



**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 six month period ended 30 June 2016



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## **The Board of Directors**

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

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

##### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2016, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

##### *Scope of review*


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

##### *Conclusion*

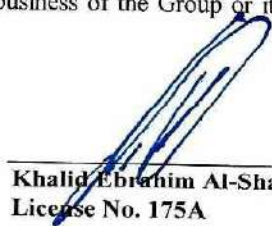
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, the Executive Regulation, nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the six month period ended 30 June 2016, that might have had a material effect on the business of the Group or its consolidated financial position.

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

**Kuwait: 20 July 2016**

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

Interim condensed consolidated statement of financial position (Unaudited)

As at 30 June 2016

(All amounts are in Kuwaiti Dinar)

	Notes	30 June 2016	31 December 2015 (Audited)	30 June 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	6,505,350	3,866,863	3,565,265
Investments in associates		577,720	495,684	485,436
Available for sale investments	6	1,066,447	1,114,406	1,182,206
Held to maturity investments	7	1,200,000	-	-
		<u>9,349,517</u>	<u>5,476,953</u>	<u>5,232,907</u>
<b>Current assets</b>				
Inventories	8	4,635,052	5,852,976	4,317,570
Trade and other receivables	9	15,795,389	10,563,853	14,782,644
Investments at fair value through profit or loss	10	941,729	6,994,789	9,375,679
Cash and cash equivalents	11	14,621,769	14,236,479	8,674,263
		<u>35,993,939</u>	<u>37,648,097</u>	<u>37,150,156</u>
<b>Total assets</b>		<u>45,343,456</u>	<u>43,125,050</u>	<u>42,383,063</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	12	(1,647,126)	(1,647,126)	(1,647,126)
Statutory reserve		11,825,560	11,825,560	11,825,560
Voluntary reserve		10,758,595	10,758,595	10,758,595
Other reserves	13	45,215	38,952	279,359
Accumulated losses		(7,374,953)	(9,394,331)	(10,490,672)
<b>Total equity</b>		<u>40,234,153</u>	<u>38,208,512</u>	<u>37,352,578</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		1,427,295	1,386,567	1,495,659
<b>Current liabilities</b>				
Trade and other payables	14	3,682,008	3,529,971	3,534,826
<b>Total liabilities</b>		<u>5,109,303</u>	<u>4,916,538</u>	<u>5,030,485</u>
<b>Total equity and liabilities</b>		<u>45,343,456</u>	<u>43,125,050</u>	<u>42,383,063</u>

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

  
Bader N. AlSubhee  
Chairman

  
Osama Khaled Bodai  
Chief Executive Officer

**Interim condensed consolidated statement of income (Unaudited)**

For the six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar)

Notes	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Operating revenues	15,484,985	13,586,036	24,784,961	27,223,655
Operating costs	(13,550,399)	(11,163,272)	(21,186,194)	(23,427,769)
<b>Gross profit</b>	1,934,586	2,422,764	3,598,767	3,795,886
Other operating income	73,908	50,034	218,898	119,088
Marketing expenses	(434,266)	(348,666)	(646,691)	(558,440)
General and administrative expenses	(699,725)	(679,806)	(1,199,201)	(1,209,950)
Other operating expenses	-	(168,668)	(108,698)	(168,668)
<b>Operating profit</b>	874,503	1,275,658	1,863,075	1,977,916
Net investment income	69,319	288,535	124,655	478,288
Group's share in associates' results	26,611	26,541	113,578	38,316
Gain on disposal of an associate	15	199,788	-	199,788
Foreign currency exchange (loss)/gain	(12,151)	362,250	(155,351)	456,845
<b>Profit before subsidiaries' tax and deductions</b>	1,158,070	1,952,984	2,145,745	2,951,365
Income tax on subsidiaries	(147)	-	(28,196)	-
<b>Profit after subsidiaries' tax and before deductions</b>	1,157,923	1,952,984	2,117,549	2,951,365
National Labor Support Tax ("NLST")	(28,614)	(47,982)	(52,979)	(72,524)
Zakat	(11,446)	(19,193)	(21,192)	(29,010)
Board of Directors' remuneration	(12,000)	(12,000)	(24,000)	(24,000)
<b>Profit for the period</b>	<u>1,105,863</u>	<u>1,873,809</u>	<u>2,019,378</u>	<u>2,825,831</u>
<b>Basic and diluted earnings per share (fils)</b>	16	<u>5.29</u>	<u>8.96</u>	<u>9.65</u>
			<u>13.51</u>	

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 six month period ended 30 June 2016  
(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
<b>Profit for the period</b>		<u>1,105,863</u>	<u>1,873,809</u>	<u>2,019,378</u>	<u>2,825,831</u>
<b>Other comprehensive income items:</b>					
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>					
Available for sale investments:					
- Change in fair value	13	754	(2,040)	(16,526)	33,517
Foreign currency translation differences	13	<u>12,905</u>	<u>30,344</u>	<u>22,789</u>	<u>(104,720)</u>
<b>Other comprehensive income/ (loss) for the period</b>		<u>13,659</u>	<u>28,304</u>	<u>6,263</u>	<u>(71,203)</u>
<b>Total comprehensive income for the period</b>		<u>1,119,522</u>	<u>1,902,113</u>	<u>2,025,641</u>	<u>2,754,628</u>

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

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



**Interim condensed consolidated statement of changes in equity (Unaudited)**

For the six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Accumulated losses	Total
<b>At 1 January 2016 (Audited)</b>	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	38,952	(9,394,331)	38,208,512
Profit for the period	-	-	-	-	-	-	2,019,378	2,019,378
Other comprehensive income for the period	-	-	-	-	-	6,263	-	6,263
Total comprehensive income for the period	-	-	-	-	-	6,263	2,019,378	2,025,641
<b>At 30 June 2016</b>	<u>21,659,057</u>	<u>4,967,805</u>	<u>(1,647,126)</u>	<u>11,825,560</u>	<u>10,758,595</u>	<u>45,215</u>	<u>(7,374,953)</u>	<u>40,234,153</u>
<b>At 1 January 2015 (Audited)</b>	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	350,562	(13,316,503)	34,597,950
Profit for the period	-	-	-	-	-	-	2,825,831	2,825,831
Other comprehensive loss for the period	-	-	-	-	-	(71,203)	-	(71,203)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(71,203)	2,825,831	2,754,628
<b>At 30 June 2015</b>	<u>21,659,057</u>	<u>4,967,805</u>	<u>(1,647,126)</u>	<u>11,825,560</u>	<u>10,758,595</u>	<u>279,359</u>	<u>(10,490,672)</u>	<u>37,352,578</u>

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 six month period ended 30 June 2016  
(All amounts are in Kuwaiti Dinar)

	Notes	For the six months ended 30 June	
		2016	2015
<b>OPERATING ACTIVITIES</b>			
Profit for the period		2,019,378	2,825,831
<i>Adjustments for:</i>			
Depreciation	5	532,433	1,090,164
Interests on deposits and call accounts		(70,060)	(17,384)
Net investment income		(124,655)	(478,288)
Group's share in associates' results		(113,578)	(38,316)
Gain on disposal of an associate	15	(199,788)	-
Employees' end of service benefits		140,195	301,629
		<u>2,183,925</u>	<u>3,683,636</u>
<i>Changes in working capital:</i>			
Inventories		1,217,924	1,903,941
Trade and other receivables		(5,231,536)	(4,274,631)
Investments at fair value through profit or loss		6,177,715	(2,210,754)
Trade and other payables		152,037	(2,285,870)
<b>Cash flows generated from/(used in) operations</b>		<u>4,500,065</u>	<u>(3,183,678)</u>
Employees' end of service benefits paid		(99,532)	(459,663)
<b>Net cash flows generated from/(used in) operating activities</b>		<u>4,400,533</u>	<u>(3,643,341)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	5	(3,157,950)	(402,598)
Dividends received from associates		34,345	52,200
Proceeds from disposal of an associate	15	199,788	-
Proceeds on sale of available for sale investments		31,433	-
Dividends received from available for sale investments		-	2,414
Purchase of held to maturity investments	7	(1,200,000)	-
Interest received on deposits and call accounts		70,060	17,384
<b>Net cash flows used in investing activities</b>		<u>(4,022,324)</u>	<u>(330,600)</u>
Net foreign exchange differences		7,081	(110,094)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>378,209</u>	<u>(4,084,035)</u>
Cash and cash equivalents at the beginning of the period		14,236,479	12,758,298
<b>Cash and cash equivalents at the end of the period</b>	11	<u>14,621,769</u>	<u>8,674,263</u>

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



**Notes to the interim condensed consolidated financial information (Unaudited)**

For the six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar 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 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 General Assembly meeting of the Parent Company.

The head office of the Parent Company is located at Al-Salhia Complex - Al-Salhia - Kuwait.

Kuwait Investment Authority is the principal shareholder in the Parent Company. The Parent Company is listed on Kuwait Stock Exchange.

The Parent Company's objectives are as follows:

1. To carry out all operations of producing, transporting and trading in all kinds of meat within the state of Kuwait and abroad.
2. To construct and buy farms, pastures, barns, land and real estate deemed necessary to achieve the Parent Company's objectives within the State of Kuwait or abroad, especially barns mentioned in the memorandum of association and in the way stated therein.
3. To carry out all transportation operations deemed necessary for the Parent Company's business or for others similar businesses whether within the State of Kuwait or abroad.
4. To own, buy and utilize means of marine and land transportation necessary to achieve Parent Company's objectives. In addition, utilise air transport necessary for the same inside or outside the State of Kuwait.
5. To run any business or processing activity relating to meat production and transportation, wool and leather trade within the State of Kuwait or abroad.
6. To own, lease and rent of real estates, buildings, workshops, docks and stores deemed necessary to achieve Parent Company's objectives.
7. To import and export marine equipment necessary for 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. Utilisation of financial surplus through investment in portfolios managed by specialised companies and authorities.

The Group operates in three countries; Kuwait, United Arab Emirates ("UAE") and Australia, and transports and sells livestock to 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 six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar unless otherwise stated)

**1. INCORPORATION AND ACTIVITIES (CONTINUED)**

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

- The financial information of the subsidiaries has been consolidated based on financial information prepared by management as at 30 June 2016.
- The total assets of subsidiaries amounted to KD 5,441,898 as at 30 June 2016 (31 December 2015: KD 5,121,108 and 30 June 2015: KD 4,465,597) and their respective total liabilities amounted to KD 540,109 as at 30 June 2016 (31 December 2015: KD 732,311 and 30 June 2015: KD 644,167). Their total revenues amounted to KD 3,411,027 for the six month period ended 30 June 2016 (30 June 2015: KD 507,680). Their total profit/(loss) amounted to KD 98,039 for the six month period ended 30 June 2016 (30 June 2015: KD (169,397)).

The interim condensed consolidated financial information were authorised for issue by the Parent Company's Board of Directors' on 20 July 2016.

**2. BASIS OF PREPARATION**

The interim condensed consolidated financial information have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The interim condensed consolidated financial information does not include all 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 six month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

The interim condensed consolidated financial information 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 this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the following new standards and amendments effective as of 1 January 2016. The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

Notes to the interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

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

a) **New standards, interpretations and amendments effective from 1 January 2016**

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

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

b) **Standards and interpretations issued but not effective**

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

*IFRS 9 - Financial Instruments*

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

*IFRS 15 - Revenue from contracts with customers*

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,

Notes to the interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar unless otherwise stated)

**2. BASIS OF PREPARATION (CONTINUED)**

**b) Standards and interpretations issued but not effective (continued)**

*IFRS 15 - Revenue from contracts with customers (continued)*

- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

**c) Adoption of new accounting policy**

*Held to maturity investments*

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

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

**3. JUDGEMENT AND ESTIMATES**

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended 31 December 2015.

**4. FAIR VALUE ESTIMATION**

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

- **Level 1:** Quoted prices in active markets for 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.

**Notes to the interim condensed consolidated financial information (Unaudited)**

For the six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar unless otherwise stated)

**4. FAIR VALUE ESTIMATION (CONTINUED)**

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

Financial assets	Fair value as at			Valuation date	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2016	31 December 2015 (Audited)	30 June 2015					
<b>Available for sale investments</b>								
Quoted local securities	84,829	60,795	84,693	30 June	Level 1	Bid prices	N/A	N/A
Unquoted local securities	366,407	407,469	430,272	30 June	Level 2	Technical valuation	N/A	N/A
Unquoted foreign securities	387,803	418,734	439,833	30 June	Level 2	Technical valuation	N/A	N/A
<b>Total</b>	<b>839,039</b>	<b>886,998</b>	<b>954,798</b>					
<b>Investments at fair value through profit or loss</b>								
Quoted securities	845,138	2,015,335	3,402,879	30 June	Level 1	Bid prices	N/A	N/A
Unquoted securities	96,591	105,133	104,162	30 June	Level 3	Technical valuation	N/A	N/A
Investment funds	-	4,874,321	5,868,638	30 June	Level 2	Declared net assets value	N/A	N/A
<b>Total</b>	<b>941,729</b>	<b>6,994,789</b>	<b>9,375,679</b>					

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses.

The carrying value of other financial assets and liabilities does not significantly differ from their fair values as at the interim condensed consolidated financial information date.

**5. PROPERTY, PLANT AND EQUIPMENT**

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Net book values at the beginning of the period/year	3,866,863	4,293,434	4,293,434
Additions during the period/year	3,157,950	1,310,243	402,598
Net disposals during the period/year	-	(11,413)	-
Depreciation for the period/year	(532,433)	(1,617,902)	(1,090,164)
Foreign currency translation differences	12,970	(107,499)	(40,603)
Net book values at the end of the period/year	<b>6,505,350</b>	<b>3,866,863</b>	<b>3,565,265</b>

Notes to the interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2016

(All amounts are in Kuwaiti Dinar unless otherwise stated)

6. AVAILABLE FOR SALE INVESTMENTS

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Quoted local securities	84,829	60,795	84,693
Unquoted local securities	593,815	634,877	657,680
Unquoted foreign securities	387,803	418,734	439,833
	<u>1,066,447</u>	<u>1,114,406</u>	<u>1,182,206</u>

- Available for sale investments include unquoted local securities of KD 227,408 as at 30 June 2016 (KD 227,408 as at 31 December 2015 and KD 227,408 as at 30 June 2015), are carried at cost less impairment as its fair value cannot be reliably measured.

- Valuation techniques of available for sale investments are disclosed in Note 4.

7. HELD TO MATURITY INVESTMENTS

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Local bonds	<u>1,200,000</u>	<u>-</u>	<u>-</u>

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

8. INVENTORIES

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Livestock and meat (net)	2,844,755	4,597,606	1,833,838
Fodder	294,553	249,966	1,303,024
Intestine	165,341	79,639	95,839
Medicines, fertilisers and others	27,558	43,162	374,009
	<u>3,332,207</u>	<u>4,970,373</u>	<u>3,606,710</u>
Goods in transit	56,563	2,462	50,512
Production materials and spare parts	1,246,282	880,141	660,348
	<u>4,635,052</u>	<u>5,852,976</u>	<u>4,317,570</u>

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9. TRADE AND OTHER RECEIVABLES

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Trade receivables	8,360,722	3,684,113	7,693,693
Accrued Government subsidy*	16,330,630	16,330,630	16,330,630
	24,691,352	20,014,743	24,024,323
Provision for doubtful debts	(13,126,207)	(13,165,254)	(13,164,026)
	11,565,145	6,849,489	10,860,297
Advances to suppliers	3,620,621	2,937,895	3,576,039
Prepaid expenses	192,344	395,364	183,102
Refundable deposits	11,070	10,886	10,832
Deferred tax asset	50,643	50,109	47,116
Staff receivables	7,955	24,686	-
Others	347,611	295,424	105,258
	<u>15,795,389</u>	<u>10,563,853</u>	<u>14,782,644</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 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 to Kuwait from whatever source or means, and in effect until 1 November 2012.

The Government subsidy due from Ministry of Commerce and Industry as a result of the subsidy granted to the Parent Company to meet the increased prices of certain foodstuff and consumer goods in accordance with the previous ministerial Decrees' amounted to KD 16,330,630 as at 30 June 2016 (KD 16,330,630 as at 31 December 2015, KD 16,330,630 as at 30 June 2015) which includes KD 1,665,502 recognised by the Group in excess of the amount stated in the Council of Ministers' Decree No. 1308 dated 11 September 2011 for covering the costs incurred for clearance, transportation, medical care, nutrition, dead livestock, and transportation to slaughterhouse, selling and marketing expenses and other livestock expenses.

To date, the Group's 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. No results have been reached to date. At the reporting date, the provision for impairment formed for this balance amounted to KD 12,730,079 as at 30 June 2016 (KD 12,730,079 as at 31 December 2015, KD 12,730,079 as at 30 June 2015).

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Quoted securities	845,138	2,015,335	3,402,879
Unquoted securities	96,591	105,133	104,162
Investment funds	-	4,874,321	5,868,638
	<u>941,729</u>	<u>6,994,789</u>	<u>9,375,679</u>

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

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**11. CASH AND CASH EQUIVALENTS**

	<u>30 June 2016</u>	<u>31 December 2015 (Audited)</u>	<u>30 June 2015</u>
Cash on hand and at banks	5,788,976	2,890,342	5,188,877
Time deposits maturing within 3 months from placement date	7,507,067	10,033,174	3,303,631
Cash at investment portfolios	1,325,726	1,312,963	181,755
	<u>14,621,769</u>	<u>14,236,479</u>	<u>8,674,263</u>

The average annual effective interest rate on fixed deposits is 1.38% as at 30 June 2016 (31 December 2015: 1.10% and 30 June 2015: 0.88%).

**12. TREASURY SHARES**

	<u>30 June 2016</u>	<u>31 December 2015 (Audited)</u>	<u>30 June 2015</u>
Number of shares	7,377,383	7,377,383	7,377,383
Percentage of issued shares (%)	3.41%	3.41%	3.41%
Market value	1,386,948	944,305	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.

**13. OTHER RESERVES**

	<u>Change in fair value reserve of available for sale investments</u>	<u>Foreign currency translation reserve</u>	<u>Total</u>
<b>At 1 January 2016 (Audited)</b>	24,619	14,333	38,952
Change in fair value of available for sale investments	(16,526)	-	(16,526)
Foreign currency translation differences	-	22,789	22,789
<b>At 30 June 2016</b>	<u>8,093</u>	<u>37,122</u>	<u>45,215</u>
<b>At 1 January 2015 (Audited)</b>	58,902	291,660	350,562
Change in fair value of available for sale investments	33,517	-	33,517
Foreign currency translation differences	-	(104,720)	(104,720)
<b>At 30 June 2015</b>	<u>92,419</u>	<u>186,940</u>	<u>279,359</u>



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14. TRADE AND OTHER PAYABLES

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Trade payables	1,076,785	746,135	1,362,255
Advances from customers	34,648	-	16,317
Dividends payable to shareholders (Note 18)	125,655	125,670	128,358
Accrued expenses	1,331,581	1,275,167	1,020,581
Accrued bonus expenses	182,495	439,988	308,506
Accrued leave	203,140	153,305	171,760
Refundable deposits	20,000	20,000	27,000
Due to related parties (Note 18)	48,345	90,142	48,387
Board of Directors' remunerations (Note 18)	24,000	120,000	25,100
National Labour Support Tax ("NLST")	155,870	102,891	72,524
Zakat	62,349	41,157	29,010
Other credit balances	417,140	415,516	325,028
	<u>3,682,008</u>	<u>3,529,971</u>	<u>3,534,826</u>

15. GAIN ON DISPOSAL OF AN ASSOCIATE

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

16. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share 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 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Profit for the period	1,105,863	1,873,809	2,019,378	2,825,831
Weighted average number of outstanding shares less treasury shares	209,213,192	209,213,192	209,213,192	209,213,192
Earnings per share (fils)	<u>5.29</u>	<u>8.96</u>	<u>9.65</u>	<u>13.51</u>

The Parent Company had no outstanding dilutive shares.

17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Letters of guarantee	700,106	1,248,382	1,344,862

As at 30 June 2016, the Group has capital commitments for manufacturing new equipment of KD 2,896,853 (KD 1,998,966 as at 31 December 2015 and KD 878,784 as at 30 June 2015).

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**18. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent, major shareholders, directors and key management personnel of the Group, their close family members, and entities controlled, or significantly influenced by the Parent Company. In the ordinary course of business, and subject to the approval of the Group's management, transactions were made with such related parties during the period ended 30 June 2016.

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

Related party transactions	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
Management fees paid to associates	24,164	24,335	48,345	48,387
Key management benefits	42,110	15,040	70,187	72,580
Board of Directors' remuneration	12,000	12,000	24,000	24,000

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

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

Related party balances	30 June	31 December	30 June
	2016	2015 (Audited)	2015
Key management long term balances	99,622	98,551	90,869
Key management short term balances	20,643	20,410	16,248
Dividends payable to shareholders (Note 14)	125,655	125,670	128,358
Due to related parties (Note 14)	48,345	90,142	48,387
Board of Directors' remunerations (Note 14)	24,000	120,000	25,100

**19. OPERATING SEGMENTS**

**19.1. Geographical segments of the revenues, results, assets and liabilities**

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

The Group conducts its activities through three main geographical segments:

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

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19. OPERATING SEGMENTS (CONTINUED)

19.1. 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 basis followed in preparing the annual consolidated financial statements. The following is the segment analysis which is consistent with the internal reports submitted to management:

19.1.1. Segment revenue

	Commercial segment		Food processing segment		Investments segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	KD 000's							
Kuwait	17,732	22,080	3,037	2,927	348	478	21,117	25,485
UAE	3,249	1,269	-	-	-	-	3,249	1,269
Australia	855	948	-	-	90	-	945	948
<b>Total</b>	<b>21,836</b>	<b>24,297</b>	<b>3,037</b>	<b>2,927</b>	<b>438</b>	<b>478</b>	<b>25,311</b>	<b>27,702</b>
<b>Unallocated items:</b>								
Miscellaneous revenues							131	614
<b>Total revenue</b>							<b>25,442</b>	<b>28,316</b>

19.1.2. Segments results

	Commercial segment		Food processing segment		Investments segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	KD 000's							
Kuwait	1,791	3,713	(23)	91	348	478	2,116	4,282
UAE	(77)	(70)	-	-	-	-	(77)	(70)
Australia	23	186	-	-	90	-	113	186
<b>Total</b>	<b>1,738</b>	<b>3,829</b>	<b>(23)</b>	<b>91</b>	<b>438</b>	<b>478</b>	<b>2,152</b>	<b>4,398</b>
<b>Unallocated items:</b>								
Other unallocated revenues							131	490
Other unallocated costs							(264)	(2,063)
<b>Profit for the period</b>							<b>2,019</b>	<b>2,825</b>

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19. OPERATING SEGMENTS (CONTINUED)

19.1. Geographical segments of the revenues, results, assets and liabilities (continued)

19.1.3. Segmental distribution of assets and liabilities

	Commercial segment			Food processing segment			Investments segment			Total		
	30 June 2016	31 December 2015 (Audited)	30 June 2015	30 June 2016	31 December 2015 (Audited)	30 June 2015	30 June 2016	31 December 2015 (Audited)	30 June 2015	30 June 2016	31 December 2015 (Audited)	30 June 2015
	KD 000's											
Assets	38,380	16,405	37,867	3,177	5,489	1,344	3,786	21,231	3,172	45,343	43,125	42,383
Liabilities	4,853	4,881	4,386	256	36	261	-	-	383	5,109	4,917	5,030

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19. OPERATING SEGMENTS (CONTINUED)

19.1. Geographical segments of the revenues, results, assets and liabilities (continued)

19.1.4. Assets and liabilities geographic distribution

	30 June 2016			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	39,606	2,712	3,025	45,343
Liabilities	4,568	336	205	5,109

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

	30 June 2015			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	17,702	5,449	19,232	42,383
Liabilities	4,870	160	-	5,030