



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

**Consolidated financial statements
and independent auditor's report
for the year ended 31 December 2023**



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Independent auditor's report to the shareholders of Livestock Transport and Trading Company K.P.S.C.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group"), as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Key Audit Matter	• Expected credit loss on trade receivables and accrued government subsidy
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Independent auditor's report to the shareholders of Livestock Transport and Trading Company K.P.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach (continued)

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss on trade receivables and accrued government subsidy	
At the end of each reporting period, management conducts an assessment of the recoverability of the Group's trade receivables and accrued government subsidy 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 expected credit losses. As at 31 December 2023, the Group had gross outstanding receivables of KD 24,218,072 (2022: KD 23,951,760) including an outstanding receivable of KD 16,330,630 (2022: KD 16,330,630) relating to government subsidy accrued pursuant to Council of Ministers' resolution No. 1308 dated 11 September 2011 and the Ministerial Decree No. 409. The Group has lost all the legal cases related to the dispute with the Ministry of Commerce and Industry against which legal cases were filed claiming the subsidy due amount with the exception to an amount of KD 3,105,426, which management is confident about its collectability. As at 31 December 2023, expected credit loss of KD 16,341,427 (2022: KD 16,306,615) is maintained against trade receivables and accrued government subsidy out of which an amount of KD 13,258,704 (2022: KD 13,225,204) pertains to the above mentioned government subsidy. Refer to Notes 3.7.4, 4.1(b), 5 and 12 to the consolidated financial statements for the related disclosures.	Our audit procedures included: • Assessing the appropriateness of the Expected Credit Loss (ECL) model prepared by management. • Reviewing management judgments and assumptions including the following: - calculating the roll rate percentages - calculating the default rate percentages - determining average default rates - scaling default rates to loss rates - determining the final ECL provision using loss rates • Assessing the adequacy of the expected credit loss allowance. • Obtaining an updated status from the Parent Company's regarding the cases 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 amount. • Reviewing management's impairment assessment for the accrued government subsidy. • Evaluating the adequacy of the disclosures in Notes 3, 4, 5 and 12 to the consolidated financial statements.



Independent auditor's report to the shareholders of Livestock Transport and Trading Company K.P.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the report of the Board of Directors (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's complete Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS Accounting Standards and the Companies' Law no. 1 of 2016 and its executive regulations, 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.

Auditor's 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 auditor's 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.



Independent auditor's report to the shareholders of Livestock Transport and Trading Company K.P.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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.
- 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 auditor's 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 auditor's 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, actions taken to eliminate threats or safeguards applied.

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 auditor's 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 auditor's report to the shareholders of Livestock Transport and Trading Company K.P.S.C. (continued)

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, its executive regulation 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, its executive regulation nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2023 that might have had a material effect on the business of the Group or on its consolidated financial position.

Moreover, we further report that during the course of our audit, we have not become aware of any violations of Law No. 7 of 2010 pertaining to the Establishment of the Capital Markets Authority and the Regulation of Securities' Activity and subsequent amendments thereto and its executive bylaws during the year ended 31 December 2023 that might have had a material effect on the business of the Group or on its consolidated financial position.



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

19 February 2024
Kuwait

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

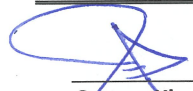


Consolidated statement of financial position
For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	7	34,230,657	35,541,399
Investments in associate	8	527,223	463,707
Right-of-use assets	9	1,435,154	956,829
Financial assets at fair value through other comprehensive income	10	289,744	984,101
		<u>36,482,778</u>	<u>37,946,036</u>
Current assets			
Inventories	11	5,403,031	7,351,274
Trade and other receivables	12	10,752,940	10,502,354
Cash and cash equivalents	13	2,513,507	3,063,379
		<u>18,669,478</u>	<u>20,917,007</u>
Total assets		<u>55,152,256</u>	<u>58,863,043</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	21,659,057	21,659,057
Share premium	14	4,967,805	4,967,805
Treasury shares	15	(1,647,126)	(1,647,126)
Statutory reserve	16	11,825,560	11,825,560
Voluntary reserve	17	4,489,130	4,489,130
Other reserves	18	227,268	58,807
Accumulated losses		<u>(10,869,121)</u>	<u>(10,987,395)</u>
Net equity		<u>30,652,573</u>	<u>30,365,838</u>
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	20	1,598,123	1,399,238
Bank borrowing	19	13,600,000	15,521,951
Lease liabilities – non-current	9	1,008,357	662,688
		<u>16,206,480</u>	<u>17,583,877</u>
Current liabilities			
Bank borrowing	19	1,940,667	1,950,000
Bank overdraft	13	1,509,832	4,787,095
Trade and other payables	21	4,424,078	3,883,583
Lease liabilities – current	9	418,626	292,650
		<u>8,293,203</u>	<u>10,913,328</u>
Total liabilities		<u>24,499,683</u>	<u>28,497,205</u>
Total equity and liabilities		<u>55,152,256</u>	<u>58,863,043</u>


Nael Mohammad AlHumoud
Chairman


Osama Khaled Bodai
Chief Executive Officer

The accompanying notes set out on pages 11 to 48 form an integral part of these consolidated financial statements.

Consolidated statement of income

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022
Operating revenue		46,230,581	42,123,514
Operating costs		(38,196,492)	(38,948,446)
Gross profit		8,034,089	3,175,068
Other operating income	22	600,693	920,460
Gain on sale of property, plant and equipment		17,366	63,641
Marketing expenses	23	(1,581,372)	(1,614,203)
General and administrative expenses	24	(5,197,679)	(4,898,158)
Impairment losses on financial assets	4.1	(65,184)	(743,007)
Other operating expenses	25	(1,049,527)	(641,092)
Operating profit / (loss)		758,386	(3,737,291)
Investment income	26	41,998	55,893
Finance costs		(919,772)	(793,951)
Group's share in associate's results	8	56,123	36,566
Foreign currency exchange gain / (loss)		157,898	(51,724)
Profit / (loss) before, National Labour Support Tax ("NLST"), Zakat and subsidiaries tax		94,633	(4,490,507)
National Labour Support Tax ("NLST")	3.24	(3,064)	-
Zakat	3.24	(1,226)	-
Reversal of income tax on subsidiaries		27,931	101,687
Profit / (loss) for the year		118,274	(4,388,820)
Basic and diluted earning / (loss) per share (fils)	28	0.57	(20.98)

The accompanying notes set out on pages 11 to 48 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022
Profit / (loss) for the year		118,274	(4,388,820)
Other comprehensive income:			
<i>Items that may be reclassified to the consolidated statement of income:</i>			
Exchange differences on translation of foreign operations	18	182,581	47,463
<i>Items that will not be reclassified to the consolidated statement of income:</i>			
Changes in fair value of financial assets at fair value through other comprehensive income	18	(14,120)	(122,162)
Other comprehensive income / (loss) for the year		168,461	(74,699)
Total comprehensive income / (loss) for the year		286,735	(4,463,519)

The accompanying notes set out on pages 11 to 48 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Accumulated losses	Net equity
At 1 January 2022	21,659,057	4,967,805	(1,647,126)	11,825,560	4,489,130	133,506	(6,598,575)	34,829,357
Loss for the year	-	-	-	-	-	-	(4,388,820)	(4,388,820)
Other comprehensive loss	-	-	-	-	-	(74,699)	-	(74,699)
Total comprehensive loss for the year	-	-	-	-	-	(74,699)	(4,388,820)	(4,463,519)
At 31 December 2022	<u>21,659,057</u>	<u>4,967,805</u>	<u>(1,647,126)</u>	<u>11,825,560</u>	<u>4,489,130</u>	<u>58,807</u>	<u>(10,987,395)</u>	<u>30,365,838</u>
Profit for the year	-	-	-	-	-	-	118,274	118,274
Other comprehensive income	-	-	-	-	-	168,461	-	168,461
Total comprehensive income for the year	-	-	-	-	-	168,461	118,274	286,735
At 31 December 2023	<u>21,659,057</u>	<u>4,967,805</u>	<u>(1,647,126)</u>	<u>11,825,560</u>	<u>4,489,130</u>	<u>227,268</u>	<u>(10,869,121)</u>	<u>30,652,573</u>

The accompanying notes set out on pages 11 to 48 form an integral part of these consolidated financial statements.

**Consolidated statement of cash flows
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022
Operating activities			
Profit / (loss) for the year		118,274	(4,388,820)
<i>Adjustments:</i>			
Depreciation	7&9	4,718,675	4,059,982
Gain on sale of property, plant and equipment		(17,366)	(63,641)
Investment income	26	(41,998)	(55,893)
Interest expense – lease liability	9	80,668	75,591
Interest expense – borrowing and overdraft		839,104	718,360
Impairment losses on financial assets	4.1	65,184	743,007
Group's share in associate's results	8	(56,123)	(36,566)
Foreign currency exchange loss		(157,898)	51,724
Employees' end of service benefits	20	261,731	210,288
		5,810,251	1,314,032
Changes in working capital			
Inventories		1,948,243	(834,440)
Trade and other receivables		(317,059)	845,289
Trade and other payables		699,228	(974,459)
Cash flows generated from operations		8,140,663	350,422
Employees' end of service benefits paid	20	(63,158)	(211,810)
Net cash flows generated from operating activities		8,077,505	138,612
Investing activities			
Purchase of property, plant and equipment	7	(3,000,836)	(4,329,981)
Proceeds from disposal of property, plant and equipment		19,993	83,435
Initial direct cost paid for lease contracts	9	(58,807)	-
Purchase of financial assets at fair value through other comprehensive income		-	(37,690)
Proceeds from sale of financial assets at fair value through other comprehensive income		680,237	-
Redemption for financial assets at amortised cost		-	305,950
Investment income received		41,998	55,893
Net cash flows used in investing activities		(2,317,415)	(3,922,393)
Financing activities			
Dividends paid		(835)	(1,458)
Payment of term borrowing		(1,950,000)	(1,900,000)
Interest repayment - loan and overdraft		(820,388)	(718,360)
Lease payments	9	(438,903)	(520,378)
Net cash flows used in financing activities		(3,210,126)	(3,140,196)
Net increase / (decrease) in cash and cash equivalents		2,549,964	(6,923,977)
Cash and cash equivalents at beginning of the year		(1,723,716)	5,029,997
Net foreign exchange differences		177,427	170,264
Cash and cash equivalents at end of the year	13	1,003,675	(1,723,716)
Non-cash transactions:			
Right of use assets	9	(831,953)	(56,547)
Lease liabilities	9	831,953	56,547

The accompanying notes set out on pages 11 to 48 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. INCORPORATION AND ACTIVITIES

Livestock Transport and Trading Company K.P.S.C. (the “Parent Company”) was incorporated in accordance with the Memorandum of 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 which is owned by State of Kuwait 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.
2. To construct and buy farms, pastures, barns, land and real estate deemed necessary to achieve the Parent Company’s objectives.
3. To carry out all transportation operations deemed necessary or for others similar businesses.
4. To own, buy and utilize means of marine and land transportation necessary to achieve the Parent Company’s objectives. In addition, utilize air transport necessary.
5. To engage in any business or processing activity relating to meat production and transportation, wool and leather trade.
6. To own, lease and rent of real estates, buildings, workshops, docks and stores.
7. To import and export marine equipment necessary for the Parent Company’s vessels.
8. To import, export and manufacture all kinds of fodder.
9. The Parent Company may conduct all transactions and all other actions necessary to facilitate achieving its objectives.
10. Utilisation of financial surplus through investment in portfolios managed by specialised companies and authorities.
11. To engage in any trade or industry for food processing, opening restaurants and preparing healthy food.
12. To engage in any trade or manufacture of foodstuffs.
13. To engage in any trade or manufacture of fertilizers.
14. Import, export, breeding and sale of livestock.
15. Importing, exporting, manufacturing and selling medicines, veterinary tools and supplies, and veterinary medicine.
16. To engage any trade or manufacture of animal and pet food.
17. Agricultural Contracting.
18. Delivery of consumer and food orders.
19. To engage any trade or industry related to supermarkets and/or mini supermarkets and/or groceries.
20. To engage the activities of butchery and butcheries and exhibitions of selling meat and its products of all kinds.

Livestock Transport and Trading Company K.P.S.C. (“the Parent Company”) and its subsidiaries (together referred to as “the Group”) operates in four countries; Kuwait, United Arab Emirates (“UAE”), Australia and South Africa, and transports and sells livestock to certain countries in the Middle East.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

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 subsidiaries	Shareholding interest (%)		Activity	Country of incorporation
	2023	2022		
Rural Export and Trading (WA) PTY Ltd.	100	100	Trade in livestock and meat	Australia
Trans Emirates Livestock Trading Company L.L.C.	100	100	Trade in livestock and meat	UAE
Al Shuwaikh Company for Managing and Establishing Commercial and Industrial Projects S.P.C.	100	100	Establishment and management of commercial and industrial projects	Kuwait
Al Mawashi (PTY) Ltd.	100	100	Trade in livestock and meat	South Africa
Al Messilah United for Sea and Shore Shipping Company W.L.L.	100	100	Sea transportation of miscellaneous goods	Kuwait
Al Kuwait Vessel for Sea and Shore Shipping Company W.L.L.	100	100	Sea transportation of miscellaneous goods	Kuwait

The total assets of the subsidiaries amounted to KD 11,606,776 as at 31 December 2023 (2022: KD 10,796,804), and their respective total liabilities amounted to KD 12,614,740 as at 31 December 2023 (2022: KD 13,305,097). Their total revenues amounted to KD 28,942,122 for the year ended 31 December 2023 (2022: KD 21,316,912). Their losses amounted to KD 407,964 for the year ended 31 December 2023 (2022: losses amounted to KD 2,534,414). Total assets, liabilities, revenues and losses of the subsidiaries are before eliminations.

During September 2022, the Parent Company incorporated two new subsidiaries "Al Messilah United for Sea and Shore Shipping Company W.L.L." and "Al Kuwait Vessel for Sea and Shore Shipping Company W.L.L.". The two subsidiaries did not start operations and their share capital has not been paid as at 31 December 2023.

The consolidated financial statements for the year ended 31 December 2023 were authorised for issuance by the Board of Directors of the Parent Company on 19 February 2024 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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2. BASIS OF PREPARATION

(a) Compliance with IFRS Accounting Standards

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the companies law no.1 of 2016 and its executive regulations. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the Parent Company's functional and presentation currency.

2.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to IAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions..

3 SUMMARY OF MATERIAL 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3.1 Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associate

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.

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, is recognised immediately in 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3.3 Foreign currencies translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of income as a separate line item.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of income, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

3.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3.4 Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Vessels	2-15 years
Land constructions and buildings	10-20 years
Machinery and equipment	3-20 years
Vehicles	5 years
Other assets	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at the end of each reporting period. 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.

Gains and losses on disposal (if any) are determined by comparing the proceeds with the carrying amounts and are recognised within 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 capitalised on assets that meet the conditions of capitalising the borrowing costs in accordance with the Group's accounting policy. These assets 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.

3.5 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.

3.6 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3.7 Financial assets

3.7.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through other comprehensive income, and
- Those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses are recorded in consolidated statement of comprehensive income. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

3.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.7.3 Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortised cost.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the consolidated statement of income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income. Impairment losses are presented as separate line item in the consolidated statement of income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3.7 Financial assets (continued)

3.7.3 Measurement (continued)

Equity instruments

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

Subsequent to the initial recognition, financial assets other than those carried at fair value through other comprehensive income are carried at amortised costs using the effective interest rate method.

3.7.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For 'trade and other receivables' the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For cash and cash equivalents, they are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

3.9 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, current accounts with banks, time deposits with an original maturity of less than three months and cash at investment portfolios net of bank overdraft. In the consolidated statement of financial position, bank overdraft is shown as a separate line within current liabilities.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Employees' end of service benefits

The Group is liable under Kuwaiti Labour Law, to make payments to the employees for end of service benefits through defined benefits plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and has been computed as the amount payable as a result of involuntary termination of the Group's employees on the financial position date. The Group expects this method to produce a reliable approximation of the present value of this obligation.

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

3.11 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition the financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The Group classifies its financial liabilities as borrowing and trade payables and other payables. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.12 Offsetting financial instruments

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 realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.13 Borrowings

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

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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Borrowings (continued)

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.

3.14 Trade payables and other liabilities

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

3.15 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures 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. The increase in the provision due to passage of time is recognised as finance costs.

3.16 Dividends

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

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.18 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.

3.19 Taxes and deductions

Taxes and deductions are represented in the following:

- 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.

3.20 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 assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold.

Revenue is recognised when or as performance obligations are satisfied by transferring control of goods to a customer. Revenue is recognised only to the extent that it is probable the economic benefits will accrue to the Group, the revenue can be measured reliably and the contract has commercial substance.

The revenue recorded is the amount of consideration specified in a contract with a customer that the Group expects to be entitled to in exchange for those goods.

Revenue is recognised in accordance with the five-step model as stipulated in IFRS 15:

1. Identify contracts with customers: A contract is an agreement which creates enforceable rights and obligations and sets out criteria that must be met.
2. Identify performance obligations within a contract: A performance obligation is a promise to deliver goods or services to a customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for delivering the promised goods to a customer.
4. Allocate the transaction price to the performance obligations.
5. Recognize revenue as and when the Group satisfies performance obligations.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional.

Sale of goods

The Group is engaged in the sales of food products. Revenue from the sale of goods is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the product and takes delivery. It is the Group's policy to sell its products to the end customer.

Interest income

Interest income is recognised as the interest accrues using effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

3.22 Governmental subsidy

Governmental subsidy is recognised at fair value where there is a reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. Governmental subsidy is shown as a separate line item in the consolidated statement of income. There are no unfulfilled conditions or other contingencies attached to this subsidy. The Group did not benefit directly from any other forms of government assistance.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Leases

The Group leases various offices, warehouses, retail stores. Rental contracts are made for fixed periods of 1 year to 20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using, the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less.

3.24 NLST, KFAS and Zakat

National Labour Support Tax (NLST), contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat represent levies / taxes imposed on the Group at the flat percentage of net profits less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent taxation / levy regulations no carry forward of losses is permitted and there are no significant differences between the tax / levy bases of assets and liabilities and their carrying amount for financial reporting purposes.

Tax / statutory levy	Rate
Contribution to KFAS	1.0% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions
NLST	2.5% of annual net profit before Board of Director's remuneration, contribution to Kuwait Foundation for Advancement of Sciences, donations, grants, Zakat and NLST.

4 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. The Parent Company's management reviews and agrees policies for managing each of these risks which are summarised below.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors

(a) 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.

(i) 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 currencies. 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:

	2023	2022
	KD (equivalent)	KD (equivalent)
US Dollar	(48,833)	(354,899)
Euro	(4,866)	60,175
Australian dollar	(52,723)	351,047
Emirati dirham	3,638,970	3,927,227
South African Rand	103,609	211,798

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) *Market risk (continued)*

(i) *Foreign currency risk (continued)*

The table below indicates the Group's foreign exchange exposure as at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the KD currency rate against the US Dollar, Euro, Australian Dollar, Emirati Dirham and South African Rand with all other variables held constant, on the loss for the year and equity (due to the fair value of currency sensitive monetary assets and liabilities).

	<i>Change in currency rate</i>	<i>Effect on (loss) /profit for the year and equity</i>
31 December 2023		
US Dollar	+5%	2,442
Euro	+5%	243
Australian Dollar	+5%	2,636
Emirati Dirham	+5%	(181,949)
South African Rand	+5%	(5,180)
31 December 2022		
US Dollar	+5%	17,745
Euro	+5%	(3,009)
Australian Dollar	+5%	(17,552)
Emirati Dirham	+5%	(196,361)
South African Rand	+5%	(10,590)

The increase in currency rate will have the opposite effect on the loss for the year and equity.

(ii) *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 statement of financial position as financial assets at fair value through other comprehensive income. The Group's management monitors and manages these risks through:

- 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.

Notes to the consolidated financial statements

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) Market risk (continued)

(ii) Equity price risk (continued)

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.

2023	% change in equity price	Effect on equity
Financial assets at fair value through other comprehensive income	<u>5%</u>	<u>14,487</u>
2022	% change in equity price	Effect on equity
Financial assets at fair value through other comprehensive income	<u>5%</u>	<u>49,205</u>

(iii) 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.

Borrowings bear fixed interest rate and hence not exposed to interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents and trade and other receivables.

Notes to the consolidated financial statements

For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(i) Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with high credit rating are accepted.

If contract customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by contract customers is regularly monitored by line management.

Sales to retail customers are required to be settled by letter of credit, thereby extinguishing credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions.

(ii) Security

It is not the practice of the Group to obtain securities against receivables.

(iii) Impairment of financial assets

The following represents the Group's financial assets that are subject to the expected credit loss model:

- Trade receivables for billed amounts issued for sale of livestock and livestock products.

While cash and cash equivalents and financial assets at amortised costs are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

The Group has established a provision matrix that is based on the Group's historical credit loss experience. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate of the countries in which it sells its goods and provide services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for trade receivables:

	As at 31 December 2023			As at 31 December 2022		
	Trade receivables	Loss allowance	Loss allowance %	Trade receivables	Loss allowance	Loss allowance %
Up to 3 months	2,443,554	120,061	5%	2,861,166	104,119	4%
3 – 6 months	547,102	129,689	24%	614,566	98,558	16%
6 – 9 months	758,906	179,946	24%	281,257	66,638	24%
9 months to 1 year	332,852	68,101	20%	119,101	32,386	27%
Over 1 year	20,135,658	15,843,630	79%	20,075,670	16,004,914	80%
	24,218,072	16,341,427	67%	23,951,760	16,306,615	68%

The movement of the loss allowance is as follows:

	2023	2022
At 1 January	16,306,615	15,553,974
Increase in loss allowance recognised in the profit or loss during the year	65,184	743,007
Write-off during the year	(31,661)	-
Foreign exchange differences	1,289	9,634
At 31 December	16,341,427	16,306,615

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain the support from the shareholders.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the below tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

The maturity analysis of financial instruments as at 31 December is as follows:

At 31 December 2023	Less than 12 months	More than 12 months	Total Contractual cash flows	Carrying amount
Bank borrowing	3,597,686	15,261,033	18,858,719	15,540,667
Lease liabilities	494,515	1,494,640	1,989,155	1,426,983
Bank overdraft	1,509,832	-	1,509,832	1,509,832
Trade and other payables (excluding contract liabilities and dividends payable)	3,932,073	-	3,932,073	3,932,073
	9,534,106	16,755,673	26,289,779	22,409,555

At 31 December 2022	Less than 12 months	More than 12 months	Total Contractual cash flows	Carrying amount
Bank borrowing	2,554,414	18,858,719	21,413,133	17,471,951
Lease liabilities	306,149	690,256	996,405	955,338
Bank overdraft	4,787,095	-	4,787,095	4,787,095
Trade and other payables (excluding contract liabilities and dividends payable)	3,810,357	-	3,810,357	3,810,357
	11,458,015	19,548,975	31,006,990	27,024,741

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 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:

	2023	2022
Bank borrowing (Note 19)	15,540,667	17,471,951
Bank overdraft	1,509,832	4,787,095
Lease liabilities	1,426,983	955,338
Less: cash and cash equivalents (Note 13)	(2,513,507)	(3,063,379)
Net debt	15,963,975	20,151,005
Net equity	30,652,573	30,365,838
Total capital	46,616,548	50,516,843
Gearing ratio (%)	34.25%	39.89%

5 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:

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5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Significant management judgments (continued)

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses and retail stores, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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:

Expected Credit Losses on financial assets

The Group estimates Expected Credit Loss (ECL) for all financial assets carried at amortised cost.

Significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purpose of measuring ECL.

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5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

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.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives over which its property, plant and equipment are depreciated. The Group's management determines the estimated useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

At the reporting date, the Group's management assesses, whether there is any indication that property, plant and equipment may be impaired. The recoverable amount of an asset is determined based on value in use calculated using cash flows projections based on financial budgets approved by management covering a five-year period which involves judgments and estimates made by management. The impairment was Nil (2022: nil).

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6 FAIR VALUE ESTIMATION

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

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

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

	Level 1	Level 2	Level 3	Total fair value
31 December 2023				
Financial assets at fair value through other comprehensive income	1,233	22,085	266,426	289,744
31 December 2022				
Financial assets at fair value through other comprehensive income	693,493	23,480	267,128	984,101

Financial assets at fair value through other comprehensive income at Level 3 is measured at fair value estimated using various models, which includes some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments as the future financial flows of which are unpredictable.

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

The following table represents the changes in Level 3 instruments:

	2023	2022
Opening balance	267,128	324,131
Change in fair value	(702)	(57,003)
Ending balance	266,426	267,128

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7 PROPERTY, PLANT AND EQUIPMENT

	Vessels	Land, constructions and buildings	Machinery and equipment	Vehicles	Other assets	Projects in progress	Total
At 1 January 2022							
Cost	34,991,066	28,448,705	10,045,444	3,698,713	2,537,714	250,825	79,972,467
Accumulated depreciation	(20,539,635)	(12,828,344)	(6,086,089)	(3,137,077)	(2,405,368)	-	(44,996,513)
Net book amount	14,451,431	15,620,361	3,959,355	561,636	132,346	250,825	34,975,954
Year ended 31 December 2022							
Opening net book amount	14,451,431	15,620,361	3,959,355	561,636	132,346	250,825	34,975,954
Exchange differences	-	(65,105)	(22,111)	198	(280)	-	(87,298)
Additions	849,070	151,003	423,156	183,852	72,301	2,650,599	4,329,981
Disposals	-	-	(51,939)	(434,267)	-	-	(486,206)
Depreciation charge	(1,737,261)	(954,313)	(686,085)	(208,035)	(71,750)	-	(3,657,444)
Depreciation relating to disposals	-	-	32,345	434,067	-	-	466,412
Transfers - net	625,287	(624,203)	36,891	(51)	(37,924)	-	-
Transfer from projects in progress	1,451,917	221,617	2,735	-	-	(1,676,269)	-
Closing net book amount	15,640,444	14,349,360	3,694,347	537,400	94,693	1,225,155	35,541,399
At 31 December 2022							
Cost	37,917,373	27,954,378	10,930,525	3,448,496	2,295,441	1,225,155	83,771,368
Accumulated depreciation	(22,276,929)	(13,605,018)	(7,236,178)	(2,911,096)	(2,200,748)	-	(48,229,969)
Net book amount	15,640,444	14,349,360	3,694,347	537,400	94,693	1,225,155	35,541,399
Year ended 31 December 2023							
Opening net book amount	15,640,444	14,349,360	3,694,347	537,400	94,693	1,225,155	35,541,399
Exchange differences	-	(3,417)	3,222	(580)	(179)	-	(954)
Additions	612,904	383,752	443,445	160,421	196,423	1,203,891	3,000,836
Disposals	-	-	(5,635)	(10,765)	(6,178)	-	(22,578)
Depreciation charge	(2,259,112)	(1,036,852)	(755,077)	(185,464)	(71,492)	-	(4,307,997)
Depreciation relating to disposals	-	-	5,586	8,275	6,090	-	19,951
Transfer from projects in progress	76,014	1,230,757	18,440	-	-	(1,325,211)	-
Closing net book amount	14,070,250	14,923,600	3,404,328	509,287	219,357	1,103,835	34,230,657
At 31 December 2023							
Cost	38,606,291	29,565,470	11,389,997	3,597,572	2,485,507	1,103,835	86,748,672
Accumulated depreciation	(24,536,041)	(14,641,870)	(7,985,669)	(3,088,285)	(2,266,150)	-	(52,518,015)
Net book amount	14,070,250	14,923,600	3,404,328	509,287	219,357	1,103,835	34,230,657

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7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Machinery and equipment included in property, plant and equipment with a carrying value of KD 15,414 (2022: KD 25,816) are mortgaged as a security against bank borrowing (Note 19).

Vessel included in property, plant and equipment with a carrying value of KD 12,624,335 (2022: 13,642,516) is mortgaged as a security against bank borrowing (Note 19).

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

	2023	2022
Operating costs	3,675,233	3,130,222
Marketing expenses (Note 23)	158,752	106,057
General and administrative expenses (Note 24)	474,012	421,165
	<u>4,307,997</u>	<u>3,657,444</u>

8 INVESTMENTS IN ASSOCIATE

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

Name of the associate	Country of incorporation	Activity	Voting rights and equity interest		2023	2022
			2023	2022		
			%	%		
Portland Pellet Suppliers	Australia	Pellet manufacturing	50%	50%	<u>527,223</u>	463,707

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

Portland Pellet Suppliers

Assets	2023	2022
Current assets	883,299	746,863
Non-current assets	327,068	341,538
	<u>1,210,367</u>	<u>1,088,401</u>
Liabilities		
Current liabilities	154,902	160,522
Non-current liabilities	1,019	465
	<u>155,921</u>	<u>160,987</u>
Net assets of the associate	<u>1,054,446</u>	927,414
Group's share of the associate's net assets	<u>527,223</u>	463,707
Revenues	<u>1,619,913</u>	1,837,155
Expenses	<u>(1,507,667)</u>	(1,764,023)
Profit for the year	<u>112,246</u>	73,132
Group's share of associate's results	<u>56,123</u>	36,566

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8 INVESTMENTS IN ASSOCIATE (CONTINUED)

Reconciliation of the summarised financial information:

	2023	2022
Opening balances	463,707	454,529
Share of results	56,123	36,566
Foreign currency translation adjustment	7,393	(27,388)
Ending balances	527,223	463,707

9 LEASES

This note provides information for lease where the Group is a lessee.

(i) Amounts recognized in the consolidated statement of financial position

	2023	2022
Right of use assets		
Buildings	1,435,154	956,829
Lease liability		
Current	418,626	292,650
Non-current	1,008,357	662,688
	1,426,983	955,338

(ii) Amounts recognised in the consolidated statement of income

The consolidated statement of income shows the following amount relating to lease:

	2023	2022
Depreciation charge of right-of-use asset		
Building	410,678	402,538
Interest expense – lease liability	80,668	75,591

The movement of right of use asset is as follows:

	Year ended 31 December	
	2023	2022
Opening net book amount	956,829	1,295,800
Additions	831,953	56,547
Initial direct cost paid for lease contracts	58,807	-
Depreciation	(410,678)	(402,538)
Foreign currency translation adjustment	(1,757)	7,020
Closing net book amount	1,435,154	956,829

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9 LEASES (CONTINUED)

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

	2023	2022
Operating costs	15,200	3,410
Marketing expenses (Note 23)	178,158	178,158
General and administrative expenses (Note 24)	217,320	220,970
	410,678	402,538

The movement of lease liabilities is as follows:

	Year ended 31 December	
	2023	2022
Opening net book amount	955,338	1,339,632
Additions	831,953	56,547
Interest	80,668	75,591
Lease payments	(438,903)	(520,378)
Foreign currency translation adjustment	(2,073)	3,946
Closing net book amount	1,426,983	955,338

Expenses relating to short-term leases included in marketing expenses (Note 23) and general and administrative expenses (Note 24) amounted to KD 2,101 (2022: KD 22,500) and KD 111,472 (2022: KD 6,675), respectively.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following:

	2023	2022
Quoted securities	1,233	693,493
Unquoted local securities	266,426	267,128
Unquoted foreign securities*	22,085	23,480
	289,744	984,101

The fair value of quoted securities is based on its year end bid price in an active market.

*The unquoted foreign securities represents investment in funds and its fair value is determined by the manager of the fund based on the latest net asset value as of 31 December 2023.

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11 INVENTORIES

	2023	2022
Livestock and meat	1,552,397	5,429,829
Fodder	156,657	96,463
Medicines, fertilisers and others	914,254	754,599
	2,623,308	6,280,891
Goods in transit - livestock	1,955,728	34,858
Production materials and spare parts	823,995	1,035,525
	5,403,031	7,351,274

12 TRADE AND OTHER RECEIVABLES

	2023	2022
Trade receivables	7,887,442	7,621,130
Accrued Government subsidy*	16,330,630	16,330,630
	24,218,072	23,951,760
Loss allowance	(16,341,427)	(16,306,615)
	7,876,645	7,645,145
Advances to suppliers	1,397,645	1,154,469
Prepaid expenses	353,131	375,809
Refundable deposits	101,765	117,451
Staff receivables	22,286	19,606
Others	1,001,468	1,189,874
	10,752,940	10,502,354

* 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 (2022: KD 16,330,630). The Group's subsidy was not approved by the Ministry due to a dispute regarding the subsidy per head. Further, there were two legal cases filed by the Parent Company against the Ministry claiming the subsidy due amount.

The outcome of the two legal cases was not in favour of the Parent Company, accordingly management had appealed against the verdict. On 28 December 2022, a verdict was issued by the Court of cassation to refuse the appeal and uphold the earlier decision of the court.

No additional loss allowance was charged as a result of the final outcome of the two legal cases, as full loss allowance was maintained during the prior years.

Loss allowance of KD 33,500 (2022: KD Nil) was maintained against the remaining government subsidy balance amounting to KD 3,105,426 (2022: KD 3,105,426).

As at 31 December 2023, the loss allowance maintained against the total accrued government subsidy balance amounted to KD 13,258,704 (2022: KD 13,225,204).

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13 CASH AND CASH EQUIVALENTS

	2023	2022
Cash on hand and at banks	2,487,458	3,006,451
Cash at investment portfolios	26,049	56,928
Cash and cash equivalents (as per the consolidated statement of financial position)	2,513,507	3,063,379
Less: bank overdraft	(1,509,832)	(4,787,095)
Cash and cash equivalents (as per the consolidated statement of cash flows)	1,003,675	(1,723,716)

14 SHARE CAPITAL

As at 31 December 2023, the authorised, issued and fully paid up share capital of the Parent Company comprise of 216,590,575 shares of 100 fils each (2022: 216,590,575 shares of 100 fils each). All shares are paid in cash.

Share premium

The share premium represents the difference between the par value of the shares issued and the issue price.

15 TREASURY SHARES

	2023	2022
Number of shares	7,377,383	7,377,383
Percentage to issued shares (%)	3.41%	3.41%
Market value	722,984	796,757

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.

16 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 is more than 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. No transfer to statutory reserve has been made for the financial years ended 31 December 2023 and 2022 due to the accumulated losses.

17 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. No transfer to voluntary reserve has been made for the years ended 31 December 2023 and 2022.

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18 OTHER RESERVES

	Change in fair value reserve	Foreign currency translation reserve	Total
At 1 January 2022	76,381	57,125	133,506
Changes in fair value	(122,162)	-	(122,162)
Foreign currency translation differences	-	47,463	47,463
At 31 December 2022	(45,781)	104,588	58,807
Changes in fair value	(14,120)	-	(14,120)
Foreign currency translation differences	-	182,581	182,581
At 31 December 2023	(59,901)	287,169	227,268

19 BANK BORROWING

Maturity date	2023	2022
15 June 2023	-	950,000
15 December 2023	-	1,000,000
15 June 2024	1,021,951	1,021,951
15 December 2024	900,000	900,000
15 June 2025	900,000	900,000
15 December 2025	900,000	900,000
15 June 2026	900,000	900,000
15 December 2026	900,000	900,000
15 June 2027	900,000	900,000
15 December 2027	900,000	900,000
15 June 2028	900,000	900,000
15 December 2028	1,800,000	1,800,000
15 June 2029	1,800,000	1,800,000
15 December 2029	1,850,000	1,850,000
15 June 2030	1,850,000	1,850,000
Total borrowing	15,521,951	17,471,951
Accrued interest	18,716	-
Total borrowing including accrued interest	15,540,667	17,471,951
Non-current portion	13,600,000	15,521,951
Current portion	1,940,667	1,950,000
	15,540,667	17,471,951

Bank borrowings represent two loans denominated in Kuwaiti Dinars ("KD") obtained from a local bank ("the lender") with a maximum limit amounting to KD 24,121,981 and carry an effective interest rate of 3.5% (2022: 3.5%) per annum. The bank borrowing is used to finance purchasing equipment and vessels.

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19 BANK BORROWING (CONTINUED)

During 2022, the Parent Company had requested from the lender to defer the first four instalments of one of the two loans. The original due dates of the deferred instalments were 15 December 2022, 15 June 2023, 15 December 2023 and 15 June 2024 with total amount of KD 3,500,000. The new due dates of the instalments are 15 December 2028, 15 June 2029, 15 December 2029, and 15 June 2030.

On 22 December 2022, the lender approved the Parent Company's request to defer the first four instalments of one of the loans. The deferred instalments carry interest rate of 1% in addition to the original interest rate (3.5%).

Bank borrowings are secured by machinery and equipment and vessels included in property, plant and equipment amounting to KD 15,414 and KD 12,624,335 respectively (2022: KD 25,816 and KD 13,642,516) (Note 7).

Under the terms of the bank borrowings facilities, the Group is required to comply with the following financial covenants:

- No dividend distribution if it would cause a decrease in current assets to current liabilities ratio to (1:1.5);
- not to revalue non-current and current assets causing an increase in the fair value;
- not to distribute the voluntary or statutory reserves unless the later exceeded 50% of the share capital;

The Group has complied with these covenants throughout the reporting period.

20 EMPLOYEES' END OF SERVICE BENEFITS

	2023	2022
Opening balance	1,399,238	1,399,205
Provided during the year	261,731	210,288
Paid during the year	(63,158)	(211,810)
Foreign currency translation differences	312	1,555
Ending balance	1,598,123	1,399,238

21 TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	1,897,967	1,440,740
Contract liabilities *	450,144	30,530
Dividends payable (Note 30)	41,861	42,696
Accrued expenses	1,774,973	1,925,972
Refundable deposits	155,230	110,274
Other payables	103,903	333,371
	4,424,078	3,883,583

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21 TRADE AND OTHER PAYABLES (CONTINUED)

* Contract liabilities primarily relate to the consideration received from customers for which goods have not yet been delivered. The Group recognised the full amount included in the contract liabilities at the beginning of the year as a revenue in the current reporting period. The ending balance of contract liabilities represent the consideration received during the year from customers for which goods have not yet been delivered.

22 OTHER OPERATING INCOME

	2023	2022
Rental income	453,030	538,533
Miscellaneous income	147,663	381,927
	600,693	920,460

23 MARKETING EXPENSES

	2023	2022
Staff costs (Note 27)	685,412	660,602
Maintenance, repair and utilities	91,069	86,451
Depreciation - Property, plant and equipment (Note 7)	158,752	106,057
Depreciation - Right-of-use assets (Note 9)	178,158	178,158
Advertisements and business promotion	236,995	301,783
Insurance	9,486	7,657
Rent	2,101	22,500
Subscription, registration and certification fees	42,943	43,919
Fuel and transportation expenses	15,544	43,439
Other expenses	160,912	163,637
	1,581,372	1,614,203

24 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Staff costs (Note 27)	2,337,643	2,380,425
Maintenance, repair and utilities	781,986	666,463
Depreciation – Property, plant and equipment (Note 7)	474,012	421,165
Depreciation – Right-of-use assets (Note 9)	217,320	220,970
Insurance	197,724	180,022
External audit fees	39,340	39,845
Other professional fees	225,171	178,244
Rent	111,472	6,675
Bank charges	107,586	81,771
Stationery	28,789	24,358
Subscription, registration and certification fees	207,516	161,980
Fuel and transportation expenses	47,295	68,558
Board committee allowance	65,000	-
Other expenses	356,825	467,682
	5,197,679	4,898,158

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25 OTHER OPERATING EXPENSES

Other operating expenses represents expenses incurred while the vessels were idle.

26 INVESTMENT INCOME

	2023	2022
Financial assets at amortised cost – interest income	-	9,798
Financial assets at fair value through other comprehensive income – dividend income	14,894	29,069
Deposits and call accounts	27,104	17,026
	41,998	55,893

27 STAFF COSTS

Staff costs are allocated as follows:

	2023	2022
Operating costs	2,215,247	1,815,696
Marketing expenses (Note 23)	685,412	660,602
General and administrative expenses (Note 24)	2,337,643	2,380,425
	5,238,302	4,856,723

28 BASIC AND DILUTED EARNING / (LOSS) PER SHARE

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

	2023	2022
Profit / (loss) for the year	118,274	(4,388,820)
Weighted average number of outstanding shares less treasury shares	209,213,192	209,213,192
Basic and diluted earning / (loss) earnings per share (fils)	0.57	(20.98)

The Parent Company had no outstanding diluted shares.

29 CONTINGENT LIABILITIES

	2023	2022
Letters of guarantee	1,618,132	1,521,065

The contingent liabilities in respect of letters of guarantee arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

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30 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	2023	2022
Key management benefits	569,714	452,737
Balances	2023	2022
End of service benefits	267,496	219,831
Salaries and short-term benefits	129,007	53,761
Dividends payable (Note 21)	41,861	42,696

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

31 OPERATING SEGMENTS

31.1 Geographical and operational segments of the revenues, results, assets and liabilities

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

The Group conducts its activities through the following operating 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.

31.2 Operating segments for the revenues and results

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

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31 OPERATING SEGMENTS (CONTINUED)

31.2 Operating segments for the revenues and results (continued)

(i) Segment revenue

	Commercial segment		Food processing segment		Investments segment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	KD 000's							
Kuwait	27,119	24,390	3,129	6,703	30	29	30,278	31,122
UAE	11,502	9,081	-	-	-	-	11,502	9,081
Australia	1,536	1,562	-	-	-	-	1,536	1,562
South Africa	3,805	1,545	-	-	-	-	3,805	1,545
Total	43,962	36,578	3,129	6,703	30	29	47,121	43,310
Total revenue							47,121	43,310
Intersegment eliminations							(45)	(97)
Total*							47,076	43,213

*Total reconciles to the following statement of income items:

- Operating revenue
- Other operating income
- Gain on sale of property, plant and equipment
- Investment income
- Foreign currency exchange gain / (loss)
- Reversal of income tax on subsidiaries

(ii) Segment results

	Commercial segment		Food processing segment		Investments segment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	KD,000's							
Kuwait	377	(1,294)	364	(877)	42	29	783	(2,142)
UAE	(293)	(1,744)	-	-	-	-	(293)	(1,744)
Australia	(174)	(196)	-	-	-	-	(174)	(196)
South Africa	(198)	(307)	-	-	-	-	(198)	(307)
Total	(288)	(3,541)	364	(877)	42	29	118	(4,389)
						Total	118	(4,389)

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31 OPERATING SEGMENTS (CONTINUED)

31.3 Segmental distribution of assets and liabilities

	Commercial segment		Food processing segment		Investments segment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	KD (000's)							
Assets	49,555	52,196	5,307	5,683	290	984	55,152	58,863
Liabilities	24,491	28,400	9	97	-	-	24,500	28,497

Intersegment assets and liabilities are eliminated on consolidation.

31.4 Geographical distribution of assets and liabilities

	2023 (KD 000's)				
	Kuwait	UAE	Australia	South Africa	Total
Assets	45,563	6,421	1,754	1,414	55,152
Liabilities	22,702	1,180	473	145	24,500

	2022 (KD 000's)				
	Kuwait	UAE	Australia	South Africa	Total
Assets	48,614	6,596	2,336	1,317	58,863
Liabilities	26,905	1,059	435	98	28,497

32 ANNUAL GENERAL ASSEMBLY MEETING

The Parent Company's Ordinary Annual General Assembly meeting ("AGM") held on 13 April 2023 approved the annual consolidated financial statements for the financial year ended 31 December 2022.