



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

Interim condensed consolidated financial information (Unaudited)  
and review report for the three month period ended 31 March 2018



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## **The Board of Directors**

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

### **Report on review of interim condensed consolidated financial information**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2018, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

#### *Scope of review*


We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

#### **Report on review of other legal and regulatory requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, and its Executive Regulations nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three month period ended 31 March 2018, that might have had a material effect on the business of the Group or its consolidated financial position.



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

15 May 2018  
Kuwait

Interim condensed consolidated statement of financial position (Unaudited)

As at 31 March 2018

(All amounts are in Kuwaiti Dinar)

	Notes	31 March 2018	31 December 2017 (Audited)	31 March 2017
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	32,172,722	28,685,228	21,061,727
Investment in associates		387,779	376,347	476,447
Available for sale investments		-	822,829	1,034,726
Financial assets at fair value through other comprehensive income		1,838,825	-	-
Held to maturity investments	7	2,733,302	2,733,302	2,733,302
		<u>37,132,628</u>	<u>32,617,706</u>	<u>25,306,202</u>
<b>Current assets</b>				
Inventories	8	5,035,921	6,825,635	4,095,822
Trade and other receivables	9	25,326,637	23,373,864	20,161,195
Investments at fair value through profit or loss		-	1,028,042	803,091
Cash and cash equivalents	10	2,105,012	2,968,552	8,467,645
		<u>32,467,570</u>	<u>34,196,093</u>	<u>33,527,753</u>
<b>Total assets</b>		<u>69,600,198</u>	<u>66,813,799</u>	<u>58,833,955</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		21,659,057	21,659,057	21,659,057
Share premium		4,967,805	4,967,805	4,967,805
Treasury shares	11	(1,647,126)	(1,647,126)	(1,647,126)
Statutory reserve		11,825,560	11,825,560	11,825,560
Voluntary reserve		4,489,130	4,204,289	10,758,595
Other reserves	12	(79,665)	22,620	51,350
Retained earnings / accumulated losses		1,618,439	2,599,465	(4,056,292)
<b>Total equity</b>		<u>42,833,200</u>	<u>43,631,670</u>	<u>43,558,949</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		1,488,627	1,498,291	1,435,256
Long term borrowing		12,081,869	11,369,341	8,925,630
		<u>13,570,496</u>	<u>12,867,632</u>	<u>10,360,886</u>
<b>Current liabilities</b>				
Bank borrowing		5,000,000	5,000,000	-
Trade and other payables	13	8,196,502	5,314,497	4,914,120
<b>Total liabilities</b>		<u>26,766,998</u>	<u>23,182,129</u>	<u>15,275,006</u>
<b>Total equity and liabilities</b>		<u>69,600,198</u>	<u>66,813,799</u>	<u>58,833,955</u>

Bader N. AlSubaiee  
Chairman

Osama Khaled Bodai  
Chief Executive Officer

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of income (Unaudited)  
For the three month period ended 31 March 2018  
(All amounts are in Kuwaiti Dinar)

	Notes	For the three months ended 31 March	
		2018	2017
Operating revenues		17,122,794	12,835,482
Operating costs		(15,733,451)	(11,662,521)
<b>Gross profit</b>		<b>1,389,343</b>	<b>1,172,961</b>
Other operating income	14	49,518	70,432
Marketing expenses		(436,106)	(408,458)
General and administrative expenses		(625,100)	(622,111)
<b>Operating profit</b>		<b>377,655</b>	<b>212,824</b>
Net investment income		46,383	47,890
Group's share in associates' results		20,273	1,316
Foreign currency exchange (loss) / gain		(65,379)	115,014
Gain on sale of leasehold right in land	14	-	1,140,000
<b>Profit before subsidiaries' tax and deductions</b>		<b>378,932</b>	<b>1,517,044</b>
National Labour Support Tax ("NLST")		(9,473)	(37,926)
Zakat		(3,789)	(15,170)
Kuwait Foundation for the Advancement of Sciences ("KFAS")		(3,789)	-
Board of Directors' remuneration	17	(12,000)	(12,000)
<b>Profit for the period</b>		<b>349,881</b>	<b>1,451,948</b>
<b>Basic and diluted earnings per share (fils)</b>	15	<b>1.672</b>	<b>6.94</b>

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income (Unaudited)  
For the three month period ended 31 March 2018  
(All amounts are in Kuwaiti Dinar)

	For the three months ended	
	31 March	
	2018	2017
<b>Profit for the period</b>	<b>349,881</b>	<b>1,451,948</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to the interim condensed consolidated statement of income:</i>		
Change in fair value of available for sale investments	-	10,167
Exchange differences on translation of foreign operations	(88,435)	145,225
<i>Items that will not be reclassified to the interim condensed consolidated statement of income:</i>		
Changes in fair value of financial assets at fair value through other comprehensive income	(13,850)	-
<b>Other comprehensive (loss) / income for the period</b>	<b>(102,285)</b>	<b>155,392</b>
<b>Total comprehensive income for the period</b>	<b>247,596</b>	<b>1,607,340</b>

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)  
For the three month period ended 31 March 2018  
(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Retained earnings / accumulated losses	Total equity
<b>At 1 January 2018</b>	<b>21,659,057</b>	<b>4,967,805</b>	<b>(1,647,126)</b>	<b>11,825,560</b>	<b>4,204,289</b>	<b>22,620</b>	<b>2,599,465</b>	<b>43,631,670</b>
Profit for the period	-	-	-	-	-	-	349,881	349,881
Other comprehensive income for the period	-	-	-	-	-	(102,285)	-	(102,285)
Total comprehensive income for the period	-	-	-	-	-	(102,285)	349,881	247,596
Dividends distributed (Note 19)	-	-	-	-	-	-	(1,046,066)	(1,046,066)
Transfer to the voluntary reserve	-	-	-	-	284,841	-	(284,841)	-
<b>At 31 March 2018</b>	<b>21,659,057</b>	<b>4,967,805</b>	<b>(1,647,126)</b>	<b>11,825,560</b>	<b>4,489,130</b>	<b>(79,665)</b>	<b>1,618,439</b>	<b>42,833,200</b>
<b>At 1 January 2017</b>	<b>21,659,057</b>	<b>4,967,805</b>	<b>(1,647,126)</b>	<b>11,825,560</b>	<b>10,758,595</b>	<b>(104,042)</b>	<b>(5,508,240)</b>	<b>41,951,609</b>
Profit for the period	-	-	-	-	-	-	1,451,948	1,451,948
Other comprehensive income for the period	-	-	-	-	-	155,392	-	155,392
Total comprehensive income for the period	-	-	-	-	-	155,392	1,451,948	1,607,340
<b>At 31 March 2017</b>	<b>21,659,057</b>	<b>4,967,805</b>	<b>(1,647,126)</b>	<b>11,825,560</b>	<b>10,758,595</b>	<b>51,350</b>	<b>(4,056,292)</b>	<b>43,558,949</b>

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (Unaudited)  
For the three month period ended 31 March 2018  
{All amounts are in Kuwaiti Dinar}

	Notes	For the three months ended 31	
		March	
		2018	2017
<b>Cash flows from operating activities</b>			
Profit for the period		349,881	1,451,948
<b>Adjustments for:</b>			
Depreciation	5	351,074	314,629
Interests on deposits and call accounts		(5,258)	(19,737)
Net investment income		(46,383)	(47,890)
Group's share in associates' results		(20,273)	(1,316)
Foreign currency exchange loss / (gain)		65,379	(115,014)
Employees' end of service benefits		46,122	44,859
		<u>740,542</u>	<u>1,627,479</u>
<b>Changes in working capital:</b>			
Inventories		1,789,714	179,405
Trade and other receivables		(1,905,028)	(3,503,795)
Trade and other payables		1,771,503	(693,500)
<b>Cash generated from / (used in) operations</b>		<u>2,396,731</u>	<u>(2,390,411)</u>
Employees' end of service benefits paid		(55,179)	(25,077)
<b>Net cash flows generated from / (used in) operating activities</b>		<u>2,341,552</u>	<u>(2,415,488)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(3,873,910)	(6,689,459)
Acquisition of a subsidiary, net of cash acquired		-	30,543
Dividends received from associates		-	34,920
Investments at fair value through profit or loss		-	149,615
Purchase of financial assets at fair value through other comprehensive income		(1,804)	-
Purchase of held to maturity investments		-	(305,950)
Interest received on deposits and call accounts		5,258	19,737
<b>Net cash flows used in investing activities</b>		<u>(3,870,456)</u>	<u>(6,760,594)</u>
<b>Cash flows from financing activities</b>			
Long term borrowing		712,528	6,368,916
Dividends paid		(943)	-
<b>Net cash flows generated from financing activities</b>		<u>711,585</u>	<u>6,368,916</u>
Net foreign exchange differences		(46,221)	43,765
<b>Net decrease in cash and cash equivalents</b>		<u>(863,540)</u>	<u>(2,763,401)</u>
Cash and cash equivalents at beginning of the period		2,968,552	11,231,046
<b>Cash and cash equivalents at end of the period</b>	10	<u>2,105,012</u>	<u>8,467,645</u>
<b>Non-cash transaction:</b>			
Dividends distribution		(1,046,066)	-
Trade and other payables		1,046,066	-

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.



## 1. INCORPORATION AND ACTIVITIES

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

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

The Parent Company's objectives are as follows:

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

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

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

Notes to the interim condensed consolidated financial information (Unaudited)  
For the three month period ended 31 March 2018  
(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 1. INCORPORATION AND ACTIVITIES (Continued)

Name of subsidiaries	Shareholding interest (%)			Activity	Country of incorporation
	31				
	31 March 2018	December 2017 (Audited)	31 March 2017		
Rural Export and Trading (WA) PTY Ltd.	100	100	100	Trade in livestock and meat	Australia
Trans Emirates Livestock Trading Company L.L.C.	100	100	100	Trade in livestock and meat	UAE

- On 22 January 2017, the Group acquired the remaining 51% of its former associate "Emirates Livestock and Meat Products Trading Company L.L.C." to become a fully owned subsidiary which resulted in no goodwill from the acquisition transaction. Also, name has been changed to "Trans Emirates Livestock Trading Company L.L.C". Out of the 51% acquired, 1% is held by a nominee of the Parent Company who has confirmed in writing that the Parent Company has the beneficial ownership interest in the subsidiary through a letter of assignment.
- The financial information of the subsidiaries has been consolidated based on financial information prepared by management as at 31 March 2018.
- The total assets of subsidiaries amounted to KD 7,368,567 as at 31 March 2018 (31 December 2017: KD 7,495,519 and 31 March 2017: KD 5,713,899) and their respective total liabilities amounted KD 1,214,137 as at 31 March 2018 (31 December 2017: KD 902,764 and 31 March 2017: KD 594,478). Their total revenue amounted to KD 2,354,790 for the three month period ended 31 March 2018 (31 March 2017: KD 1,785,437). Their total (loss)/profit amounted to KD (71,362) for the three month period ended 31 March 2018 (31 March 2017: KD 14,791).

The interim condensed consolidated financial information were authorised for issue by Parent Company's Board of Directors' on 9 May 2018.

## 2. BASIS OF PREPARATION

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

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

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

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

## 2. BASIS OF PREPARATION (CONTINUED)

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

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

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

## 3. Changes in accounting policies

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

### 3.1 IFRS 9 Financial Instruments – Impact of adoption

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

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

#### *Classification and measurement*

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

The main effects resulting from this reclassification are as follows:

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

### **3. Changes in accounting policies (Continued)**

#### **3.1 IFRS 9 Financial Instruments – Impact of adoption (Continued)**

##### *Other financial assets at amortised cost*

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

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

##### **Investments and other financial assets**

##### *Classification*

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

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

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

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

##### *Measurement*

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

##### *Equity instruments*

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

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

##### *Impairment*

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

### **4. JUDGEMENT AND ESTIMATES**

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

#### 4. JUDGEMENT AND ESTIMATES (Continued)

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 31 December 2017.

#### 5. FAIR VALUE ESTIMATION

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

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

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

<b>31 March 2018</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
Financial assets at fair value through other comprehensive income	<b>982,257</b>	<b>40,075</b>	<b>816,493</b>	<b>1,838,825</b>
<b>31 December 2017</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
Available for sale financial assets	60,350	46,861	-	107,211
Investments at fair value through profit or loss	940,577	-	87,465	1,028,042
	<u>1,000,927</u>	<u>46,861</u>	<u>87,465</u>	<u>1,135,253</u>
<b>31 March 2017</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
Available for sale financial assets	81,807	76,883	-	158,690
Investments at fair value through profit or loss	706,566	-	87,465	794,031
	<u>788,373</u>	<u>76,883</u>	<u>87,465</u>	<u>952,721</u>

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

Available for sale investments as at 31 December 2017 and 31 March 2017 include an amount of KD 715,618 and KD 876,036 respectively which represent investments carried at cost less impairment.

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

Notes to the interim condensed consolidated financial information (Unaudited)  
For the three month period ended 31 March 2018  
(All amounts are in Kuwaiti Dinar unless otherwise stated)

#### 5. FAIR VALUE ESTIMATION (Continued)

The following table represents the changes in Level 3 instruments:

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Opening balance	87,465	87,465	87,465
Additions of unquoted equity securities previously recognized at cost less impairment	715,618	-	-
Change in fair value	13,410	-	-
<b>Ending balance</b>	<b>816,493</b>	<b>87,465</b>	<b>87,465</b>

#### 6. PROPERTY, PLANT AND EQUIPMENT

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Opening balance	28,685,228	14,611,547	14,611,547
Additions*	3,873,910	15,205,261	6,689,459
Disposals	-	(8,033)	-
Depreciation charge	(351,074)	(1,206,948)	(314,629)
Relating to disposals	-	2,304	-
Foreign currency translation differences	(35,342)	81,097	75,350
	<b>32,172,722</b>	<b>28,685,228</b>	<b>21,061,727</b>

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

For the period ended 31 March 2018, depreciation expenses amounting to KD 216,993, KD 48,882 and KD 85,199 (year ended 31 December 2017: KD 543,712, KD 174,113 and KD 489,123; period ended 31 March 2017: KD 171,398, KD 48,105 and KD 95,126) were charged to operating costs, marketing expenses and general and administrative expenses, respectively.

Machinery and equipment included in property, plant and equipment with a carrying value of KD 118,288 (year ended 31 December 2017: KD 126,867; period ended 31 March 2017: KD 190,523) are mortgaged as a security against long term borrowing.

#### 7. HELD TO MATURITY INVESTMENTS

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Local bonds and Sukuk	2,733,302	2,733,302	2,733,302

During the period ended 31 March 2018, the Group has local Sukuk at annual yield rates ranging from 6.25% to 6.50% and local bonds at annual interest rates ranging from 6.25% to 6.50%. Bonds are classified as non-current on the basis of their maturities.

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**8. INVENTORIES**

	<b>31 March 2018</b>	<b>31 December 2017 (Audited)</b>	<b>31 March 2017</b>
Livestock and meat (net)	3,352,069	3,366,158	1,720,212
Fodder	65,877	37,490	223,547
Intestine	51,142	17,273	131,972
Medicines, fertilisers and others	448,213	114,336	482,786
	<u>3,917,301</u>	<u>3,535,257</u>	<u>2,558,517</u>
Goods in transit	307,860	1,892,085	488,742
Production materials and spare parts	810,760	1,398,293	1,048,563
	<u>5,035,921</u>	<u>6,825,635</u>	<u>4,095,822</u>

**9. TRADE AND OTHER RECEIVABLES**

	<b>31 March 2018</b>	<b>31 December 2017 (Audited)</b>	<b>31 March 2017</b>
Trade receivables	12,979,363	11,609,282	10,653,757
Accrued Government subsidy*	16,330,630	16,330,630	16,330,630
	<u>29,309,993</u>	<u>27,939,912</u>	<u>26,984,387</u>
Provision for doubtful debts	(12,918,825)	(12,920,187)	(13,130,535)
	<u>16,391,168</u>	<u>15,019,725</u>	<u>13,853,852</u>
Advances to suppliers	7,578,610	7,187,424	5,295,154
Prepaid expenses	383,983	295,575	390,135
Refundable deposits	28,297	85,270	16,209
Deferred tax assets	-	58,870	46,904
Staff advance	54,595	-	23,000
Others	889,984	727,000	535,941
	<u>25,326,637</u>	<u>23,373,864</u>	<u>20,161,195</u>

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

The Government subsidy due from Ministry of Commerce and Industry (the "Ministry") as a result of the subsidy granted to the Parent Company to meet the increased prices of certain foodstuff and consumer goods in accordance with the previous ministerial Decrees' amounted to KD 16,330,630 as at 31 March 2018 (KD 16,330,630 as at 31 December 2017, KD 16,330,630 as at 31 March 2017) which includes KD 1,665,502 recognised by the Group in excess of the amount stated in the Council of Ministers' Decree No. 1308 dated 11 September 2011 for covering the costs incurred for clearance, transportation, medical care, nutrition, dead livestock, and transportation to slaughterhouse, selling and marketing expenses and other livestock expenses.

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## 9. TRADE AND OTHER RECEIVABLES (Continued)

To date, the Group's subsidy has not been approved by the Ministry due to a dispute regarding the subsidy per head. Further, there are legal cases filed by the Parent Company against the Ministry claiming the subsidy due amount. The court had appointed experts to look into the matter related to one of the legal cases. On 1 March 2017, a verdict was issued by the Court of First Instances in favour of the Parent Company in relation to this legal case for an amount of KD 2,294,156. On 30 March 2017, management has appealed against the verdict demanding the full amount of KD 3,462,353 relating to this legal case which is currently pending. At the reporting date, the provision for impairment maintained against the total accrued Government subsidy balance amounted to KD 12,730,079 as at 31 March 2018 (KD 12,730,079 as at 31 December 2017, KD 12,730,079 as at 31 March 2017).

## 10. CASH AND CASH EQUIVALENTS

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Cash on hand and at banks	2,058,045	2,920,906	5,456,126
Time deposits maturing within 3 months from placement date	-	-	2,755,801
Cash at investment portfolios	46,967	47,646	255,718
	<u>2,105,012</u>	<u>2,968,552</u>	<u>8,467,645</u>

## 11. TREASURY SHARES

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Number of shares	7,377,383	7,377,383	7,377,383
Percentage of issued shares (%)	3.41%	3.41%	3.41%
Market value	1,623,024	1,689,421	1,578,760

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



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## 12. OTHER RESERVES

	Change in fair value reserve of financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Total
<b>At 1 January 2018</b>	(15,432)	38,052	22,620
Change in fair value of financial assets at fair value through other comprehensive income	(13,850)	-	(13,850)
Foreign currency translation differences	-	(88,435)	(88,435)
<b>31 March 2018</b>	<b>(29,282)</b>	<b>(50,383)</b>	<b>(79,665)</b>
<b>At 1 January 2017</b>	(33,807)	(70,235)	(104,042)
Change in fair value of available for sale investments	10,167	-	10,167
Foreign currency translation differences	-	145,225	145,225
<b>31 March 2017</b>	<b>(23,640)</b>	<b>74,990</b>	<b>51,350</b>

## 13. TRADE AND OTHER PAYABLES

	31 March 2018	31 December 2017 (Audited)	31 March 2017
Trade payables	3,511,137	1,698,243	1,506,001
Advances from customers	52,647	334,844	-
Dividends payable (Note 17)	1,107,358	62,235	32,383
Accrued expenses	2,627,297	2,669,862	2,669,789
Refundable deposits	12,000	10,000	10,000
Board of Directors' remunerations (Note 17)	138,000	126,000	138,000
Provision for NLST, Zakat and KFAS	152,305	135,254	342,443
Other payables	595,758	278,059	215,504
	<b>8,196,502</b>	<b>5,314,497</b>	<b>4,914,120</b>

## 14. OTHER OPERATING INCOME

During the period ended 31 March 2017, other operating income included an amount of KD 1,140,000 representing gain on sale of utilisation right of a land in Al Rai area.

## 15. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 31 March	
	2018	2017
Profit for the period	349,881	1,451,948
Weighted average number of outstanding shares (less treasury shares)	209,213,192	209,213,192
Earnings per share (fils)	1.672	6.94

The Parent Company had no outstanding dilutive shares.

## 16. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	<u>31 March 2018</u>	<u>31 December 2017 (Audited)</u>	<u>31 March 2017</u>
Letters of guarantee	1,524,431	1,524,431	1,495,661

As at 31 March 2018, the Group has capital commitments for manufacturing new equipment of (31 December 2017: KD 16,075,555 and 31 March 2017: KD 20,377,072 ).

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent, major shareholders, directors and key management personnel of the Group, their close family members, and entities controlled, or significantly influenced by the Parent Company. In the ordinary course of business, and subject to the approval of the Group's management, transactions were made with such related parties during the period ended 31 March.

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

Transactions	Three months ended 31 March		
	<u>2018</u>	<u>2017</u>	
Key management benefits	78,386	51,824	
Board of Directors' remuneration	12,000	12,000	

Balances	<u>31 March 2018</u>	<u>31 December 2017 (Audited)</u>	<u>31 March 2017</u>
	Key management long term balances	244,510	235,003
Key management short term balances	47,058	82,842	30,215
Dividends payable (Note 13)	1,107,358	62,235	32,383
Board of Directors' accrued remunerations (Note 13)	138,000	126,000	138,000

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

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

## 18. OPERATING SEGMENTS

### 18.1 Geographical segments of the revenues, results, assets and liabilities

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

The Group conducts its activities through three main geographical segments:

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

## 18. OPERATING SEGMENTS (Continued)

### 18.2 Geographical segments of the revenues, results, assets and liabilities (Continued)

The segments results are reported to the senior executive management of the Group, as well as the revenues and results of the Group's business, assets and liabilities are reported in accordance with the geographical locations where the Group conducts its activities. Revenue, profits, assets and liabilities are measured according to the same accounting bases followed in preparation of annual consolidated financial statements. Segment analysis in line with internal reports submitted to management is as follows:

#### 18.1.1. Segments revenues

	Commercial segment		Food processing segment		Investments segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	KD 000's							
Kuwait	14,658	9,285	97	1,845	46	48	14,801	11,178
UAE	1,910	1,475	-	-	-	-	1,910	1,475
Australia	443	310	-	-	-	-	443	310
<b>Total</b>	<b>17,011</b>	<b>11,070</b>	<b>97</b>	<b>1,845</b>	<b>46</b>	<b>48</b>	<b>17,154</b>	<b>12,963</b>
<b>Unallocated items:</b>								
Miscellaneous revenues							20	1,247
<b>Total revenue</b>							<b>17,174</b>	<b>14,210</b>

#### 18.1.2. Segments results

	Commercial segment		Food processing segment		Investments segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	KD 000's							
Kuwait	480	1,502	(21)	(74)	46	13	505	1,441
UAE	(74)	34	-	-	-	-	(74)	34
Australia	3	(19)	-	-	-	-	3	(19)
<b>Total</b>	<b>409</b>	<b>1,517</b>	<b>(21)</b>	<b>(74)</b>	<b>46</b>	<b>13</b>	<b>434</b>	<b>1,456</b>
<b>Unallocated items:</b>								
Other unallocated revenues							(57)	49
Other unallocated costs							(17)	(53)
<b>Profit for the period</b>							<b>350</b>	<b>1,452</b>



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## 18. OPERATING SEGMENTS (CONTINUED)

### 18.1.4. Geographical distribution of assets and liabilities

	31 March 2018			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	61,810	3,904	3,886	69,600
Liabilities	25,553	561	653	26,767

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

	31 March 2017			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	53,120	2,454	3,260	58,834
Liabilities	14,605	269	401	15,275

## 19. ANNUAL GENERAL ASSEMBLY MEETING

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

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