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

Consolidated financial statements
and independent auditors' report
For the year ended 31 December 2017

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Consolidated financial statements
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For the year ended 31 December 2017

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identified the following key audit matter:

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Livestock Transport and Trading Company K.P.S.C. (Continued)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Impairment of trade receivables	How our audit addressed the matter
At the end of each reporting period, management conducts an assessment of the recoverability of the Group's trade receivables to determine whether any receivables need to be provided for. This assessment is considered to be a key audit matter due to the significant judgment required in determining doubtful receivables. As at 31 December 2017, the Group had an outstanding receivable of KD 16,330,630 (2016: KD 16,330,630) relating to a Government subsidy accrued pursuant to Council of Ministers resolution No. 1308 dated 11 September 2011 and the Ministerial Decree No. 409. The Group is currently in dispute with the Ministry of Commerce and Industry against which a legal case was filed claiming the subsidy due amount. As at 31 December 2017, a provision for doubtful debts of KD 12,920,187 (2016: KD 13,130,070) is maintained against doubtful debts out of which an amount of KD 12,730,079 (2016: KD 12,730,079) pertains to the above mentioned Government subsidy. Refer to Note 13 to the consolidated financial statements for the related disclosures.	Our audit procedures included carrying out the following among others: • Assessing the appropriateness of the ageing analysis prepared by management. • Reviewing management assumptions and judgments on doubtful debts. • Obtaining legal opinion, from the Parent Company's external legal consultant, regarding the status of the case filed by the Parent Company against the Ministry of Commerce and Industry with respect to the accrued Government subsidy. • Obtaining the relevant supporting documents for the calculation of the subsidy. • Evaluating the adequacy of the disclosures in Note 13 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2017, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Group for the year ended 31 December 2017 is expected to be made available to us after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Livestock Transport and Trading Company K.P.S.C. (Continued)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Livestock Transport and Trading Company K.P.S.C. (Continued)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Livestock Transport and Trading Company K.P.S.C. (Continued)
State of Kuwait

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 as amended, and its Executive Regulation, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its Executive Regulation, as amended nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2017 that might have had a material effect on the business of the Group or on its consolidated financial position.

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

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PricewaterhouseCoopers - Al-Shatti & Co.

Kuwait: 14 February 2018

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

المواشي
AL MAWASHI

Consolidated statement of financial position
As at 31 December 2017
(All amounts are in Kuwaiti Dinars)

	Notes	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	8	28,685,228	14,611,547
Investments in associates	9	376,347	513,986
Available for sale investments	10	822,829	1,024,559
Held to maturity investments	11	2,733,302	2,427,352
		32,617,706	18,577,444
Current assets			
Inventories	12	6,825,635	4,275,227
Trade and other receivables	13	23,373,864	16,622,889
Investments at fair value through profit or loss	14	1,028,042	939,791
Cash and cash equivalents	15	2,968,552	11,231,046
		34,196,093	33,068,953
Total assets		66,813,799	51,646,397
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	21,659,057	21,659,057
Share premium		4,967,805	4,967,805
Treasury shares	17	(1,647,126)	(1,647,126)
Statutory reserve	18	11,825,560	11,825,560
Voluntary reserve	19	4,204,289	10,758,595
Other reserves	20	22,620	(104,042)
Retained earnings/(accumulated losses)		2,599,465	(5,508,240)
Total equity		43,631,670	41,951,609
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		1,498,291	1,415,440
Bank borrowing	21	11,369,341	2,556,714
		12,867,632	3,972,154
Current liabilities			
Bank borrowing	21	5,000,000	-
Trade and other payables	22	5,314,497	5,722,634
		10,314,497	5,722,634
Total liabilities		23,182,129	9,694,788
Total equity and liabilities		66,813,799	51,646,397

The notes on pages 11 to 43 form an integral part of these consolidated financial statements.

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

AL MAWASHI

Consolidated statement of income
For the year ended 31 December 2017
(All amounts are in Kuwaiti Dinars)

	Notes	2017	2016
Operating revenues		63,301,110	55,592,453
Operating costs		(57,311,417)	(48,500,874)
Gross profit		5,989,693	7,091,579
Other operating income	23	1,378,231	471,084
Marketing expenses		(1,754,933)	(1,404,989)
General and administrative expenses		(2,777,584)	(2,574,310)
Other operating expenses		-	(108,698)
Operating profit		2,835,407	3,474,666
Net investments income	25	184,227	197,957
Impairment loss on available for sale investments	10&20	(179,879)	-
Group's share in associates' results	9	15,412	143,884
Gain on disposal of an associate		-	199,788
Foreign currency exchange (loss)/gain		(6,754)	217,284
Profit before subsidiaries' tax and deductions		2,848,413	4,233,579
Reversal/(provision) for income tax on subsidiaries		12,306	(76,189)
Profit after subsidiaries' tax and before deductions		2,860,719	4,157,390
Kuwait Foundation for the Advancement of Sciences ("KFAS")		(28,607)	-
National Labour Support Tax		(76,405)	(103,785)
Zakat		(30,242)	(41,514)
Board of Directors' remuneration	28	(126,000)	(126,000)
Profit for the year		2,599,465	3,886,091
Basic and diluted earnings per share (fils)	26	12.42	18.58

The notes on pages 11 to 43 form an integral part of these consolidated financial statements.

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

AL MAWASHI

Consolidated statement of comprehensive income
For the year ended 31 December 2017
(All amounts are in Kuwaiti Dinars)

	Notes	2017	2016
Profit for the year		2,599,465	3,886,091
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to the consolidated statement of income:			
Available for sale investments			
- Changes in fair value	20	(161,504)	(58,426)
- Transferred to consolidated statement of income on impairment	10&20	179,879	-
Foreign currency translation differences	20	108,287	(84,568)
Other comprehensive income/(loss) for the year		126,662	(142,994)
Total comprehensive income for the year		2,726,127	3,743,097

The notes on pages 11 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2017
(All amounts are in Kuwaiti Dinars)

	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 year	-	-	-	-	-	-	2,599,465	2,599,465
Other comprehensive income	-	-	-	-	-	126,662	-	126,662
Total comprehensive income for the year	-	-	-	-	-	126,662	2,599,465	2,726,127
Extinguishment of accumulated losses (Note 31)	-	-	-	-	(5,508,240)	-	5,508,240	-
Dividends paid (Note 31)	-	-	-	-	(1,046,066)	-	-	(1,046,066)
At 31 December 2017	21,659,057	4,967,805	(1,647,126)	11,825,560	4,204,289	22,620	2,599,465	43,631,670
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 year	-	-	-	-	-	-	3,886,091	3,886,091
Other comprehensive loss	-	-	-	-	-	(142,994)	-	(142,994)
Total comprehensive (loss)/income for the year	-	-	-	-	-	(142,994)	3,886,091	3,743,097
At 31 December 2016	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	(104,042)	(5,508,240)	41,951,609

The notes on pages 11 to 43 form an integral part of these consolidated financial statements

Consolidated statement of cash flows
For the year ended 31 December 2017
(All amounts are in Kuwaiti Dinars)

	Notes	2017	2016
Operating activities			
Profit for the year		2,599,465	3,886,091
Adjustments:			
Depreciation	8	1,206,948	1,104,045
Interests on deposits and call accounts		(76,665)	(100,652)
Net investments income	25	(184,227)	(197,957)
Impairment loss on available for sale investments	10&20	179,879	-
Group's share in associates' results	9	(15,412)	(143,884)
Gain on disposal of an associate		-	(199,788)
Foreign currency exchange loss/(gain)		6,754	(217,284)
Gain on sale of property, plant and equipment		(1,630)	-
Employees' end of service benefits		209,450	273,345
		3,924,562	4,403,916
Changes in working capital			
Inventories		(2,550,408)	1,577,749
Trade and other receivables		(6,597,876)	(5,995,412)
Trade and other payables		(452,824)	2,409,947
Cash flows (used in)/generated from operations		(5,676,546)	2,396,200
Employees' end of service benefits paid		(125,958)	(243,944)
Net cash flows (used in)/generated from operating activities		(5,802,504)	2,152,256
Investing activities			
Purchase of property, plant and equipment	8	(15,205,261)	(11,854,531)
Proceeds from disposal of property, plant and equipment		7,359	-
Acquisition of a subsidiary, net of cash acquired		30,543	-
Dividends received from associates		149,260	123,097
Proceeds from disposal of an associate		-	199,788
Proceeds from sale of available for sale investments		44,705	35,899
Purchase of held to maturity investments		(305,950)	(2,427,352)
Investments at fair value through profit or loss		(97,749)	6,180,975
Dividends received	25	38,555	1,433
Interest received on deposits and call accounts		76,665	100,652
Net cash flows used in investing activities		(15,261,873)	(7,640,039)
Financing activities			
Dividends paid		(1,008,133)	-
Proceeds from bank borrowing		13,812,627	2,556,714
Net cash flows generated from financing activities		12,804,494	2,556,714
Net foreign exchange differences		(2,611)	(74,364)
Net decrease in cash and cash equivalents		(8,262,494)	(3,005,433)
Cash and cash equivalents at the beginning of the year		11,231,046	14,236,479
Cash and cash equivalents at the end of the year	15	2,968,552	11,231,046

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

Non-cash transaction:

	Notes	2017	2016
Extinguishment of accumulated losses against voluntary reserve	31	5,508,240	-

The notes on pages 11 to 43 form an integral part of these consolidated financial statements.

1. INCORPORATION AND ACTIVITIES

Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") was incorporated in accordance with the Memorandum of Incorporation 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 of the Parent Company. The Parent Company is listed on Boursa Kuwait.

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. 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.

1. INCORPORATION AND ACTIVITIES (CONTINUED)

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (together referred to as the "Group"):

Name of the subsidiary	Voting rights and equity interest (%) 2017	2016	Activity	Country of incorporation
Rural Export and Trading (WA) PTY Ltd.	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	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, gain or loss from the acquisition transaction (Note 9). Also, name has been changed to "Trans Emirates Livestock Trading Company L.L.C".

The total assets of the subsidiaries amounted to KD 7,495,519 as at 31 December 2017 (2016: KD 5,243,221), and their respective total liabilities amounted to KD 902,764 as at 31 December 2017 (2016: KD 506,138). Their total revenues amounted to KD 8,520,564 for the year ended 31 December 2017 (2016: KD 8,781,127). Their profit amounted to KD 134,201 for the year ended 31 December 2017 (2016: KD 59,093).

The consolidated financial statements for the year ended 31 December 2017 were authorised for issuance by the Board of Directors of the Parent Company on 7 February 2018 and are subject to the approval of the Annual General Assembly of the shareholders. The shareholders of the Parent Company have the power to amend the consolidated financial statements at the Annual General Assembly meeting. The consolidated financial statements for the year ended 31 December 2016 were approved by the shareholders at the Annual General Assembly Meeting held on 4 May 2017.

2. BASIS OF PREPARATION

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is the functional and presentation currency of the Group.

These consolidated financial statements have been prepared under the historical cost convention except for available for sale investments and investments at fair value through profit or loss that are measured at fair value.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of the consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of significant accounting judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 6.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

a) New standards, interpretations and amendments effective from 1 January 2017

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards:

Amendment to IAS 7 – Disclosure Initiative
The amendment to this standard which is effective prospectively for annual periods beginning on or after 1 January 2017 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liability arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of these amendments did not have any material impact on the current year.

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses
The amendments to this standard which are effective retrospectively for annual periods beginning on or after 1 January 2017 clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The adoption of these amendments did not have any material impact on the current year.

Annual Improvements to IFRSs 2014 – 2016 Cycle:

Amendments to IFRS 12 - Disclosure of Interests in Other Entities
IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

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:

Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
This standard will be effective for annual periods beginning on or after 1 January 2018, the amendments address three main areas:
- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

These amendments are not expected to have any material impact to 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 Directors of the Group anticipate 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 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.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

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

IFRS 16 - Leases
This standard will be effective for annual periods beginning on or after 1 January 2019. This standard will be replacing IAS 17 "Leases" and will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17 with limited exceptions for low-value assets and short term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

IFRS 17 – Insurance Contracts
This standard will be effective for annual periods beginning on or after 1 January 2021 and replaces IFRS 4 - Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of IFRS 17 is the general model, supplemented by:
(a) A specific adaptation for contracts with direct participation features (Variable fee approach).
(b) A simplified approach (premium allocation approach) mainly for short duration contracts.

These amendments are not expected to have any material impact to the Group.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration
The interpretation will be effective for annual periods beginning on or after 1 January 2018 and clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

These amendments are not expected to have any material impact to the Group.

Amendments to IAS 28 – Investment in Associates and Joint Ventures
The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted.

The amendments clarify that:
(a) An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

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

Amendments to IAS 28 – Investment in Associates and Joint Ventures (continued)

(b) If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (i) the investment entity associate or joint venture is initially recognised; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent.

These amendments are not expected to have any material impact to the Group.

Amendments to IAS 40 – Transfers of Investment Property

The amendment will be effective for annual periods beginning on or after 1 January 2018 and clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments are not expected to have any material impact to the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company and its subsidiaries. Control is achieved when the Parent Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Group gains control until the date when Group ceases to control the subsidiary.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.1 Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy. No such adjustments were recorded.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.2 Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of income as a bargain purchase gain.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.2 Business combinations (Continued)

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the consolidated statement of income where such treatment would be appropriate if that interest were disposed off.

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised.

Depreciation is calculated based on estimated useful life of the applicable assets, except for the land, on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Useful lives are disclosed in Note 8.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Projects in progress for purposes of production works or administrative usage are stated at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalized on assets that meet the conditions of capitalizing the borrowing costs in accordance with the Group's accounting policy. These properties are classified within the appropriate categories of items of property, plant and equipment when finished and being considered ready for use. Depreciation of such assets commences when they are ready for use for their intended purpose in the same way as other items of property, plant and equipment.

5.4 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Investments in associates (Continued)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit and loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in consolidated the consolidated statement of income in the period in which the investment is acquired.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

5.5 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated statement of income for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of income.

5.6 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of financial asset and financial liability (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset and financial liability on initial recognition. Transaction costs attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised directly in the consolidated statement of income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 Financial instruments (Continued)

Financial assets
Financial assets are classified into the following specified categories: 'available for sale ("AFS") investments' 'held to maturity investments' 'loans and receivables' and 'investments at fair value through profit or loss'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The Group has determined the classification of its financial assets as follows:

Available for sale investments
Available for sale investments include equity and debt securities. AFS investments are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held to maturity investments or investments at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to need for liquidity or in response to changes in the market conditions.

Available for sale investments are re-measured at fair value. Fair value is determined in the manner described in (Note 7).

Changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of changes in fair value reserve. At disposal of investment or assurance of its impairment, profit and loss previously accumulated in investment revaluation reserve are reclassified in the consolidated statement of income. AFS equity 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 at the end of the consolidated financial statements' period.

Dividends on AFS equity instruments are recognised in the consolidated statement of income when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other consolidated statement of comprehensive income.

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 rate method, less impairment losses, if any.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is eliminated where the effect of discounting is immaterial. Trade and other receivables of the Group fall in this category of financial assets.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 Financial instruments (Continued)

Financial assets (continued)

Cash and cash equivalents
Cash and cash equivalents as per the consolidated statement of financial position and cash flows consist of cash on hand, current accounts with banks, time deposits with an original maturity of less than three months and cash at investment portfolios.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Investments at fair value through profit or loss
Investments are classified as at FVTPL where the investment is either held for trading or it is designated as at FVTPL.

Investments at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the consolidated statement of income. The net gain or loss recognised in the consolidated statement of income incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in (Note 7).

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each consolidated financial statements period end. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

For certain categories of financial assets, such as trade accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 Financial instruments (Continued)

Impairment of financial assets (continued)
When an AFS financial assets are considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statement of income in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity instruments, impairment losses previously recognized through the consolidated statement of income are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less impairment loss on that investment previously recognised in the consolidated statement of income.

De-recognition
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount, the consideration received, receivables and the cumulative gain or loss that had been recognised in the consolidated other comprehensive income and accumulated in other equity related to the asset is recognised in the consolidated statement of income.

Financial liabilities
The Group's financial liabilities include bank borrowing and, trade and other payables.

All financial liabilities are recognised initially at fair value, as for loans and borrowings, plus directly attributable transaction costs. The subsequent measurement of financial liabilities depends on its classification as follows:

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 Financial instruments (Continued)

Financial liabilities (continued)

Borrowings (continued)
Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Trade and other payables
Liabilities are recognised for amount to be paid in the future for goods or services received, whether billed or not. Trade and other payables are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognization of the original liability and the recognition of a new liability. The difference between the carrying amounts relevant to that are recognized in the consolidated statement of income.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

5.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined based on the weighted average cost method. Livestock cost is determined based on the cost of acquisition plus costs of raising. The cost of finished goods includes raw materials, wages and overheads incurred. Net realisable value is based on the selling price less the estimated cost till completion and sale of inventories.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.8 Employees' end of service benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees at the consolidated financial statements date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

With respect to its national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries.

5.9 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

5.10 Treasury shares

Treasury shares represent the Parent Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within equity when the treasury shares are disposed; gains are credited to a separate un-distributable account in equity "gain on sale of treasury shares". Any realised losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings and then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

5.11 Taxes and deductions

Taxes and deductions are represented in the followings:
- Income taxes on subsidiaries.
- Contribution to Kuwait Foundation for Advancement of Science on the Parent Company.
- Tax due from the Parent Company in accordance with Law No. 19 of 2000 concerning Support and Encouragement of National Manpower to Work in Private Sector.
- Zakat in accordance with Law No.46 of 2006.

5.12 Foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in 'Kuwaiti Dinars' ("KD").

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.12 Foreign currencies (Continued)

Transactions and balances
Foreign currency transactions are translated to Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items in foreign currencies are re-translated at the dates of the consolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except for companies which are operated in countries with very high inflation rates) are translated into the presentation currency as follows:
- Assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date.
- Income and expenses for each statement of income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

5.13 Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.
Contingent asset are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

5.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.
- Revenues from sale of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. These risks and rewards are transferred to the buyer on delivery.
- Service revenues are recognised when the service is rendered.
- Dividend income is recognised when the right to receive payments is established.
- Interest income from deposits is recognised on a time proportion basis using the effective interest method.
- Gain or loss from sale of investment securities, investment properties or utilisation right is recognised when the transaction is consummated.

5.15 Leases

Where the Group is the lessee – operating lease
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.16 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Parent Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management judgments

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

Classification of investments
Judgments are made in the classification of financial instruments based on management's intention at acquisition.

Classification of financial assets as at fair value through profit and loss depends on how management monitors the performance of these financial assets. The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as designated at fair value through profit and loss.

The Group classifies investments as held to maturity if, they are non-derivative financial assets, they are quoted in an active market, they have fixed or determinable payments and fixed maturities and the Group intends to, and is able to, hold them to maturity.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Significant management judgments (Continued)

Impairment of available for sale investments
Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value measurement and valuation techniques
Some of the Group's assets are measured at fair value for financial reporting purposes. The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability, the management uses market observable data to the extent it is available. In case no market observable data are available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in Note 7.

Impairment of non-financial assets
The Group reviews tangible assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

Impairment of inventories
Inventories are held at lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of receivables
The Group's management determines impairment of receivables in the light of the Group's previous experience about collectability, overdue period, change in global and local economies which led the customers to default in payment. Impairment of receivables is recorded for receivables when there is a certainty that these other parties will not be able to pay according to the contractual agreement.

Useful lives of tangible assets
The Group reviews the estimated useful lives over which its tangible assets are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

7. FAIR VALUE ESTIMATION

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. In the opinion of the Group's management, except for the available for sale investments valued at cost less impairment (if any) for the reasons stated in Note 10, the carrying value of the financial assets and liabilities as at 31 December 2017 and 2016 approximates its fair value.

The carrying value of the financial assets and liabilities are stated in the consolidated statement of financial position as follows:

2017	Carried at fair value	Carried at cost	Carried at amortised cost	Total
Financial assets:				
Available for sale investments	107,211	715,618	-	822,829
Held to maturity investments	-	-	2,733,302	2,733,302
Trade and other receivables (excluding advances to suppliers, prepaid expenses and deferred tax assets)	-	-	15,831,995	15,831,995
Investments at fair value through profit or loss	1,028,042	-	-	1,028,042
Cash and cash equivalents	-	-	2,968,552	2,968,552
	1,135,253	715,618	21,533,849	23,384,720
Financial liabilities:				
Bank borrowing	-	-	16,369,341	16,369,341
Trade and other payables (excluding advances from customers)	-	-	4,979,653	4,979,653
	-	-	21,348,994	21,348,994

2016	Carried at fair value	Carried at cost	Carried at amortised cost	Total
Financial assets:				
Available for sale investments	150,923	873,636	-	1,024,559
Held to maturity investments	-	-	2,427,352	2,427,352
Trade and other receivables (excluding advances to suppliers, prepaid expenses and deferred tax assets)	-	-	13,448,017	13,448,017
Investments at fair value through profit or loss	939,791	-	-	939,791
Cash and cash equivalents	-	-	11,231,046	11,231,046
	1,090,714	873,636	27,106,415	29,070,765
Financial liabilities:				
Bank borrowing	-	-	2,556,714	2,556,714
Trade and other payables	-	-	5,722,634	5,722,634
	-	-	8,279,348	8,279,348

7. FAIR VALUE ESTIMATION (CONTINUED)

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

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in an active market 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 assets or liabilities that are not based on observable market data.

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

Financial assets	Fair value as at 2017	Fair value as at 2016	Valuation date	Fair value hierarchy	Valuation technique(s) and key inputs
Available for sale investments					
Quoted securities	60,350	82,149	31 December	Level 1	Bid prices
Unquoted securities	46,861	68,774	31 December	Level 2	Technical valuation
Total	107,211	150,923			
Investments at fair value through profit or loss					
Quoted securities	940,577	852,326	31 December	Level 1	Bid prices
Unquoted securities	87,465	87,465	31 December	Level 3	Technical valuation
Total	1,028,042	939,791			

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 consolidated financial statements date. There have been no transfers between levels during the reporting period.

(i) Quoted securities – Level 1
All the listed equity securities are publicly traded on a recognised stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

(ii) Investment funds – Level 2
The underlying investments of managed funds primarily comprise of unquoted securities. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices.

(iii) Unquoted securities – Level 3
Unquoted securities are 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 the future financial flows of which are unpredictable.

8. PROPERTY, PLANT AND EQUIPMENT

	Vessels	Land, constructions and buildings	Machinery and equipment	Vehicles	Other assets	Assets of subsidiary companies	Projects in progress*	Total
Cost								
At 1 January 2016	27,677,762	8,000,733	2,855,990	2,221,997	1,628,698	4,490,292	764,686	47,640,158
Additions	84,479	433,891	175,369	94,345	186,912	175,754	10,703,781	11,854,531
Transferred from projects in progress	-	313,430	-	-	5,152	-	(318,582)	-
Foreign currency translation differences	-	-	-	-	-	1,681	-	1,681
At 31 December 2016	27,762,241	8,748,054	3,031,359	2,316,342	1,820,762	4,667,727	11,149,885	59,496,370
Additions	1,602,379	582,358	283,818	174,235	262,190	222,710	12,077,571	15,205,261
Transferred from projects in progress	1,243,700	1,420,050	-	-	-	-	(2,663,750)	-
Disposals	-	-	-	-	(7,326)	(707)	-	(8,033)
Foreign currency translation differences	-	-	-	-	-	162,147	-	162,147
At 31 December 2017	30,608,320	10,750,462	3,315,177	2,490,577	2,075,626	5,051,877	20,563,706	74,855,745
Accumulated depreciation								
At 1 January 2016	27,013,321	7,653,377	2,643,903	1,916,849	1,163,638	3,382,207	-	43,773,295
Charge for the year	417,652	57,707	63,926	100,456	302,904	161,400	-	1,104,045
Foreign currency translation differences	-	-	-	-	-	7,483	-	7,483
At 31 December 2016	27,430,973	7,711,084	2,707,829	2,017,305	1,466,542	3,551,090	-	44,884,823
Charge for the year	384,824	143,114	62,156	131,940	293,191	191,723	-	1,206,948
Relating to disposals	-	-	-	-	(1,597)	(707)	-	(2,304)
Foreign currency translation differences	-	-	-	-	-	81,050	-	81,050
At 31 December 2017	27,815,797	7,854,198	2,769,985	2,149,245	1,758,136	3,823,156	-	46,170,517
Net book value								
At 31 December 2017	2,792,523	2,896,264	545,192	341,332	317,490	1,228,721	20,563,706	28,685,228
At 31 December 2016	331,268	1,036,970	323,530	299,037	354,220	1,116,637	11,149,885	14,611,547
Useful lives (years)	2-15	10-20	3-20	5	3			

* Projects in progress represent cost of building a new vessel, and construction of buildings which are expected to be completed during the year ending 31 December 2019 and 31 December 2018, respectively.

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Machinery and equipment included in property, plant and equipment with a carrying value of KD 126,867 (2016: KD 190,523) are mortgaged as a security against bank borrowing (Note 21).

The depreciation charge for the year has been allocated in the consolidated statement of income as follows:

	2017	2016
Operating costs	543,712	682,351
Marketing expenses	174,113	160,496
General and administrative expenses	489,123	261,198
	1,206,948	1,104,045

9. INVESTMENTS IN ASSOCIATES

The details of the Group's associates are as follows:

Name of the associate	Country of incorporation	Activity	Voting rights and equity interest 2017 %	Voting rights and equity interest 2016 %	2017	2016
Portland Pellet Suppliers	Australia	Livestock trading	50	50	376,347	448,304
Trans Emirates Livestock Trading Company L.L.C. (formerly Emirates Livestock and Meat Products Trading Company L.L.C.)*	UAE	Livestock trading	-	49	-	65,682
					376,347	513,986

*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, gain or loss. Also, name has been changed to "Trans Emirates Livestock Trading Company L.L.C." (Note 1).

Summarised financial information of the Group's associate is set out below:

Portland Pellet Suppliers

	2017	2016
Assets		
Current assets	624,959	855,201
Non-current assets	347,497	254,076
	972,456	1,109,277
Liabilities		
Current liabilities	219,762	212,669
Net assets of the associate	752,694	896,608
Group's share of the associate's net assets	376,347	448,304
Revenues	944,117	1,738,990
Expenses	(913,294)	(1,521,220)
Profit for the year	30,823	217,770
Group's share of associate's results	15,412	108,885
Dividends received	114,340	88,752

10. AVAILABLE FOR SALE INVESTMENTS

	2017	2016
Quoted securities	60,350	82,149
Unquoted local securities	593,747	567,036
Unquoted foreign securities	168,732	375,374
	822,829	1,024,559

- Available for sale investments include unquoted investments of KD 715,618 as at 31 December 2017 (2016: KD 873,636), carried at cost less impairment as its fair value cannot be reliably measured. During the year, the Group's management recognised an impairment loss of KD 179,879 (2016: Nil) in the consolidated statement of income. Management has performed analysis of the remaining investments which indicated that there is no further impairment in value.

- Valuation techniques of available for sale investments are disclosed in Note 7.

11. HELD TO MATURITY INVESTMENTS

	2017	2016
Local bonds and Sukuk	2,733,302	2,427,352

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

12. INVENTORIES

	2017	2016
Livestock and meat – (net)	3,366,158	1,675,475
Fodder	37,490	228,426
Intestine	17,273	97,907
Medicines, fertilisers and others	114,336	38,342
	3,535,257	2,040,150
Goods in transit	1,892,085	1,313,052
Production materials and spare parts	1,398,293	922,025
	6,825,635	4,275,227

Inventories recognised as an expense during the year is KD 48,771,049 (2016: KD 45,034,900).

13. TRADE AND OTHER RECEIVABLES

	2017	2016
Trade receivables	11,609,282	9,899,372
Accrued Government subsidy*	16,330,630	16,330,630
	27,939,912	26,230,002
Provision for doubtful debts	(12,920,187)	(13,130,070)
	15,019,725	13,099,932
Advances to suppliers	7,187,424	2,946,619
Prepaid expenses	295,575	183,994
Refundable deposits	85,270	13,277
Deferred tax assets	58,870	44,259
Staff receivables	-	10,363
Others	727,000	324,445
	23,373,864	16,622,889

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

* 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 31 December 2017 (2016: KD 16,330,630) 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. As at 31 December 2017, the provision for impairment maintained against the total accrued Government subsidy balance amounted to KD 12,730,079 (2016: KD 12,730,079).

As at 31 December 2017, impaired trade receivables amounted to KD 12,920,187 (2016: KD 13,130,070). As at 31 December, the ageing analysis of trade receivables is as follows:

		Neither past	Past due but not impaired				
	Total	due nor impaired	< 30 days	30 - 60 days	61 - 90 days	91-120 days	>120 days
2017	15,019,725	1,264,602	1,890,944	3,210,756	1,685,723	3,313,706	3,653,994
2016	13,099,932	9,282,451	180,904	43,093	17,201	54,121	3,522,162

The movement of the provision for doubtful debts is as follows:

	2017	2016
At 1 January	13,130,070	13,165,254
Write-off during the year	(207,747)	(37,629)
Foreign exchange differences	(2,136)	2,445
At 31 December	12,920,187	13,130,070

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The management believes that the provision as at 31 December 2017 is sufficient and that there is no need for any additional provisions. The Group does not hold any collateral in relation to these receivables.

Trade receivables are non-interest bearing.

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
Quoted securities	940,577	852,326
Unquoted securities	87,465	87,465
	1,028,042	939,791

Valuation techniques of investments at fair value through profit or loss are disclosed in Note 7.

15. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand and at banks	2,920,906	4,498,986
Time deposits maturing within 3 months from placement date	-	6,621,151
Cash at investment portfolios	47,646	110,909
	2,968,552	11,231,046

- The average annual effective interest rate on time deposits is Nil as at 31 December 2017 (2016: 1.13%).
- Certain bank accounts of the Parent Company are secured against bank borrowing (Note 21).

16. SHARE CAPITAL

As at 31 December 2017 the authorised, issued and fully paid up share capital of the Parent Company comprise of 216,590,575 shares of 100 fils each (2016: 216,590,575 shares). All shares are paid in cash.

17. TREASURY SHARES

	2017	2016
Number of shares	7,377,383	7,377,383
Percentage to issued shares (%)	3.41%	3.41%
Market value	1,689,421	1,578,760

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.

18. STATUTORY RESERVE

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit before contribution to KFAS, Zakat and Board of Directors remuneration is required to be transferred to statutory reserve. The General Assembly may resolve to discontinue such transfers when the reserve equals 50% of share capital. Distribution of the Parent Company's statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount. In accordance with the resolution of the Annual General Assembly meeting held on 31 March 2010, the transfer to the statutory reserve was ceased as it exceeded 50% of the Parent Company's share capital.

19. VOLUNTARY RESERVE

As required by the Parent Company's Articles of Association, a percentage of the profit for the year proposed by the Board of Directors and approved by the General Assembly is transferred to the voluntary reserve. The General Assembly may resolve to discontinue such transfers upon recommendation by the Board of Directors. In accordance with the resolution of the Annual General Assembly meeting held on 31 March 2010, the transfer to the voluntary reserve was ceased.

The Parent Company's Ordinary Annual General Assembly meeting ("AGM") held on 4 May 2017 approved the utilisation of voluntary reserve for the extinguishment of accumulated losses as at 31 December 2016 and distribution of cash dividends of 5 fils per share (after deducting the treasury shares) (Note 31).

The Board of Directors in their meeting held on 7 February 2018 proposed to transfer 10% of the profit before contribution to KFAS, Zakat and Board of Directors remuneration to the voluntary reserve. This proposal is subject to the approval of the shareholders in the Annual General Assembly.

20. OTHER RESERVES

	Available for sale investments	Foreign currency translation reserve	Total
At 1 January 2017	(33,807)	(70,235)	(104,042)
Changes in fair value	(161,504)	-	(161,504)
Transferred to consolidated statement of income on impairment	179,879	-	179,879
Foreign currency translation differences	-	108,287	108,287
At 31 December 2017	(15,432)	38,052	22,620
At 1 January 2016	24,619	14,333	38,952
Changes in fair value	(58,426)	-	(58,426)
Foreign currency translation differences	-	(84,568)	(84,568)
At 31 December 2016	(33,807)	(70,235)	(104,042)

21. BANK BORROWING

	2017	2016
Bank borrowing	16,369,341	2,556,714

	Maturity date	2017	2016
	Upto 31 December 2018	-	2,556,714
	Upto 31 December 2019	5,600,000	-
	Upto 31 December 2020	5,600,000	-
	Upto 31 December 2021	169,341	-
Non-current portion		11,369,341	2,556,714
Current portion		5,000,000	-
		16,369,341	2,556,714

Bank borrowing denominated in Kuwaiti Dinars ("KD") obtained from a local bank with a maximum limit amounted to KD 28,000,000 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.

21. BANK BORROWING (CONTINUED)

Bank borrowing is secured by the following:

- Machinery and equipment included in property, plant and equipment amounting to KD 126,867 (2016: KD 190,523) (Note 8).
- It also requires, among many other matters, security over all the Parent Company's bank accounts held with the bank (Note 15).

22. TRADE AND OTHER PAYABLES

	2017	2016
Trade payables	1,698,243	2,889,758
Advances from customers	334,844	-
Dividends payable (Note 28)	62,235	32,383
Accrued expenses	1,941,041	1,418,188
Accrued bonus expense	567,299	473,144
Accrued leave	161,522	170,068
Refundable deposits	10,000	10,000
Board of Directors' remuneration	126,000	126,000
Kuwait Foundation for the Advancement of Sciences ("KFAS")	28,607	-
National Labor Support Tax	76,405	103,785
Zakat	30,242	41,514
Other payables	278,059	457,794
	5,314,497	5,722,634

23. 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.

24. STAFF COSTS

Staff costs are allocated as follows:

	2017	2016
Operating costs	972,966	974,352
Marketing expenses	579,904	794,050
General and administrative expenses	1,696,249	1,366,329
	3,249,119	3,134,731

25. NET INVESTMENTS INCOME

	2017	2016
Investments at fair value through profit or loss		
Change in fair value	(22,055)	(10,367)
Realised gain on sale	17,089	153,771
Dividends income	-	1,433
Portfolios management fees	(4,532)	(17,427)
	(9,498)	127,410
Held to maturity investments		
Interest income	150,963	66,069

25. NET INVESTMENTS INCOME (CONTINUED)

	2017	2016
Available for sale investments		
Dividends income	38,555	-
Gain on sale of available for sale investments	4,207	4,478
	42,762	4,478
	184,227	197,957

26. BASIC AND DILUTED EARNINGS PER SHARE (FILS)

Basic and diluted earnings per share is calculated based on dividing the profit for the year by the weighted average number of common shares outstanding during the year as follows:

	2017	2016
Profit for the year	2,599,465	3,886,091
Weighted average number of outstanding shares less treasury shares	209,213,192	209,213,192
Earnings per share (fils)	12.42	18.58

27. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2017	2016
Letters of guarantee	1,524,431	428,375

As at 31 December 2017, the Group has capital commitments for new vessel, buildings and manufacturing equipments amounting to KD 16,075,555 (2016: KD 27,105,833).

28. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of the Group's major shareholders, directors, key management personnel, 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 year ended 31 December.

The details of significant related party transactions and balances are as follows:

Transactions	2017	2016
Management fees paid to an associate	-	98,100
Key management benefits	319,682	204,746
Board of Directors' remuneration	126,000	126,000
Board of Directors' committees' remuneration	42,000	42,000

Balances	2017	2016
End of service benefits	235,003	118,106
Salaries and short term benefits	82,842	69,823
Dividends payable (Note 22)	62,235	32,383
Board of Directors' accrued remuneration (Note 22)	126,000	126,000
Board of Directors' committees' accrued remuneration	42,000	42,000

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Amounts due to related parties are non-interest bearing and are payable on demand.

The Board of Directors' remuneration for 2017 amounted to KD 126,000 (2016: KD 126,000) is subject to the approval of the shareholders in the General Assembly of the Parent Company.

29. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor these business risks through the Group's strategic planning process. No changes were made in the risk management objectives, policies or processes during the years ended 31 December 2017 and 2016. The Parent Company's management reviews and agrees policies for managing each of these risks which are summarised below:

29.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of, foreign currency risk, equity price risk and interest rate risk.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates that affects the Group's cash flows or the valuation of the monetary assets and liabilities denominated in foreign currency.

The Group is exposed to foreign currency risks resulting mainly from the Group's dealings in financial assets denominated in foreign currency.

The Group has set policies for the management of foreign exchange risk which require each Company in the Group to manage the foreign risk against its currency of operation. The Group tracks and manages these risks by:

- Monitoring the changes in foreign currency exchange rates on regular basis.
- Set up tide limits for dealing in foreign currencies for the basic objectives of the Group's activities.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	2017	2016
US Dollars	11,325,139	8,972,649
Australian Dollars	3,118,487	1,532,818
Emirates Dirham	3,285,818	1,798,115
	17,729,444	12,303,582

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

29.1 Market risk (Continued)

(a) Foreign currency risk (continued)

The following is the effect on the consolidated financial statements in case of change in the exchange rate of the foreign currencies against the Kuwaiti Dinar by 10%:

	2017	2016
Net profit	1,772,944	1,230,358
Equity	10,829	(8,457)

(b) Equity price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to this risk as the Group owns investments classified in the consolidated financial position as available for sale investments and investments at fair value through profit or loss. The Group's management monitors and manages these risks through:

- Manage the Group's investments through portfolios managed by specialised portfolio managers.
- Invest in companies' shares that have good financial positions that generate high operating income and dividends and with well performing investment funds.
- Periodic tracking of changes in market prices.

The following table shows the impact on the Group's financial assets sensitive to equity prices considering a 5% change with other factors constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of increases shown. There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

2017	% change in equity price	Effect on profit	Effect on equity
Available for sale investments	+5%	-	3,018
Investments at fair value through profit or loss	+5%	34,580	-
2016	**% change in equity price**	**Effect on profit**	**Effect on equity**
Available for sale investments	+5%	-	4,107
Investments at fair value through profit or loss	+5%	42,616	-

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk is managed by the Group through investing in deposits with fixed interest rates to prevent changes in interest rates. The Group studies on a regular basis all the income data related to the interest rate to determine the probability of changes in interest rates and the effect of such changes on the cash flow of the Group and the consolidated statement of income in order to take the necessary actions in a timely manner.

Bank borrowing bear fixed interest rate and hence not exposed to interest rate risk. The Group is exposed to interest rate risk only on its held to maturity investments which has insignificant impact on the consolidated financial statements.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

29.2 Credit risk

The credit risk is the risk that the Group will incur a loss as a result of its customers' or, counterparties' failure to discharge their contractual obligation. Credit risk is managed on a Group level by monitoring the credit policy continuously.

Trade and other receivables and cash at banks are considered the most of the assets exposed to credit risk.

The Group monitors and manages credit risk of held to maturity investments (Local bonds and Sukuk) and cash and cash equivalents by transacting with financial institutions with high credit reputation.

For credit risk of trade receivables, the Group monitors and manages the risk through the following:

- Transacting with customers with good reputation and strong financial positions and with government parties.
- Diversifying its customer base and avoiding centralisation of customers.
- Focusing on cash sales. The credit sales are held only for the contractual agreements and external sales with obtaining a bank guarantee from the customers issued from high credit reputation banks, as well as obtaining an irrevocable letters of credit and tangible warranties.
- Transacting with financial institutions with high credit reputation.

In the opinion of the Group's management, the maximum exposure to credit risk as at 31 December is as follows:

	2017	2016
Held to maturity investments	2,733,302	2,427,352
Trade and other receivables (excluding advances to suppliers, prepaid expenses and deferred tax assets)	15,831,995	13,448,017
Cash at banks and at portfolio	2,954,574	11,224,690
	21,519,871	27,100,059

29.3 Liquidity risk

Liquidity risk is the risk that the Group becomes unable to settle its liabilities when due. The management of liquidity risk is mainly to maintain sufficient balance of cash, highly liquid financial instruments and financial resources to meet the needs of liquidity.

The Group's financial obligations as at 31 December mature within one year and accordingly equal their cash value as at that date as the impact of discounting is not significant. The Group's management facilitates the funding transactions by making available credit facilities through credit commitments with banks. The management also monitors the liquidity surplus in the Group through the expected cash flows.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

29.3 Liquidity risk (continued)

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

2017	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
Bank borrowing	-	-	5,000,000	11,767,268	16,767,268
Trade and other payables (excluding advances from customers)	-	3,338,398	1,641,255	-	4,979,653
	-	3,338,398	6,641,255	11,767,268	21,746,921
2016					
Bank borrowing	-	-	-	2,646,199	2,646,199
Trade and other payables	298,247	693,557	4,730,830	-	5,722,634
	298,247	693,557	4,730,830	2,646,199	8,368,833

29.4 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as net debt plus equity. The gearing ratios as at 31 December were as follows:

	2017	2016
Bank borrowing (Note 21)	16,369,341	2,556,714
Less: cash and cash equivalents (Note 15)	(2,968,552)	(11,231,046)
Net debt	13,400,789	-
Total equity	43,631,670	41,951,609
Total capital	57,032,459	-
Gearing ratio (%)	23.50%	-

30. Operating segments

30.1 Operating segments for the revenues and results

An operating segment is a component of an entity that engages in business activities from which it 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.

30. OPERATING SEGMENTS (CONTINUED)

30.1 Operating segments for the revenues and results (Continued)

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 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 above mentioned segments. The revenues, profits, assets and liabilities are measured according to 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 the management:

30.1.1 Segment revenue

	Commercial segment		Food processing segment		Investments segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Kuwait	47,392,647	41,038,115	5,966,324	5,773,212	184,227	232,956	53,543,198	47,044,283
UAE	8,249,585	6,994,394	-	-	-	-	8,249,585	6,994,394
Australia	1,692,554	1,786,733	-	-	15,412	108,885	1,707,966	1,895,618
Total	57,334,786	49,819,242	5,966,324	5,773,212	199,639	341,841	63,500,749	55,934,295
Unallocated items							-	217,284
Miscellaneous revenues							1,378,231	670,871
Total revenue							64,878,980	56,822,450

30.1.2 Segment results

	Commercial segment		Food processing segment		Investments segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Kuwait	2,297,987	3,123,630	(826,992)	-	4,348	232,956	1,475,343	3,356,586
UAE	38,024	(104,455)	-	-	-	-	38,024	(104,455)
Australia	(39,547)	54,663	-	-	15,412	108,885	(24,135)	163,548
Total	2,296,464	3,073,838	(826,992)	-	19,760	341,841	1,489,232	3,415,679
Unallocated items								217,284
Unallocated other income							1,378,231	524,427
Unallocated other cost							(267,998)	(271,299)
Profit for the year							2,599,465	3,886,091

30.2 Segmental distribution of assets and liabilities

	Commercial segment		Food processing segment		Investments segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets	55,782,586	41,076,964	6,070,693	5,663,745	4,960,520	4,905,688	66,813,799	51,646,397
Liabilities	23,032,129	9,638,988	150,000	55,800	-	-	23,182,129	9,694,788

30. OPERATING SEGMENTS (CONTINUED)

30.3 Geographical distribution of assets and liabilities

	2017			
	Kuwait	**UAE**	**Australia**	**Total**
Assets				
Property, plant and equipment	26,995,873	347,108	1,342,247	28,685,228
Investments in associates	-	-	376,347	376,347
Available for sale investments	822,829	-	-	822,829
Held to maturity investments	2,733,302	-	-	2,733,302
Inventories	6,631,334	140,644	53,657	6,825,635
Trade and other receivables	19,913,238	2,904,436	556,190	23,373,864
Investments at fair value through profit or loss	1,028,042	-	-	1,028,042
Cash and cash equivalents	1,193,662	228,744	1,546,146	2,968,552
	59,318,280	3,620,932	3,874,587	66,813,799
Liabilities				
Trade and other payables and employees' end of service benefits	5,910,024	344,765	557,999	6,812,788
Bank borrowing	16,369,341	-	-	16,369,341
	22,279,365	344,765	557,999	23,182,129

	2016			
	Kuwait	**UAE**	**Australia**	**Total**
Assets				
Property, plant and equipment	13,034,275	293,482	1,283,790	14,611,547
Investments in associates	65,682	-	448,304	513,986
Available for sale investments	1,024,559	-	-	1,024,559
Held to maturity investments	2,427,352	-	-	2,427,352
Inventories	4,036,707	192,262	46,258	4,275,227
Trade and other receivables	14,598,941	1,672,956	350,992	16,622,889
Investments at fair value through profit or loss	939,791	-	-	939,791
Cash and cash equivalents	10,275,869	125,159	830,018	11,231,046
	46,403,176	2,283,859	2,959,362	51,646,397
Liabilities				
Trade and other payables and employees' end of service benefits	6,631,936	263,285	242,853	7,138,074
Bank borrowing	2,556,714	-	-	2,556,714
	9,188,650	263,285	242,853	9,694,788

31. ANNUAL GENERAL ASSEMBLY MEETING

The Board of Directors in their meeting held on 7 February 2018 proposed a cash dividend of 5 fils per share for the financial year ended 31 December 2017, and to distribute directors' remuneration amounting to KD 126,000. This proposal is subject to the approval of the shareholders in the Annual General Assembly.

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 2016 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 through utilisation of the voluntary reserve after deducting the treasury shares.
- Board of Directors remuneration amounting to KD 126,000 for the financial year ended 31 December 2016.