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 2016

AL MAWASHI

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 2016

Contents

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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 2016, and the related interim condensed consolidated statements of income and comprehensive income for the three month and nine month periods then ended and the related interim condensed consolidated 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 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, the 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 2016, that might have had a material effect on the business of the Group or its consolidated financial position.

Khaled Ibrahim Al-Shatti
License No. 175 - A
PricewaterhouseCoopers – Al-Shatti & Co.

Qais M. Al-Nisf
License No. 38-"A"
BDO Al Nisf & Partners

3 November 2016
Kuwait

شركة نقل وتجارة المواشي شركة مساهمة كويتية عامة
وشركاتها التابعة
دولة الكويت

بيان المركز المالي المرحلي المجمع المكثف (غير مدقق)
كما في 30 سبتمبر 2016
(كافة المبالغ المذكورة بالدينار الكويتي)

	إيضاح	30 سبتمبر 2016	31 ديسمبر 2015 (مدققة)	30 سبتمبر 2015
الموجودات				
موجودات غير متداولة				
ممتلكات ومنشآت ومعدات	5	9,993,344	3,866,863	3,522,298
الاستثمار في شركات زميلة		619,941	495,684	461,427
استثمارات متاحة للبيع	6	1,031,499	1,114,406	1,123,137
استثمارات محتفظ بها حتى تاريخ الاستحقاق	7	1,211,285	-	-
		12,856,069	5,476,953	5,106,862
موجودات متداولة				
المخزون	8	5,889,336	5,852,976	3,001,007
ذمم تجارية مدينة وذمم مدينة أخرى	9	16,706,689	10,563,853	13,023,209
استثمارات بالقيمة العادلة من خلال الربح أو الخسارة	10	949,248	6,994,789	8,673,166
النقد والنقد المعادل	11	9,243,649	14,236,479	12,149,331
		32,788,922	37,648,097	36,846,713
إجمالي الموجودات		45,644,991	43,125,050	41,953,575
حقوق الملكية والمطلوبات				
حقوق الملكية				
رأس المال		21,659,057	21,659,057	21,659,057
علاوة إصدار		4,967,805	4,967,805	4,967,805
أسهم خزينة	12	(1,647,126)	(1,647,126)	(1,647,126)
احتياطي قانوني		11,825,560	11,825,560	11,825,560
الاحتياطي الاختياري		10,758,595	10,758,595	10,758,595
احتياطيات أخرى	13	22,116	38,952	(32,870)
الخسائر المتراكمة		(6,833,054)	(9,394,331)	(9,738,406)
		40,752,953	38,208,512	37,792,615
المطلوبات				
المطلوبات غير المتداولة				
مكافآت نهاية الخدمة للموظفين		1,437,020	1,386,567	1,471,392
مطلوبات متداولة				
دائنون تجاريون وأرصدة دائنة أخرى	14	3,455,018	3,529,971	2,689,568
إجمالي المطلوبات		4,892,038	4,916,538	4,160,960
إجمالي حقوق الملكية والمطلوبات		45,644,991	43,125,050	41,953,575

إن الإيضاحات المبينة على الصفحات من 7 إلى 19 تشكل جزءاً لا يتجزأ من هذه المعلومات المالية المرحلية المجمعة المكثفة.

بدر ناصر السبيعي
رئيس مجلس الإدارة

أسامة خالد بودي
الرئيس التنفيذي

المواشي
AL MAWASHI

Interim condensed consolidated statement of income (Unaudited)
For the nine month period ended 30 September 2016
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016	2015	2016	2015
Operating revenues		14,140,401	13,474,024	38,925,362	40,697,679
Operating costs		(13,013,290)	(11,218,343)	(34,199,484)	(34,646,112)
Gross profit		1,127,111	2,255,681	4,725,878	6,051,567
Other operating income		5,731	46,305	224,629	165,393
Marketing expenses		(300,964)	(210,604)	(947,655)	(769,044)
General and administrative expenses		(603,771)	(564,037)	(1,802,972)	(1,773,987)
Other operating expenses		-	-	(108,698)	(168,668)
Operating profit		228,107	1,527,345	2,091,182	3,505,261
Net investment income / (loss)		121,445	(736,688)	246,100	(258,400)
Group's share in associates' results		23,755	12,314	137,333	50,630
Gain on disposal of an associate	15	-	-	199,788	-
Foreign currency exchnage gain / (loss)		217,591	(10,463)	62,240	446,382
Profit before subsidiaries' tax and deductions		590,898	792,508	2,736,643	3,743,873
Income tax on subsidiaries		(16,968)	-	(45,164)	-
Profit after subsidiaries' tax and before deductions		573,930	792,508	2,691,479	3,743,873
National Labor Support Tax		(14,308)	(20,173)	(67,287)	(92,697)
Zakat		(5,723)	(8,069)	(26,915)	(37,079)
Board of Directors' remuneration		(12,000)	(12,000)	(36,000)	(36,000)
Profit for the period		541,899	752,266	2,561,277	3,578,097
Basic and diluted earnings per share (fils)	16	2.6	3.60	12.2	17.10

The notes on pages 7 to 19 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

المواشي
AL MAWASHI

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the nine month period ended 30 September 2016
(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 September 2016	Three months ended 30 September 2015	Nine month ended 30 September 2016	Nine month ended 30 September 2015
Profit for the period		541,899	752,266	2,561,277	3,578,097
Other comprehensive income items:					
Items that may be reclassified subsequently to the interim condensed consolidated statement of income:					
Available for sale investments:					
- Change in fair value	13	(34,817)	(59,069)	(51,343)	(25,552)
Foreign currency translation differences	13	11,718	(253,160)	34,507	(357,880)
Other comprehensive loss for the period		(23,099)	(312,229)	(16,836)	(383,432)
Total comprehensive income for the period		518,800	440,037	2,544,441	3,194,665

The notes on pages 7 to 19 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

المواشي
AL MAWASHI

Interim condensed consolidated statement of changes in equity (Unaudited)
As at 30 September 2016
(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Accumulated losses	Total
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)	2,561,277	2,544,441
At 30 September 2016	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	22,116	(6,833,054)	40,752,953
At 1 January 2015	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	350,562	(13,316,503)	34,597,950
Profit for the period	-	-	-	-	-	-	3,578,097	3,578,097
Other comprehensive loss for the period	-	-	-	-	-	(383,432)	-	(383,432)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(383,432)	3,578,097	3,194,665
At 30 September 2015	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	(32,870)	(9,738,406)	37,792,615

The notes on pages 7 to 19 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 2016
(All amounts are in Kuwaiti Dinar)

	Note	Nine months ended 30 September 2016	Nine months ended 30 September 2015
Operating activities			
Profit for the period		2,561,277	3,578,097
Adjustments:			
Depreciation	5	812,183	1,378,520
Employees' end of service benefits		190,551	254,046
Interests on deposits and call accounts		(122,437)	(23,059)
Net investment income		(130,470)	(258,400)
Gain on disposal of an associate	15	(199,788)	-
Gain on disposal of available for sale investments		(4,478)	-
Group's share in associates' results		(137,333)	(50,630)
		2,969,505	4,878,574
Changes in working capital			
Inventories		(36,360)	3,220,504
Trade and other receivables		(6,104,449)	(2,517,873)
Trade and other payables		(74,953)	(3,131,128)
Cash flows (used in) / generated from operations		(3,246,257)	2,450,077
Employees' end of service benefits paid		(133,488)	(438,797)
Net cash flows (used in) / generated from operating activities		(3,379,745)	2,011,280
Investing activities			
Purchase of property, plant and equipment	5	(6,881,094)	(499,565)
Proceeds from disposal of an associate	15	199,788	-
Dividends received from associates		34,345	33,636
Investments at fair value through profit or loss		6,164,726	(1,725,715)
Purchase of held to maturity investments		(1,200,000)	-
Proceeds from sale of available for sale investments		36,042	-
Interest received on deposits and call accounts		122,437	23,059
Net cash flows used in investing activities		(1,523,756)	(2,168,585)
Net foreign exchange differences		(89,329)	(451,662)
Net decrease in cash and cash equivalents		(4,992,830)	(608,967)
Cash and cash equivalents at beginning of the period		14,236,479	12,758,298
Cash and cash equivalents at end of the period	11	9,243,649	12,149,331

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated 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 Al-Salhia Complex, Al-Salhia, 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 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 Parent Company's objectives.
7. To import and export marine equipment necessary for 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.

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

1. INCORPORATION AND ACTIVITIES (CONTINUED)

Name of the subsidiary	Shareholding interest (%)	Activity	Country of incorporation
Rural Export and Trading (WA) PTY Ltd.	100	Trade in livestock and meat	Australia
Emirates Livestock and Meat Products Trading Company (under management)	100	Trade in livestock and meat	UAE

- The financial information of Rural Export and Trading (WA) PTY Ltd. has been consolidated based on financial information prepared by the subsidiary's management as at 30 September 2016.

- The total assets of the subsidiaries amounted to KD 5,799,381 as at 30 September 2016 (31 December 2015: KD 5,121,108 and 30 September 2015: KD 4,850,485) and their respective total liabilities amounted to KD 686,077 as at 30 September 2016 (31 December 2015: KD 732,311 and 30 September 2015: KD 615,584). Their total revenues amounted to KD 6,710,389 for the nine month period ended 30 September 2016 (30 September 2015: KD 3,698,811) and their total profit / (loss) amounted to KD 57,847 for the nine month period ended 30 September 2016 (30 September 2015: KD (429,772)).

The interim condensed consolidated financial information were authorised for issuance the Board of Director's of the Parent Company on 31 October 2016.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information has 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 disclosures required for complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of 2015. In the management's opinion, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and amendments effective from 1 January 2016. The nature and the impact of these changes are set out below. New standards and amendments apply for the first time in 2016 however, they do not materially impact the annual consolidated financial statements or the interim condensed consolidated financial information of the Group.

2. BASIS OF PREPARATION (CONTINUED)

The nature and the impact of each new standard or amendment is described below:

New standards, interpretations and amendments effective from 1 January 2016

A number of new or amended standards became effective for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adoption of these standards:

- Amendments to IAS 1 – Disclosure Initiative.
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants.
- Amendments to IAS 27 – Equity method in separate financial statements.
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception.
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations.
- IFRS 14 – Regulatory Deferral Accounts.
- Annual Improvements to IFRSs 2012–2014 Cycle.

b) Standards and interpretations issued but not effective

The following new and amended 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 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 financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

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 recognised. 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.

2. BASIS OF PREPARATION (CONTINUED)

c) Adoption of new accounting policy

Held to maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intention and ability to hold to maturity, other than those that the Group upon initial recognition designates at fair value through profit or loss, available for sale or those that meet the definition of loans and receivables, are classified as held to maturity.

Held to maturity investments are measured initially at their transaction price, including transaction costs and subsequently measured at amortised cost using the effective interest method, less impairment losses, if any.

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 expenses. 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 annual audited consolidated financial statements for the year ended 31 December 2015.

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.

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 30 September 2016	Fair value as at 31 December 2015 (Audited)	Fair value as at 30 September 2015	Valuation date	Fair value hierarchy	Valuation techniques and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs with fair value
Available for sale investments								
Quoted foreign securities	84,511	60,795	60,515	30 September	Level 1	Bid prices	N/A	N/A
Unquoted foreign securities	355,487	407,469	415,058	30 September	Level 2	Technical valuation	N/A	N/A
Unquoted foreign securities	364,093	418,734	420,156	30 September	Level 2	Technical valuation	N/A	N/A
Total	804,091	886,998	895,729					
Investments at fair value through profit or loss								
Quoted securities	852,671	2,015,335	3,234,954	30 September	Level 1	Bid prices	N/A	N/A
Unquoted securities	96,577	105,133	104,121	30 September	Level 3	Technical valuation	N/A	N/A
Investment funds	-	4,874,321	5,334,091	30 September	Level 2	Declared net asset value	N/A	N/A
Total	949,248	6,994,789	8,673,166					

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 2016	31 December 2015 (Audited)	30 September 2015
Net book values at the beginning of the period / year	3,866,863	4,293,434	4,293,434
Additions during the period / year	6,881,094	1,310,243	499,565
Net disposals during the period / year	-	(11,413)	-
Depreciation for the period / year	(812,183)	(1,617,902)	(1,378,520)
Foreign currency translation differences	57,570	(107,499)	107,819
Net book values at the end of the period / year	9,993,344	3,866,863	3,522,298

6. AVAILABLE FOR SALE INVESTMENTS

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Unquoted securities	582,895	634,877	642,466
Unquoted foreign securities	364,093	418,734	420,156
Quoted foreign securities	84,511	60,795	60,515
	1,031,499	1,114,406	1,123,137

- Available for sale investments include unquoted securities of KD 227,408 as at 30 September 2016 (KD 227,408 as at 31 December 2015, KD 227,408 as at 30 September 2015), are carried at cost less impairment. Management believes that the carrying value approximates their fair value.
- Valuation techniques of available for sale investments are disclosed in Note 4.

7. HELD TO MATURITY INVESTMENTS

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Local bonds	1,211,285	-	-

During the period, the Group purchased local bonds at annual interest rates ranging from 6.20% to 6.50%, accrued quarterly. Bonds are classified as non-current on the basis of their maturities.

8. INVENTORIES

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Livestock and meat (net)	2,694,035	4,597,606	1,409,315
Fodder	438,614	249,966	651,241
Intestine	210,567	79,639	92,202
Medicines, fertilisers and others	31,357	43,162	27,346
	3,374,573	4,970,373	2,180,104
Goods in transit	1,600,458	2,462	10,163
Production materials and spare parts	914,305	880,141	810,740
	5,889,336	5,852,976	3,001,007

9. TRADE AND OTHER RECEIVABLES

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Trade receivables	8,633,313	3,684,113	5,285,801
Accrued Government subsidy*	16,330,630	16,330,630	16,330,630
	24,963,943	20,014,743	21,616,431
Provision for doubtful debts	(13,126,867)	(13,165,254)	(13,161,349)
	11,837,076	6,849,489	8,455,082
Advances to suppliers	4,016,587	2,937,895	3,733,172
Prepaid expenses	349,780	395,364	268,171
Refundable deposits	11,055	10,886	10,836
Deferred tax asset	52,350	50,109	153,090
Other	439,841	320,110	402,858
	16,706,689	10,563,853	13,023,209

* Provisional to Council of Ministers resolution No. 1308 dated 11 September 2011 on the Parent Company's purchase and transfer of livestock to Kuwait port (CIF) and selling the same at cost plus 15% margin, further, the Ministerial Decree No. 409 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 is being entered to Kuwait from whatever source or means, and in effect until 1 November 2012.

The Government subsidy due from Ministry of Commerce and Industry as a result of the subsidy granted to the 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 2016 (KD 16,330,630 as at 31 December 2015, KD 16,330,630 as at 30 September 2015) 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 calculation method of the subsidy has not been approved by the Ministry. Further, there are legal cases filed by the Parent Company against the Ministry claiming the subsidy due amount. The provision for impairment formed for this balance amounted to KD 12,730,079 as at 30 September 2016 (KD 12,730,079 as at 31 December 2015, KD 12,064,919 as at 30 September 2015).

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Quoted securities	852,671	2,015,335	3,234,954
Unquoted securities	96,577	105,133	104,121
Investment funds	-	4,874,321	5,334,091
	949,248	6,994,789	8,673,166

Valuation techniques of investments at fair value through profit or loss are disclosed in Note 4.

11. CASH AND CASH EQUIVALENTS

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Cash on hand and at banks	3,421,679	2,890,342	2,820,795
Term deposits with three months maturity from placement date	4,501,486	10,033,174	9,182,424
Cash at investment portfolios	1,320,484	1,312,963	146,112
	9,243,649	14,236,479	12,149,331

The annual average effective interest rate on fixed deposits is 1.19% as at 30 September 2016 (31 December 2015: 1.10% and 30 September 2015 0.94%).

12. TREASURY SHARES

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Number of shares	7,377,383	7,377,383	7,377,383
Percentage to issued shares (%)	3.41%	3.41%	3.41%
Market value	1,785,327	944,305	929,550

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 instructions of the relevant regulatory authorities. The treasury shares of the company have not been mortgaged or collateralised as at the reporting period.

13. OTHER RESERVES

	Change in fair value of available for sale investments	Foreign currency translation reserve	Total
At 1 January 2016	24,619	14,333	38,952
Changes in fair value of available for sale investments	(51,343)	-	(51,343)
Foreign currency translation differences	-	34,507	34,507
At 30 Septmeber 2016	(26,724)	48,840	22,116
At 1 January 2015	58,902	291,660	350,562
Changes in fair value of available for sale investments	(25,552)	-	(25,552)
Foreign currency translation differences	-	(357,880)	(357,880)
At 30 September 2015	33,350	(66,220)	(32,870)

14. TRADE AND OTHER PAYABLES

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Trade payables	989,282	746,135	1,117,925
Accrued expenses	1,475,740	1,275,167	663,694
Dividends payable to shareholders (Note 18)	125,655	125,670	125,696
Accrued bonus expense	276,249	439,988	-
Accrued leave	165,216	153,305	182,490
Refundable deposits	-	20,000	27,000
Due to related parties (Note 18)	60,750	90,142	65,526
Board of Directors' remuneration (Note 18)	36,000	120,000	36,000
National Labor Support Tax	170,178	102,891	92,697
Zakat	68,072	41,157	37,079
Other payables	87,876	415,516	341,461
	3,455,018	3,529,971	2,689,568

15. GAIN ON DISPOSAL OF AN ASSOCIATE

During the period, the Parent Company disposed of its equity interest in National Tannery Company K.S.C.C. (formerly an associate). The full proceeds have been recognised as a gain in the interim condensed consolidated statement of income since the Parent Company had previously recognised full impairment for its investment in the associate.

16. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing 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	
	2016	2015	2016	2015
Profit for the period	541,899	752,266	2,561,277	3,578,097
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)	2.6	3.60	12.2	17.10

The Parent Company had no outstanding dilutive shares.

17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Letters of guarantee	1,904,446	1,248,382	1,185,106

As at 30 September 2016, the Group has capital commitments for new ship, buldings and manufacturing equipment amounting to KD 31,725,184 (31 December 2015: KD 1,998,966 and 30 September 2015: KD 878,784).

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of the Group's major shareholders, directors and key management personnel, their close family members, and entities controlled, or significantly influenced by the Parent Company. In the normal 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 2016.

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

Related party transactions	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Management fees paid to associates	24,076	24,219	72,421	72,606
Key management benefits	59,534	98,421	129,721	112,923
Board of Directors' remuneration	12,000	12,000	36,000	36,000
Group's share in associates' results	23,755	12,314	137,333	50,630

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

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

Related party balances	30 September 2016	31 December 2015 (Audited)	30 September 2015
Key management long term balances	113,569	98,551	94,710
Key management short term balances	25,400	20,410	18,213
Investment in an associates	619,941	495,684	461,427
Dividends payable to shareholders (Note 14)	125,655	125,670	125,696
Due to related parties (Note 14)	60,750	90,142	65,526
Board of Directors' accrued remuneration (Note 14)	36,000	120,000	36,000

19. OPERATING SEGMENTS

19.1 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, 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 geographical segments:

- Commercial segment includes purchasing, transporting, ranching and selling the live and slaughtered sheep and all skins, intestines and fertilisers. 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 geographical locations where the Group conducts its activities. The revenues, profits, assets and liabilities are measured as per the same accounting basis followed in preparing the consolidated financial statements.

The following is the segment analysis which is consistent with the internal reports submitted to management:

19.1.1. Segments revenue

	Commercial segment		Food processing segment		Investments segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
				KD 000's				
Kuwait	28,149	32,560	4,065	4,315	446	3	32,660	36,878
UAE	5,338	2,475	-	-	-	-	5,338	2,475
Australia	1,372	1,224	-	-	-	-	1,372	1,224
Total	34,859	36,259	4,065	4,315	446	3	39,370	40,577
Unallocated items:								
Miscellaneous revenues							425	525
Total revenue							39,795	41,102

19.1.2 Segments results

	Commercial segment		Food processing segment		Investments segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
				KD 000's				
Kuwait	2,229	3,625	(209)	303	446	(258)	2,466	3,670
UAE	(66)	(404)	-	-	-	-	(66)	(404)
Australia	169	(47)	-	-	-	-	169	(47)
Total	2,332	3,174	(209)	303	446	(258)	2,569	3,219
Unallocated items:								
Other unallocated revenues							122	525
Other unallocated costs							(130)	(166)
Profit for the period							2,561	3,578

19. OPERATING SEGMENTS (CONTINUED)

19.1.3 Segmental distribution of assets and liabilities

	Commercial segment			Food processing segment			Investments segment			Total		
	30 September 2016	31 December 2015 (Audited)	30 September 2015	30 September 2016	31 December 2015 (Audited)	30 September 2015	30 September 2016	31 December 2015 (Audited)	30 September 2015	30 September 2016	31 December 2015 (Audited)	30 September 2015
						KD 000's						
Assets	27,697	16,405	14,559	5,512	5,489	5,449	12,436	21,231	21,946	45,645	43,125	41,954
Liabilities	4,836	4,881	4,001	56	36	160	-	-	-	4,892	4,917	4,161

19. OPERATING SEGMENTS (CONTINUED)

19.2 Geographical distribution of assets and liabilities

	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

	31 December 2015 (Audited)			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	38,120	2,212	2,793	43,125
Liabilities	4,186	497	234	4,917

	30 September 2015			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	37,038	2,163	2,753	41,954
Liabilities	3,545	412	204	4,161