.

Amount due to related parties is interest free and will be settled on demand.

19. OPERATING SEGMENTS

19.1. Operating segments for the revenues and results

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group conducts its activities through three main segments:

- Commercial segment includes purchasing, transporting, ranching and selling the live and slaughtered sheep and all skins, intestines and fertilizers. Purchasing and selling fodder and also purchasing and selling chilled and frozen meat in wholesale and retail.
- Food processing segment includes meat processing and its classification in all products and selling it in wholesale.
- Investments segment include investment portfolios managed by specialised companies, and deposits.

The segments results are reported to the senior executive management of the Group, as well as the revenues and results of the Group's business, assets and liabilities are reported in accordance with the above mentioned segments. The revenues, profits, assets and liabilities are measured according to the same accounting basis followed in preparing the annual consolidated financial statements. The following is the segment analysis which is consistent with the internal reports submitted to the management:

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19. OPERATING SEGMENTS (CONTINUED)

19.1. Operating segments for the revenues and results (Continued)

19.1.1. Segment revenue

	Commercial segment		Food processing segment		Investments segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	KD 000's							
Kuwait	33,284	27,925	4,512	4,065	202	446	37,998	32,436
UAE	6,191	5,338	-	-	-	-	6,191	5,338
Australia	1,299	1,372	-	-	-	-	1,299	1,372
Total	40,774	34,635	4,512	4,065	202	446	45,488	39,146
Unallocated items:								
Miscellaneous revenues							1,217	425
Total revenue							46,705	39,571

19.1.2. Segment results

	Commercial segment		Food processing segment		Investments segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	KD 000's							
Kuwait	1,842	2,229	(644)	(209)	202	446	1,400	2,466
UAE	61	(66)	-	-	-	-	61	(66)
Australia	(84)	169	-	-	-	-	(84)	169
Total	1,819	2,332	(644)	(209)	202	446	1,377	2,569
Unallocated items:								
Other unallocated revenues							1,217	122
Other unallocated costs							(127)	(130)
Profit for the period							2,467	2,561

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19. OPERATING SEGMENTS (CONTINUED)

19.2. Segmental distribution of assets and liabilities

	Commercial segment			Food processing segment			Investments segment			Total	
	30 September 2017	31 December 2016 (Audited)	30 September 2016	30 September 2017	31 December 2016 (Audited)	30 September 2016	30 September 2017	31 December 2016 (Audited)	30 September 2016	31 December 2016 (Audited)	30 September 2016
Assets	45,642	30,360	27,697	6,046	5,663	5,512	14,866	15,623	12,436	66,554	45,645
Liabilities	22,972	9,639	4,836	48	56	56	-	-	-	23,020	4,892

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19. OPERATING SEGMENTS (CONTINUED)

19.3. Geographical distribution of assets and liabilities

		30 September 2017			
		Kuwait	UAE	Australia	Total
		KD 000's			
Assets		60,011	3,373	3,170	66,554
Liabilities		22,323	352	345	23,020

		31 December 2016 (Audited)			
		Kuwait	UAE	Australia	Total
		KD 000's			
Assets		46,403	2,284	2,959	51,646
Liabilities		9,189	263	243	9,695

		30 September 2016			
		Kuwait	UAE	Australia	Total
		KD 000's			
Assets		39,787	2,633	3,225	45,645
Liabilities		4,206	387	299	4,892

20. ANNUAL GENERAL ASSEMBLY MEETING

The Parent Company's Ordinary Annual General Assembly meeting ("AGM") held on 4 May 2017 approved the annual consolidated financial statements for the financial year ended 31 December 2016 and the following:

- Extinguishment of accumulated losses as at 31 December 2015 against voluntary reserve.
- Distribution of cash dividends of 5 fils per share amounting to KD 1,046,066 for the year ended 31 December 2016 (31 December 2015:Nil) through utilisation of the voluntary reserve after deducting the treasury shares.