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

Condensed consolidated interim financial information (Unaudited)
and independent auditor's review report for the nine month period ended 30 September 2018

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Contents

The Board of Directors

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

Report on review of condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated interim 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 2018, and the related condensed consolidated interim statements of income and comprehensive income for the three month and nine month periods then ended and the related condensed consolidated interim statements of 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 condensed consolidated interim financial information in accordance with International Accounting Standard 34: "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim 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 condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

Report on other legal and regulatory requirements

Furthermore, based on our review, the condensed consolidated interim 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, and its Executive Regulations nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the nine month period ended 30 September 2018, 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.)

11 November 2018
Kuwait

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

AL MAWASHI

Condensed consolidated interim statement of financial position
For the nine month period ended 30 September 2018
(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment	6	**36,034,156**	28,685,228	25,442,556
Investment in associates		**436,365**	376,347	455,142
Available for sale investments		-	822,829	995,075
Financial assets at fair value through other comprehensive income		**1,797,288**	-	-
Held to maturity investments		-	2,733,302	2,742,661
Financial assets at amortised costs	7	**2,733,302**	-	-
		41,001,111	32,617,706	29,635,434
Current assets				
Inventories	8	**2,521,598**	6,825,635	6,978,850
Trade and other receivables	9	**14,112,671**	23,373,864	18,907,516
Investments at fair value through profit or loss		-	1,028,042	1,050,647
Cash and cash equivalents	10	**9,565,266**	2,968,552	9,981,660
		26,199,535	34,196,093	36,918,673
Total assets		**67,200,646**	66,813,799	66,554,107
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		**4,489,130**	4,204,289	4,204,289
Other reserves	12	**(132,471)**	22,620	57,785
(Accumilated losses) / retained earnings		**(655,941)**	2,599,465	2,467,232
Net equity		**40,506,014**	43,631,670	43,534,602
Liabilities				
Non-current liabilities				
Employees' end of service benefits		**1,556,281**	1,498,291	1,476,627
Long term borrowing	13	**20,220,494**	11,369,341	10,514,007
		21,776,775	12,867,632	11,990,634
Current liabilities				
Bank borrowing		-	5,000,000	2,500,000
Trade and other payables	14	**4,917,857**	5,314,497	8,528,871
		4,917,857	10,314,497	11,028,871
Total liabilities		**26,694,632**	23,182,129	23,019,505
Total equity and liabilities		**67,200,646**	66,813,799	66,554,107

Bader N. AlSubaiee
Chairman

Osama Khaled Bodai
Chief Executive Officer

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

AL MAWASHI

Condensed consolidated interim statement of income
For the nine month period ended 30 September 2018
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended 30 September 2018 (unaudited)	Three months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2018 (unaudited)	Nine months ended 30 September 2017 (unaudited)
Operating revenue		**5,233,373**	14,371,046	**38,019,837**	46,605,771
Operating costs		**(5,078,974)**	(13,012,266)	**(35,691,598)**	(42,325,027)
Gross profit		**154,399**	1,358,780	**2,328,239**	4,280,744
Other operating income		**37,605**	68,061	**139,660**	192,886
Marketing expenses		**(398,194)**	(358,154)	**(1,323,550)**	(1,308,854)
General and administrative expenses		**(526,293)**	(559,072)	**(1,834,680)**	(1,810,007)
Other operating expenses		**(1,041,264)**	-	**(1,145,653)**	-
Operating (loss) / profit		**(1,773,747)**	509,615	**(1,835,984)**	1,354,769
Net investment income		**46,374**	53,625	**128,645**	140,912
Group's share in associates' results		**26,750**	(18,428)	**89,618**	(24,569)
Foreign currency exchange loss	15	**(230,842)**	(153,692)	**(306,778)**	(17,089)
Gain on sale of leasehold right in land	16	**-**	-	**-**	1,140,000
(Loss) / profit before subsidiaries' tax and deductions		**(1,931,465)**	391,120	**(1,924,499)**	2,594,023
National Labour Support Tax ("NLST")		**-**	(9,778)	**-**	(64,851)
Zakat		**-**	(3,911)	**-**	(25,940)
Kuwait Foundation for the Advancement of Sciences ("KFAS")		**-**	-	**-**	-
Board of Directors' remuneration	19	**-**	(12,000)	**-**	(36,000)
(Loss) / profit for the period		**(1,931,465)**	365,431	**(1,924,499)**	2,467,232
Basic and diluted earnings per share (fils)	17	**(9.23)**	1.75	**(9.20)**	11.79

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

Condensed consolidated interim statement of comprehensive income
For the nine month period ended 30 September 2018
(All amounts are in Kuwaiti Dinar)

	three months ended 30 September		Nine months ended 30 September	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
(Loss) / profit for the period	**(1,931,465)**	365,431	**(1,924,499)**	2,467,232
Other comprehensive income:				
Items that may be reclassified to the condensed consolidated interim statement of income:				
Change in fair value of available for sale investments	-	21,946	-	8,932
Exchange differences on translation of foreign operations	**(48,228)**	45,062	**(131,351)**	152,895
Items that will not be reclassified to the condensed consolidated interim statement of income:				
Changes in fair value of financial assets at fair value through other comprehensive income	**1,576**		**(23,740)**	-
Other comprehensive income for the period	**(46,652)**	67,008	**(155,091)**	161,827
Total comprehensive (loss) / income for the period	**(1,978,117)**	432,439	**(2,079,590)**	2,629,059

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

Condensed consolidated interim statement of changes in equity (Unaudited)

For the nine month period ended 30 September 2018
(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Retained earnings	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	2,467,232	2,629,059
Extinguishment of accumulated losses	-	-	-	-	(5,508,240)	-	5,508,240	-
Dividends distributed	-	-	-	-	(1,046,066)	-	-	(1,046,066)
At 30 September 2017	**21,659,057**	**4,967,805**	**(1,647,126)**	**11,825,560**	**4,204,289**	**57,785**	**2,467,232**	**43,534,602**
At 1 January 2018	21,659,057	4,967,805	(1,647,126)	11,825,560	4,204,289	22,620	2,599,465	43,631,670
Loss for the period	-	-	-	-	-	-	(1,924,499)	
Other comprehensive loss for the period	-	-	-	-	-	(155,091)	-	(155,091)
Total comprehensive loss for the period	-	-	-	-	-	(155,091)	(1,924,499)	(1,924,499)
Dividends distributed (Note 21)	-	-	-	-	-	-	(1,046,066)	(1,046,066)
Transfer to the voluntary reserve	-	-	-	-	284,841	-	(284,841)	-
At 30 September 2018	**21,659,057**	**4,967,805**	**(1,647,126)**	**11,825,560**	**4,489,130**	**(132,471)**	**(655,941)**	**40,506,014**

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

Condensed consolidated interim statement of cash flows

For the nine month period ended 30 September 2018
(All amounts are in Kuwaiti Dinar)

	Notes	For the nine months ended 30 September 2018 (unaudited)	2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the period		**(1,924,499)**	2,467,232
Adjustments for:			
Depreciation	6	**1,242,951**	852,417
Interests on deposits and call accounts		**(46,073)**	(58,178)
Net investment income		**(128,645)**	(140,912)
Group's share in associates' results		**(89,618)**	24,569
Gain on disposal of an associate		**-**	-
Foreign currency exchange loss		**306,778**	17,089
Employees' end of service benefits		**167,082**	167,449
		(472,024)	3,329,666
Changes in working capital:			
Inventories		**4,304,037**	(2,703,623)
Trade and other receivables		**9,263,091**	(2,167,743)
Trade and other payables		**(719,938)**	2,751,215
Cash generated from operations		**12,375,166**	1,209,515
Employees' end of service benefits paid		**(100,273)**	(105,759)
Net cash flows generated from operating activities		**12,274,893**	1,103,756
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(8,686,679)**	(11,595,738)
Proceeds from disposal of property,plant and equipment		**-**	-
Acquisition of a subsidiary, net of cash acquired		**-**	30,543
Dividends received from associates		**-**	34,920
Investments at fair value through profit or loss		**-**	(85,082)
Purchase of financial assets at fair value through other comprehensive income		**29,843**	-
Proceeds on sale of available for sale investments		**-**	38,416
Purchase of held to maturity investments		**-**	(315,309)
Interest received on deposits and call accounts		**46,073**	58,178
Investment income received		**128,645**	-
Net cash flows used in investing activities		**(8,482,118)**	(11,834,072)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowing		**3,851,153**	(1,008,133)
Dividends paid		**(1,029,546)**	10,457,293
Net cash flows generated from financing activities		**2,821,607**	9,449,160
Net foreign exchange differences		**(17,668)**	31,770
Net increase / (decrease) in cash and cash equivalents		**6,596,714**	(1,249,386)
Cash and cash equivalents at the beginning of the period		**2,968,552**	11,231,046
Cash and cash equivalents at the end of the period	10	**9,565,266**	9,981,660
Non-cash transaction:			
Dividends payable		**16,520**	-
Extenguishment of accumulated losses against voluntary reserve		**-**	5,508,240

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

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 our 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 utilize means of marine and land transportation necessary to achieve the Parent Company's objectives. In addition, utilize 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 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. Utilization of financial surplus through investment in portfolios managed by specialised Companies and Authorities.

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

1. INCORPORATION AND ACTIVITIES (CONTINUED)

	Shareholding interest (%)				
Name of subsidiaries	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)	Activity	Country of incorporation
Rural Export and Trading (WA) PTY Ltd.	**100**	100	100	Trade in livestock and meat	Australia
Trans Emirates Livestock Trading Company L.L.C.	**100**	100	100	Trade in livestock and meat	UAE
Al Shuwaikh Company for managing and establishing commercial and industrial projects S.P.C.	**100**	-	-	Establishment and management of commercial and industrial projects	Kuwait

- 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. 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.

- On 22 March 2018, the Parent Company incorporated "Al Shuwaikh Company for managing and establishing commercial and industrial projects S.P.C." with share capital amounting to KD 100,000 and equity interest of 100%. The subsidiary's main activity is managing the slaughterhouse. The share capital of the subsidiary was not paid and the operations did not start as at 30 September 2018.

- The financial information of the subsidiaries has been consolidated based on financial information prepared by management as at 30 September 2018.

- The total assets of subsidiaries amounted to KD 6,960,780 as at 30 September 2018 (31 December 2017: KD 7,495,519 and 30 September 2017: KD 6,542,156) and their respective total liabilities amounted KD 869,213 as at 30 September 2018 (31 December 2017: KD 902,764 and 30 September 2017: KD 696,549). Their total revenue amounted to KD 7,036,680 for the nine month period ended 30 September 2018 (30 September 2017: KD 7,371,062). Their total loss amounted to KD (445,216) for the nine month period ended 30 September 2018 (30 September 2017: loss KD (23,294)).

The condensed consolidated interim financial information were authorised for issue by Parent Company's Board of Directors' on 5 November 2018.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting. The condensed consolidated interim 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 (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

2. BASIS OF PREPARATION (CONTINUED)

Operating results for the nine month period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2017.

The condensed consolidated interim 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 the condensed consolidated interim financial information for this financial interim period are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of 1 January 2018.

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3. CHANGES IN ACCOUNTING POLICIES

Management has assessed the effects of applying IFRS 15 Revenue from Contracts with Customers on the Group's consolidated interim financial statements and has identified that there was no significant impact on revenue for the period. This note explains the impact of the adoption of IFRS 9 Financial Instruments on the Group's consolidated interim financial statements.

3.1 IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in note 3.2 below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

3.1 IFRS 9 Financial Instruments – Impact of adoption (continued)

The main effects resulting from this reclassification are as follows:

Financial assets at 1 January 2018	**Available for sale investments**	**Investments at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**
Closing balance 31 December 2017 – IAS 39	822,829	1,028,042	-
Reclassify investments from available-for-sale to at fair value through other comprehensive income	(822,829)	-	822,829
Reclassify investments from investments at fair value through profit or loss to at fair value through other comprehensive income	-	(1,028,042)	1,028,042
Opening balance 1 January 2018 - IFRS 9	-	-	**1,850,871**

Other financial assets at amortised cost
Other financial assets at amortised cost include bank balances and cash, held to maturity investments and trade receivables. The impact of applying the expected credit risk model on these assets is immaterial.

3.2 IFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Investments and other financial assets

Classification
From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

3.2 IFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

Investments and other financial assets (continued)

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Impairment
For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4. JUDGEMENT AND ESTIMATES

The preparation of condensed consolidated interim 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 condensed consolidated interim 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 year ended 31 December 2017.

5. 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.

5. FAIR VALUE ESTIMATION (CONTINUED)

The following table shows the fair value measurement hierarchy of the Group's financial assets recorded at fair value:

30 September 2018 (unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets at fair value through other comprehensive income	**961,573**	**31,442**	**804,273**	**1,797,288**
31 December 2017				
Available for sale financial assets	60,350	46,861	-	107,211
Investments at fair value through profit or loss	940,577	-	87,465	1,028,042
	1,000,927	46,861	87,465	1,135,253
30 September 2017 (unaudited)				
Available for sale financial assets	48,344	719,323	-	767,667
Investments at fair value through profit or loss	963,182	-	87,465	1,050,647
	1,011,526	719,323	87,465	1,818,314

The method of valuation used in Level 3 has been consistent with that used in the recent annual consolidated financial statements, which is measured at fair value estimated using various models like discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments as the future financial flows of which are unpredictable.

Available for sale investments as at 31 December 2017 and 30 September 2017 include an amount of KD 715,618 and KD 227,408 respectively which represent investments carried at cost less impairment.

The fair value of the financial assets and liabilities other than those mentioned above are not materially different than their carrying value.

The following table represents the changes in Level 3 instruments:

	30 September 2018 (unaudited)	**31 December 2017 (Audited)**	**30 September 2017 (unaudited)**
Opening balance	**87,465**	87,465	87,465
Additions of unquoted equity securities previously recognized at cost less impairment	**715,618**	-	-
Change in fair value	**1,190**	-	-
Ending balance	**804,273**	87,465	87,465

6. PROPERTY, PLANT AND EQUIPMENT

	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Opening balance	**28,685,228**	14,611,547	14,611,547
Additions*	**8,686,679**	15,205,261	11,595,738
Disposals	**-**	(8,033)	-
Depreciation charge	**(1,242,951)**	(1,206,948)	(852,417)
Relating to disposals	**-**	2,304	-
Foreign currency translation differences	**(94,800)**	81,097	87,688
	36,034,156	28,685,228	25,442,556

* Additions during the period represent cost of building a new vessel, and construction of buildings which are expected to be completed during the year ending 31 December 2019.

For the period ended 30 september 2018, depreciation expenses amounting to KD 859,486, KD 139,078 and KD 244,387 (31 December 2017: KD 543,712, KD 174,113 and KD 489,123; 30 September 2017: KD 484,440, KD 130,361 and KD 237,616) 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 100,843 (31 December 2017: KD 126,867; 30 September 2017: KD 159,461) are mortgaged as a security against long term borrowing. Interest capitalized for the period amounted to KD 328,971.

7. FINANCIAL ASSETS AT AMORTISED COSTS

Financial assets at amortised costs represent local bonds and Sukuk. During the period ended 30 September 2018, the Group has local Sukuk at annual yield rates ranging from 6.25% to 6.5% and local bonds at annual interest rates ranging from 6.25% to 6.5%. Bonds are classified as non-current on the basis of their maturities.

8. INVENTORIES

	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Livestock and meat (net)	**1,052,288**	3,366,158	1,110,099
Fodder	**238,182**	37,490	91,984
Intestine	**83,376**	17,273	42,681
Medicines, fertilisers and others	**450,447**	114,336	550,673
	1,824,293	3,535,257	1,795,437
Goods in transit	**19,744**	1,892,085	3,984,289
Production materials and spare parts	**677,561**	1,398,293	1,199,124
	2,521,598	6,825,635	6,978,850

9. TRADE AND OTHER RECEIVABLES

	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Trade receivables	**5,230,916**	11,609,282	7,733,828
Accrued Government subsidy*	**16,330,630**	16,330,630	16,330,630
	21,561,546	27,939,912	24,064,458
Provision for doubtful debts	**(12,918,289)**	(12,920,187)	(13,128,324)
	8,643,257	15,019,725	10,936,134
Advances to suppliers	**4,499,713**	7,187,424	7,210,584
Prepaid expenses	**552,287**	295,575	403,856
Refundable deposits	**31,507**	85,270	21,978
Deferred tax assets	**178,460**	58,870	47,444
Staff advance	**51,912**	-	-
Others	**155,535**	727,000	287,520
	14,112,671	23,373,864	18,907,516

* 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 2018 (KD 16,330,630 as at 31 December 2017, KD 16,330,630 as at 30 September 2017) 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 related to one of the legal cases. On 1 March 2017, a verdict was issued by the Court of First Instances in favour of the Parent Company in relation to this legal case 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 this legal case which is currently pending. The legal case was reserved for the judgment on 19 November 2018. At the reporting date, the provision for impairment maintained against the total accrued Government subsidy balance amounted to KD 12,730,079 as at 30 September 2018 (KD 12,730,079 as at 31 December 2017, KD 12,730,079 as at 30 September 2017).

10. CASH AND CASH EQUIVALENTS

	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Cash on hand and at banks	**1,508,931**	2,920,906	2,635,071
Time deposits maturing within 3 months from placement date	**7,990,335**	-	7,338,120
Cash at investment portfolios	**66,000**	47,646	8,469
	9,565,266	2,968,552	9,981,660

11. TREASURY SHARES

	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Number of shares	**7,377,383**	7,377,383	7,377,383
Percentage of issued shares (%)	**3.41%**	3.41%	3.41%
Market value	**1,475,477**	1,689,421	2,065,667
Cost	**1,647,126**	1,647,126	1,647,126

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 financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Total
At 1 January 2018	**(15,432)**	**38,052**	**22,620**
Change in fair value of financial assets at fair value through other comprehensive income	(23,740)	-	(23,740)
Foreign currency translation differences	-	(131,351)	(131,351)
30 September 2018	**(39,172)**	**(93,299)**	**(132,471)**
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
30 September 2017	**(24,875)**	**82,660**	**57,785**

13. BORRWING

Bank borrowing denominated in Kuwaiti Dinars obtained from a local bank and carry an effective interest rate of 3.5% (2016: 3.5%) per annum. The bank borrowing is used to finance the building of a new vessel, manufacturing equipment and construction of buildings. First installment will be due in December 2019 which is deferred from September 2018 as agreed with the lender.

Bank borrowing is secured by the following;

- Machinery and equipment included in property, plant and equipment amounting to KD 100,843 (31 December 2017: KD 126,867; 30 September 2017: KD 159,461) (Note 6).
- 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 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Trade payables	**2,477,391**	1,698,243	5,787,192
Advances from customers	**55,305**	334,844	56,574
Dividends payable (Note 19)	**78,755**	62,235	70,316
Accrued expenses	**1,957,129**	2,669,862	2,115,688
Refundable deposits	**10,000**	10,000	10,000
Board of Directors' remunerations (Note 19)	-	126,000	36,000
Provision for NLST, Zakat and KFAS	**32,207**	135,254	90,791
Other payables	**307,070**	278,059	362,310
	4,917,857	5,314,497	8,528,871

15. OTHER OPERATING EXPENSES

During the period ended 30 September 2018, an amount of KD 1,145,656 representing vessel expenses during the stoppage and repair durations.

16. GAIN ON SALE OF LEASEHOLD RIGHT IN LAND

During the period ended 30 September 2017, an amount of KD 1,140,000 representing gain on sale of utilisation right of a land in Al Rai area

17. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
(Loss) / Profit for the period	**(2,119,465)**	365,431	**(2,112,499)**	2,467,232
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)	**(10.13)**	1.75	**(10.10)**	11.79

The Parent Company had no outstanding dilutive shares.

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
Letters of guarantee	**1,145,381**	1,524,431	1,498,231

As at 30 September 2018, the Group has capital commitments for manufacturing new vessel, building and manufacturing equipments of 11,749,052 (31 December 2017: KD 16,075,555 and 30 September 2017: KD 18,281,860).

19. 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.

Detail of the significant related party transactions and balances are as follows:

Transactions	Three months ended 30 September		Nine months ended 30 September	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
Key management benefits	**86,892**	128,084	**243,664**	235,161
Board of Directors' remuneration	**-**	12,000	**-**	36,000
Group's share in associates' results	**26,750**	(18,428)	**89,618**	(24,569)

Balances	30 September 2018	31 December 2017 (Audited)	30 September 2017
Key management long term balances	**263,375**	235,003	227,030
Key management short term balances	**58,423**	40,842	46,293
Dividends payable (Note 14)	**78,755**	62,235	(70,316)
Board of Directors' accrued remunerations (Note 14)	**-**	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.

20. OPERATING SEGMENTS

20.1. Geographical segments of the revenues, results, assets and liabilities

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and 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 separate financial information is available.

The Group conducts its activities through three main geographical 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 specialized 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 geographical locations where the Group conducts its activities. Revenue, profits, assets and liabilities are measured according to the same accounting bases followed in preparation of annual consolidated financial statements. Segment analysis in line with internal reports submitted to management is as follows:

20.1.1. Segments revenues

	Commercial segment		Food processing segment		Investments segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	KD 000's							
Kuwait	**30,692**	33,284	**292**	4,512	-	202	**30,984**	37,998
UAE	**5,742**	6,191	-	-	-	-	**5,742**	6,191
Australia	**1,294**	1,299	-	-	-	-	**1,294**	1,299
Total	**37,728**	40,774	**292**	4,512	-	202	**38,020**	45,488
Unallocated items:								
Miscellaneous revenues							**358**	1,217
Total revenue							**38,378**	46,705

20.1.2. Segments results

	Commercial segment		Food processing segment		Investments segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	KD 000's							
Kuwait	**(1,154)**	1,842	**(147)**	(644)	-	202	**(1,301)**	1,400
UAE	**(335)**	61	-	-	-	-	**(335)**	61
Australia	**(110)**	(84)	-	-	-	-	**(110)**	(84)
Total	**(1,787)**	1,819	**(147)**	(644)	-	202	**(1,746)**	1,377
Unallocated items:								
Other unallocated revenues							-	1,217
Other unallocated costs							**(178)**	(127)
(Loss) / profit for the period							**(1,924)**	2,467

20. OPERATING SEGMENTS (CONTINUED)

20.1.3. Segmental distribution of assets and liabilities

	Commercial segment			Food processing segment			Investments segment			Total		
	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)	30 September 2018 (unaudited)	31 December 2017 (Audited)	30 September 2017 (unaudited)
	KD 000's											
Assets	**46,990**	55,783	45,642	**6,115**	6,071	6,046	**14,096**	4,960	14,866	**67,201**	66,814	66,554
Liabilities	**26,686**	23,032	22,972	**9**	150	48	**-**	-	-	**26,695**	23,182	23,020

20. OPERATING SEGMENTS (CONTINUED)

20.1.4. Geographical distribution of assets and liabilities

	30 September 2018 (unaudited)			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	60,240	4,074	2,887	67,201
Liabilities	25,961	538	196	26,695

	31 December 2017 (Audited)			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	59,318	3,621	3,875	66,814
Liabilities	22,279	345	558	23,182

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

21. ANNUAL GENERAL ASSEMBLY MEETING

The Parent Company's Ordinary Annual General Assembly meeting ("AGM") held on 29 March 2018 approved the annual consolidated financial statements for the financial year ended 31 December 2017 and the following:

- Transfer to the voluntary reserve amounted to KD 284,841 against the retained earnings.
- Distribution of cash dividends of 5 fils per share amounting to KD 1,046,066 for the year ended 31 December 2017 through retained earnings.
- Board of Directors remuneration amounting to KD 126,000 for the financial year ended 31 December 2017.