Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
And its Subsidiaries
State of Kuwait

Consolidated Financial Statements
And Independent Auditors' report
For the year ended 31 December 2012

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Contents

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Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
State of Kuwait

INDEPENDENT AUDITORS' REPORTS TO THE SHAREHOLDERS

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Livestock Transport & Trading Company (K.P.S.C.), "the Company" and its subsidiaries (collectively together referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

1. As discussed in notes (1 & 7) to the consolidated financial statements, the financial statements of Rural Export and Trading Company (a Subsidiary) for the year ended 31 December 2012 were not audited, and have been prepared by management. The total assets of this company amounted to KD 3,412,507 as at 31 December 2012 and its net profits amounted to KD 159,109 for the year then ended (KD 5,571,966 and KD 297,892 respectively - 31 December 2011). The financial statements of Portland Pellet Suppliers (an Associate) for the year ended 31 December 2012 were not audited, and have been prepared by management. Book value of investments in this associate amounted to KD 445,043 as at 31 December 2012 (KD 554,450 as at 31 December 2011). Consequently, we were unable to determine whether any significant adjustments to these amounts were necessary.

Deloitte.

BAKER TILLY
KUWAIT
Dr. Saud Hamad Al-Humaidi & Partners
Public Accountants

Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
State of Kuwait

Independent Auditors' Reports to the Shareholders (continued)

2. As mentioned in notes (10 & 20) to the consolidated financial statements, the balance of accrued governmental subsidy due from Ministry of Commerce and Industry amounted to KD 16,330,630 as at 31 December 2012 (KD 7,728,801 as at 31 December 2011). The Ministry did not approve the amount of the subsidy. The Group formed a provision of KD 7,799,919 during the year ended 31 December 2012 for this balance based on the management's estimates of the amounts that can be collected. We were unable to obtain sufficient appropriate audit evidence to verify the possibility of collecting the balance, and consequently the adequacy of the provision performed for it.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the preceding "Basis for Qualified Opinion" paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2012, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Group for the year ended 31 December 2011 were audited by another auditor jointly with Dr. Saoud Hamad Al-Humaidi who expressed qualified opinion on 22 February 2012 for the same reason mentioned in paragraph 2 in the "Basis for Qualified Opinion Paragraph".

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Company, and the consolidated financial statements and the related information included in the Board of Directors' report in relation to these financial statements agree with the books of accounts of the Company. We further report that we obtained the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies' Law No. 25 of 2012, and by the Company's Articles of Association, an inventory count was duly carried out and that, to the extent of information made available to us, no violations of the Companies Law No. 25 of 2012, or of the Articles of Association of the Company have occurred during the year ended 31 December 2012 that might have had a material effect on the consolidated financial position of the Group or on its results of operation, except as disclosed in note (6) regarding the Company's investment in land which violates its objectives stated in the Articles of Association.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al Fahad Al Wazzan & Co.

Dr. Saud Hamad Al-Humaidi
License No. 51 A
Of Dr. Saud Hamad Al-Humaidi & Partners
Member of Baker Tilly International

Kuwait, 31 March 2013

Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
and its Subsidiaries
State of Kuwait

Consolidated Statement of Financial Position as at 31 December 2012

(All amounts are in Kuwaiti Dinars)

	Note	2012	2011
Assets			
Non- current assets			
Property, plants and equipment	5	6,175,768	9,051,480
Investment property	6	68,706	174,336
Investments in associates	7	505,567	1,195,993
Available for sale investments	8	1,538,281	1,752,383
		8,288,322	12,174,192
Current assets			
Inventories	9	5,288,550	5,105,006
Trade and other receivables	10	11,351,131	13,965,880
Investments at fair value through profit or loss	11	7,693,317	6,921,682
Cash and cash equivalents	12	8,024,656	9,096,790
		32,357,654	35,089,358
Total assets		40,645,976	47,263,550
Equity and liabilities			
Equity			
Share capital	13	21,659,057	21,659,057
Treasury shares	14	(1,647,126)	(1,574,143)
Share premium		4,967,805	4,967,805
Statutory reserve	15	11,825,560	11,825,560
Voluntary reserve	16	10,758,595	10,758,595
Other reserves	17	661,654	1,003,347
Accumulated losses		(12,584,871)	(7,047,366)
Total equity		35,640,674	41,592,855
Liabilities			
Non-current liabilities			
Employees' end of service indemnity		1,822,307	1,802,516
Current liabilities			
Trade and other payables	18	3,182,995	3,868,179
Total liabilities		5,005,302	5,670,695
Total equity and liabilities		40,645,976	47,263,550

The accompanying notes form an integral part of these consolidated financial statements.

Mohammed Hamad Hassan Al Ibrahim
Vice Chairman

Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
and its Subsidiaries
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Consolidated Statement of Income for the year ended 31 December 2012
(All amounts are in Kuwaiti Dinars)

	Note	2012	2011
Operating revenues	19	39,780,594	75,157,191
Operating costs		(42,882,528)	(86,904,671)
Gross loss		(3,101,934)	(11,747,480)
Government subsidy	20	9,888,513	10,727,466
Other operating income		337,959	352,049
Marketing Expenses		(1,373,187)	(1,325,053)
General and administrative expenses		(1,886,847)	(1,894,067)
Other operating expenses	21	(1,750,642)	(704,970)
Operating loss		2,113,862	(4,592,055)
Interest on deposits and call accounts		84,722	136,909
Profit/(Loss) investment	22	409,696	(676,510)
Group's share in associates' results	7	79,102	207,274
Impairment of investments in associates	7	-	(69,448)
Provision of doubtful debts	10	(7,799,919)	(204,162)
Losses from changes in fair value of investment property	6	(105,630)	-
Loss on sale of property, plants and equipment		(465,543)	-
Foreign exchange differences		295,434	(51,852)
Net loss before subsidiaries tax and deductions		(5,388,276)	(5,249,844)
Income tax on subsidiaries		(37,439)	(109,475)
Net loss after subsidiaries tax and before deductions		(5,425,715)	(5,359,319)
NLST		(59,850)	-
Zakat		(23,940)	-
Board of Directors' remuneration	23	(28,000)	(28,000)
Net loss for the year		(5,537,505)	(5,387,319)
Earnings per share (fils)	24	(26.46)	(25.65)

The accompanying notes form an integral part of these consolidated financial statements.

Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
and its Subsidiaries
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Consolidated Statement of Comprehensive Income for the year ended 31 December 2012
(All amounts are in Kuwaiti Dinars)

	2012	2011
Loss for the year	(5,537,505)	(5,387,319)
Other comprehensive income items:		
Changes in fair value of available for sale investments	(3,122)	(48,996)
Impairment of available for sale investments	39,956	-
Transferred to income statement from sale of available for sale investments	83,295	23,913
Changes in an associate reserve	(581,414)	-
Foreign currency translation reserve	119,592	(5,682)
Total other comprehensive income items	(341,693)	(30,765)
Total comprehensive loss for the year	(5,879,198)	(5,418,084)

The accompanying notes form an integral part of these consolidated financial statements.

Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
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Consolidated Statement of Changes in Equity for the year ended 31 December 2012
(All amounts are in Kuwaiti Dinars)

	Share capital	Treasury shares	Share premium	Statutory reserve	Voluntary reserve	Other reserves (Note 17)	Accumulated losses	Total
Balance as at 1 January 2011	**21,659,057**	**(1,321,129)**	**4,967,805**	**11,825,560**	**10,758,595**	**1,034,112**	**(1,660,047)**	**47,263,953**
Net loss for the year	-	-	-	-	-	-	(5,387,319)	(5,387,319)
Other comprehensive income items								
Changes in fair value of available for sale	-	-	-	-	-	(48,996)	-	(48,996)
Transferred to income statement from sale of available for sale investments	-	-	-	-	-	23,913	-	23,913
Foreign currency translations reserve	-	-	-	-	-	(5,682)	-	(5,682)
Total other comprehensive income items	-	-	-	-	-	(30,765)	-	(30,765)
Purchase of treasury shares	-	(253,014)	-	-	-	-	-	(253,014)
Balance as at 31 December 2011	**21,659,057**	**(1,574,143)**	**4,967,805**	**11,825,560**	**10,758,595**	**1,003,347**	**(7,047,366)**	**41,592,855**
Balance as at 1 January 2012	**21,659,057**	**(1,574,143)**	**4,967,805**	**11,825,560**	**10,758,595**	**1,003,347**	**(7,047,366)**	**41,592,855**
Net loss for the year	-	-	-	-	-	-	(5,537,505)	(5,537,505)
Other comprehensive income items								
Changes in fair value of available for sale	-	-	-	-	-	(3,122)	-	(3,122)
Impairment of available for sale investments	-	-	-	-	-	39,956	-	39,956
Transferred to income statement from sale of available for sale investments	-	-	-	-	-	83,295	-	83,295
Changes in an associate reserve (note 7)	-	-	-	-	-	(581,414)	-	(581,414)
Foreign currency translations reserve	-	-	-	-	-	119,592	-	119,592
Total other comprehensive income items	-	-	-	-	-	(341,693)	-	(341,693)
Purchase of treasury shares	-	(72,983)	-	-	-	-	-	(72,983)
Balance as at 31 December 2012	**21,659,057**	**(1,647,126)**	**4,967,805**	**11,825,560**	**10,758,595**	**661,654**	**(12,584,871)**	**35,640,674**

The accompanying notes form an integral part of these consolidated financial statements.

Livestock Transport & Trading Company
Kuwaiti Public Shareholding Company
and its Subsidiaries
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Consolidated Statement of Cash Flows for the year ended 31 December 2012
(All amounts are in Kuwaiti Dinars)

	2012	2011
Cash flows from operating activities		
Net loss before adjustments	(5,537,505)	(5,387,319)
Adjustments:		
Depreciation of property, plant and equipment	2,287,601	3,159,728
Interests on deposits and call accounts	(84,722)	(136,909)
Group's share in associates' results	(79,102)	(207,274)
Impairment of investment in associates	-	69,448
Impairment of receivables	7,799,919	204,163
Net disposal of property, plant and equipment	465,543	(4,905)
Losses from changes in fair value of investment property	105,630	-
Loss/(profit) from investments at fair value through profit or loss	(409,696)	676,510
Employees' end of service indemnity	217,886	222,576
Operating profit/(loss) before changes in working capital	4,765,554	(1,403,982)
Inventories	(183,544)	2,392,617
Trade and other receivables	(5,109,612)	(4,660,133)
Investment at fair value through profit or loss	(223,750)	305,419
Trade and other payables	(671,118)	(420,245)
Cash used in operating activities	(1,422,470)	(3,786,324)
End of service indemnity paid	(198,095)	(60,955)
Net cash used in operating activities	(1,620,565)	(3,847,279)
Cash flows from investment activities		
Purchase of property, plants and equipment	(1,626,238)	(602,413)
Proceeds from sale of property, plants and equipment	1,746,201	6,075
Proceeds from sale of available for sale investments	226,182	276,682
Dividends received	204,613	216,620
Interest received on deposits and call accounts	84,722	155,198
Net cash generated from investing activities	635,480	52,162
Cash flows from financing activities		
Purchase of treasury shares	(72,983)	(253,014)
Dividends paid	(14,066)	(69,702)
Net cash used in financing activities	(87,049)	(322,716)
Net decrease in cash and cash equivalents	(1,072,134)	(4,117,833)
Cash and cash equivalents at the beginning of the period	9,096,790	13,214,623
Cash and cash equivalents at the end of the period (note 12)	8,024,656	9,096,790

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and activities

Livestock Transport and Trading Co. K.P.S.C. (the company) was incorporated as per association contract registered with Real Estate Authentication and Registration Department of the Ministry of Justice under Ref. No. 70/D volume 2 on 24 November 1973. The founder's general assembly meeting held on 20 January 1974 formally declared the formation of the company.

The company's registered head office is at Al-Salhiya Complex - Al Salhyia - Kuwait.

The principal shareholder of the company is Kuwait investment authority in the State of Kuwait.

The main objectives of the company are as follow:

Carrying out all operations of producing transporting and trading in all kinds of meat throughout the State of Kuwait and abroad including food industries and opening the related restaurants; the construction and purchase of farms, pastures, land and real estate necessary to achieve the Company's objectives within the State of Kuwait or abroad; the import, export and manufacture of all cattle fodders and organic fertilizers; the possession, purchase and use of all means of marine and land transport necessary to achieve the company's objectives; the import and export of the related necessary equipment; and investment in portfolios managed by specialized entities for the Company's interest.

The Group operates in three countries; Kuwait, United Arab Emirates and Australia, and transports and sells livestock to some countries in the Middle East.

The consolidated financial statements of the Company include the financial statements of its wholly owned Subsidiaries (referred together as "Group").

Company	Country	Activity	Share percentage	
			2012	2011
Rural Export and Trading (WA) PTY Ltd.	Australia	Trade in livestock and meat	100%	100%
Emirates Livestock and Meat Products Trading Company (under management)	UAE	Trade in livestock and meat	100%	100%

- Emirates Livestock & Meat Product, Trading Co, (Under Management) which is licensed in the United Arab Emirates conducts its activities through an associate (Emirates Livestock & Meat Products Trading Company L.L.C) based on an agreement concluded between the two companies.
- The financial statements for Rural Export Trading (WA) have been consolidated under financial statements is prepared by management of the subsidiary company as at 31 December 2012. The subsidiary's total assets is KD 3,412,507 as at 31 December 2012 (KD 5,571,966 as at 31 December 2011), and its net profit is KD 159,109 as at 31 December 2012 (KD 297,892 as at 31 December 2011).

On 26 November 2012, the Companies law No. 25 of 2012 has been issued and published in the official gazette on 29 November 2012 to replace the Commercial Companies law No. 15 of 1960. The new Law is effective from the date of its publishing in the official gazette. Companies should make necessary procedures to be in compliance with provisions of the new law within six months from its effective date. The company is currently taking the necessary procedures in this respect.

The consolidated financial statements for the year ended 31 December 2012 were authorized for issuance by the Board of Directors of the Company on 31 March 2013.

2. Basis of preparation and Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared on the historical cost basis except for lands and certain financial instruments that are measured at fair values, as explained in the accounting policies below.

2.2 New and revised standards

New and revised IFRSs issued and effective

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

IAS 12 Deferred Taxes - Recovery of Underlying Assets

Under the amendments, investments properties that are measured using the fair value model in accordance with IAS 40 are presumed to be recovered entirely through sale for the purpose of measuring deferred taxes unless the presumption is rebutted. This amendment has no impact on the group's financial statements.

New and revised IFRSs in issue but not yet effective

- IFRS 7: Financial Instruments: Disclosures
- IFRS 9: Financial Instruments: Classification and Measurement
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosures of Interests in Other Entities
- IFRS 13: Fair Value Measurement
- IAS 1: Presentation of Financial Statements
- IAS 19: Employee Benefits
- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- IAS 32: Financial Instruments: Presentation

The Group has not applied these new and revised IFRS. Following are the significant changes that are related to the group activities:

For annual periods beginning on or after 1 July 2012

IAS 1 Presentation of Financial Statement

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendment affects presentation only and has no impact on the Group's financial position or performance.

For annual periods beginning on or after 1 January 2013

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and of SIC-12 Consolidation – Special Purpose Entities.

Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The Group expects the application of this standard will have no significant impact on the group financial statements.

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 "Interests in Joint Ventures". The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs must be accounted for using the equity method. The standard has no significant effect on the financial statements of the Group.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

As a consequence of the new IFRS 11 and IFRS 12; IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

The group anticipates that the application of the new standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

For annual periods beginning on or after 1 January 2014

IFRS 7 "Financial Instruments – Disclosures" and IAS 32 "Financial Instruments – Presentation"

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 retrospectively. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

For annual periods beginning on or after 1 January 2015

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

The group anticipates that the application of IFRS 9 in the future may have 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 a detailed review has been completed.

2.3 Significant Accounting Policies

2.3.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

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

Any related accumulated items in equity will be accounted for as if the Group had directly disposed of the relevant assets (reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

Business combinations

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

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

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

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. 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 or loss and other comprehensive consolidated income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition 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, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised immediately in the profit or loss. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group reclassifies all amounts previously recognised in other comprehensive income in relation to that associate to profit or loss when it loses significant influence over that associate.

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

2.3.2 Property, plant and equipment

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

The estimated current cost of major vessels maintenance occurring at regular intervals (dry-dock) is capitalized as inherent components of the related vessels. This component is treated as a separate asset from the original cost of the vessels, as its useful lives is different from that of the vessel to which it relates. All other expenditure is expensed when incurred.

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

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

Projects under construction are included in property, plant and equipment until they are completed and ready for their intended use. At that time they are reclassified under the appropriate category of assets and the depreciation is calculated since then.

2.3.3 Financial instruments

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

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

Financial Assets

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

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in (note 3.3).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and cash equivalent) are measured at amortised cost using the effective interest method, less any impairment.

Available for sale (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale are re-measured at fair value. The fair value is determined in the manner described in note 3.3.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

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

Impairment in value

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

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

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

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Financial liabilities (including borrowings) are recognised initially at fair value, net of transaction costs incurred subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.3.4 Inventories

Inventory is stated at the lower of cost and net realizable value. Cost is determined based on the first in first-out 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 realizable value is based on the selling price less the estimated cost till completion and sale of inventory.

2.3.5 Investment properties

Properties unutilized by the Group, but held for lease over long term period or for capital appreciation are classified as investment properties.

Investment properties are stated at cost and re-measured at fair value. Fair value is determined by an independent registered assessor at the balance sheet date. The resulted gains and losses resulting from changes in fair value are included in the statement of income.

2.3.6 Cash and cash equivalent

Cash and cash equivalents are carried on the consolidated balance sheet at cost. Cash and cash equivalents represent cash on hand and at banks, term deposits and placements, whose original maturities do not exceed three months from the date of placement.

2.3.7 Treasury shares

Treasury shares represent the 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.

2.3.8 Provisions

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

2.3.9 End of service's indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment, regarding the labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.10 Revenue recognition

- Revenues from sale of goods are recognized when the significant risks and rewards of ownership have been transferred to the buyer. These risks and rewards are transferred to the buyer on delivery.
- Services revenues are recognized when the service is rendered.
- Dividend income is recognized when the right to receive payments is established.
- Interest income from deposits is recognized on a time proportion basis using the effective interest method. Other revenues and expenses are recognized on an accrual basis.

2.3.11 Taxes and deductions

Taxes and deductions are represented in the followings:

- Income taxes on subsidiaries.
- Contribution to Kuwait Foundation for Advancement of Science on the company.
- Tax due from the company in accordance of Law No. 19 of 2000 concerning Support and Encouragement of National Manpower to Work in Private Sector.
- Zakat in accordance with Kuwait Law N0.46 of 2006.

2.3.12 Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except for companies which are operated in countries with very high inflation rates) are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

3. Financial risk management

3.1 Financial risk

The activities of the Group expose it to a series of financial risks, market risks, which include foreign currency risks and risks of change in fair value resulting from the change in interest rates, and risks of fluctuations in cash flows resulting from changes in interest rates, and risks of market prices in addition to credit risk and liquidity risks.

The Group is managing these financial risks by focusing on a continuous evaluation of market conditions and its trends and the management's assessments of the changes for long and short-term market factors.

Market risk

Foreign currency risk

The Group is exposed to the risk of foreign currency resulting primarily from dealing in financial instruments with US$ and Australian Dollar. The risk of foreign exchange results from future transactions on financial instruments in foreign currency recognized in the financial statements of the group which are represent mainly in the available for sale investments, receivable, investments at fair value through profit or loss, deposits at financial institutions, cash and cash equivalent and the creditors.
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 separate managements of the Group companies manage foreign exchange risks through the careful monitoring of the changes in currency rates in addition the changes in currency rates in addition to monitoring their impact on the financial position of the Group, throughout the year.

In the case of high flow foreign currency referred to above, at 5% against the Kuwaiti dinar with the stability of all other variables, the net profit \ Equity of the group will be affected by the following positive values and the same negative values.

	Impact on income statement		Impact on Equity	
	2012	2011	2012	2011
Available for sale investments	-	-	45,042	46,001
Receivables	63,152	175,332	-	-
Investments at fair value through profit or loss	168,302	148,927	-	-
Cash and cash equivalent	84,275	111,388	-	-
Payables	36,516	15,023	-	-

Fair Value Risks

The Group is exposed to the price risk in its investments classified as available for sale. And investments at fair value through profit or loss.

To manage this risk, the group diversifies its portfolio on the basis of predetermined allocation of the assets on. Diversification of the portfolio takes place in accordance with the limits set by the Group and the continuous monitoring of market prices and the management's estimates of long term changes in fair value. In addition, the group keeps its investments at specialized investment companies which manage these investments.

The following sensitivity analysis shows the impact of the decline of the index of the Kuwait Stock Exchange on the Group's net profit for the year. This analysis is based on the decline of the index of the Kuwait Stock Exchange by 5% with the stability of all other variables.

	Impact on income statement		Impact on Equity	
	2012	2011	2012	2011
Investments at fair value through profit or loss	66,740	58,225	-	-
Available for sale investments	-	-	-	11,369

Interest rate risks

The Group is exposed to the interest rate risk due to the deposits at fixed interest rate. The Group is not exposed to the cash flow risk as the interest rate is fixed.

The Group manages this risk by transacting with institutions with good reputation. In addition, the Group periodically studies the data on interest rates to assess the potential usefulness of the possibility of reduction or increase in interest rates for future periods, the impact on cash flows and the company's profits along with taking the corrective action to address the potential of such possibilities.

Credit risks

The credit risk is the risk that the group will incur a loss as a result of its customers' or, counterparties' failure to discharge their contractual obligation. The credit risk is highly concentrated in trade receivables and cash and cash equivalents, the group manages and follows up the credit risk as follows:

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

The Group Management's opinion is that the maximum credit risk as at 31 December is as follows:

	2012	2011
Trade receivables and accrued government subsidy (note 10)	19,127,552	14,124,767
Cash and cash equivalents	7,943,089	8,173,183

Liquidity risks

The liquidity risk is the risk that the Group becomes unable to repay its liabilities when due, to minimize this risk the management has secured different financing resources and monitors the liquidity of assets on a regular basis.

The responsibility of managing the liquidity risk is kept with the Board of Director which developed an appropriate framework to manage the liquidity. The Group manages the liquidity by keeping appropriate reserves as well as through the continuous monitoring of the expected and actual cash flows and the maturity dates of financial assets and liabilities.

The table below shows the breakdown of the non-derivative liabilities for the year ended as of the financial position date up to the contractual due dates.

The balances which mature within 12 month equal its carrying value as the effect of discount will be insignificant

The maturity dates of financial liabilities as at 31 December 2012:

	During 1 month	From 1 to 3 months	From 3 months to 1 year	Between 1to 5 months	Total
Liabilities					
Creditors and other credit balances and accrued expenses	708,402	442,407	2,032,186	-	3,182,995
Employee end-of-service indemnity	-	-	-	1,822,307	1,822,307
	708,402	442,407	2,032,186	1,822,307	5,005,302

The maturity dates of financial liabilities as at 31 December 2011:

	During 1 month	From 1 to 3 months	From 3 months to 1 year	Between 1to 5 months	Total
Liabilities					
Creditors and other credit balances and accrued expenses	613,611	723,644	2,530,924	-	3,868,179
Employee end-of-service indemnity	-	-	-	1,802,516	1,802,516
	613,611	723,644	2,530,924	1,802,516	5,670,695

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital.

In order to maintain or adjust the capital structure, the group adjusts the dividends paid to the shareholders or repays a part of the capital to the shareholders or issues new shares or sells assets to reduce its debits. 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 borrowings (including facilities and other creditors as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity (as shown in the consolidated balance sheet) plus net debt.

3.3 Fair value estimation

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices included within level I that are observable for the asset or liability from the managers of the funds invested in or other methods of quotation that are based on observable market date, either directly or indirectly.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below represents the analysis of financial instruments that are recorded at fair value on the levels above mentioned:

	2012		
	Level one	**Level two**	**Total**
Assets			
Available for sale investments	-	1,310,873	1,310,873
Investments at fair value through profit or loss	1,334,804	6,358,513	7,693,317

	2011		
	Level one	**Level two**	**Total**
Assets			
Available for sale investments	227,378	1,091,462	1,318,840
Investments at fair value through profit or loss	1,164,508	5,757,174	6,921,682

The investments are carried at cost less impairment as its not reliable to determined its fair value.

4. 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.

The following are the key assumptions concerning the future, and other key sources concerning current period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years.

Valuation of financial instruments

As described in note (3.3), the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Impairment of property, plant and equipment and inventory

The Group reviews the property, plant and equipment and inventory on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Impairment of receivables

The group is studying the accounts receivable on a regular basis. An estimate of the impairment is conducted based on assumptions based on a combination of factors. Actual results may differ from the estimates set.

Impairment of available for sale investment

The Group determines whether an available-for-sale investment is impaired. This determination requires significant judgment by the management. The Group makes this judgment based on many factors, such as whether the duration and extent to which the fair value of an investment is less than its cost, and the financial solvency of the Company including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. Property, plant and equipment

	2011							
	Vessels	Lands, constructions and buildings	Machinery and equipment	Vehicles	Other assets	Assets of subsidiary companies	Projects in progress	Total
Cost								
Balance as at 1 January	48,336,067	7,827,114	2,903,450	1,848,281	860,772	4,915,676	148,144	66,839,504
Foreign currency translation different	-	-	-	-	-	(56,766)	-	(56,766)
Additions during the year	13,380	-	41,813	117,490	41,742	61,698	326,290	602,413
Disposals during the year	-	-	(66,295)	(31,716)	(60,269)	-	-	(158,280)
Balance as at 31 December	48,349,447	7,827,114	2,878,968	1,934,055	842,245	4,920,608	474,434	67,226,871
Accumulated depreciation and impairment loss								
Balance as at 1 January	40,169,236	6,814,389	2,609,837	1,648,150	793,793	3,171,668	-	55,207,073
Foreign currency translation different	-	-	-	-	-	(34,300)	-	(34,300)
Depreciation during the year	2,617,138	182,160	59,326	96,164	37,442	167,498	-	3,159,728
Disposals	-	-	(65,465)	(31,716)	(59,929)	-	-	(157,110)
Balance as at 31 December	42,786,374	6,996,549	2,603,698	1,712,598	771,306	3,304,866	-	58,175,391
Net book value								
As at 31 December	5,563,073	830,565	275,270	221,457	70,939	1,615,742	474,434	9,051,480

5. Property, plant and equipment (Continued)

	2012							
	Vessels	Lands, constructions and buildings	Machinery and equipment	Vehicles	Other assets	Assets of subsidiary companies	Projects in progress	Total
Cost								
Balance as at 1 January	48,349,447	7,827,114	2,878,968	1,934,055	842,245	4,920,608	474,434	67,226,871
Foreign currency translation different	-	-	-	-	-	160,340	-	160,340
Additions during the year	-	22,424	77,641	18,755	30,853	60,367	1,416,198	1,626,238
Disposals during the year	(23,496,152)	-	(148,603)	(115,631)	(62,624)	(16,953)	(95,912)	(23,935,875)
Balance as at 31 December	24,853,295	7,849,538	2,808,006	1,837,179	810,474	5,124,362	1,794,720	45,077,574
Accumulated depreciation and impairment loss								
Balance as at 1 January	42,786,374	6,996,549	2,603,698	1,712,598	771,306	3,304,866	-	58,175,391
Foreign currency translation different	-	-	-	-	-	82,253	-	82,253
Depreciation during the year	1,752,373	186,259	60,086	99,166	39,126	150,591	-	2,287,601
Disposals	(21,314,244)	-	(137,732)	(115,626)	(60,256)	(15,581)	-	(21,643,439)
Balance as at 31 December	23,224,503	7,182,808	2,526,052	1,696,138	750,176	3,522,129	-	38,901,806
Net book value								
As at 31 December	1,628,792	666,730	281,954	141,041	60,298	1,602,233	1,794,720	6,175,768
Useful lives (year)	12-15	5-20	3-10	3-5	2-5			

Building and construction are on land leased from State of Kuwait for 20 years ending at November 2022.

6. INVESTMENT PROPERTIES

This item represents lands located in the United Arab Emirates.

	2012	2011
Balance at the beginning of the year	174,336	174,336
Changes at fair value	(105,630)	-
	68,706	174,336

- Investment properties were valued by two neutral valuers as at 31 December 2012.
- The Company's investment in lands is contradicted with its objectives as stated in Article no. (5) of its memorandum of association and Article no. (4) of Articles of Association thereof.

7. Investments in associates

	Country of Incorporation	Contribution rate %	2012	2011
National Tannery Co. (K.S.C.C.)	Kuwait	40	1	581,415
Emirates Livestock and Meat Products Trading Company L.L.C	UAE	49	60,523	60,128
Portland Pellet Suppliers (Partnership)	Australia	50	445,043	554,450
			505,567	1,195,993

Following is the movement of investment in associates during the year:

	2012	2011
Balance as at 1 January	1,195,993	1,239,280
Group's share in associates' results	79,102	207,274
Cash dividend from an associate	(204,613)	(216,620)
Reduce against Group's share in an associate reserve	(581,414)	-
Impairment	-	(69,448)
Financial statements translation	16,499	35,507
Balance as at 31 December	505,567	1,195,993

- The Group's share in the result of the operations of Portland Pellet Suppliers – Partnership, for the year ended at 31 December 2012 is recorded based on the financial statements prepared by the management of this associate.
- The Group's share in the assets, liabilities, revenues, and net profit/ (loss) of the unlisted associates is as follows:

2012	Assets	Liabilities	Revenues	Net profit
Emirates Livestock and Meat Products Trading Company L.L.C	72,364	11,841	44,166	32,332
Portland Pellet Suppliers (Partnership)	589,145	144,102	331,324	46,770
	661,509	155,943	375,490	79,102

2011	Assets	Liabilities	Revenues	Net profit/ (loss)
National Tannery Co. (K.S.C.C.)	1,122,765	371,902	-	-
Emirates Livestock and Meat Products Trading Company L.L.C	71,852	11,724	44,411	(11,519)
Portland Pellet Suppliers (Partnership)	655,987	101,537	1,155,005	218,793
	1,850,604	485,163	1,199,416	207,274

8. Available for sale investments

	2012	2011
Investment in quoted local securities	-	227,378
Investment in unquoted local securities	637,437	604,981
Investment in unquoted foreign securities	900,844	920,024
	1,538,281	1,752,383

- Available for sale investments include unquoted securities investments by KD 1,310,873 as at 31 December 2012 (KD 1,091,462 as of 31 December 2011) have been evaluated by the portfolio's manager.
- Available for sale investments include unquoted securities investments by KD 227,408 as of 31 December 2012 (KD 433,543 as of 31 December 2011) represent investments carried at cost less impairment as its fair value cannot reliably measured.
- Available for sale investments are managed by local investment companies.
- Investments available for sale are dominated into the following currencies as of 31 December:

	2012	2011
Kuwaiti Dinar	637,441	832,359
US Dollar	673,173	704,465
Sterling Pound	227,667	215,559
	1,538,281	1,752,383

9. Inventories

	2012	2011
Livestock and meat (net)	1,533,972	3,519,942
Fodder	140,468	270,568
Intestine	74,119	13,032
Medicines, fertilizers and others	27,172	24,637
	1,775,731	3,828,179
Goods in transit	2,429,393	93,521
Production materials and spare parts	1,083,426	1,183,306
	5,288,550	5,105,006

10. Trade and other receivables

	2012	2011
Trade receivables	2,796,922	6,395,966
Governmental subsidy - due	16,330,630	7,728,801
	19,127,552	14,124,767
Provision for doubtful debts	(8,275,678)	(470,625)
	10,851,874	13,654,142
Prepaid expenses	181,652	150,250
Accrued income	1,202	2,582
Refundable deposits	58,469	57,922
Deferred tax - asset	45,601	36,905
Staff receivable	3,965	14,227
Others	208,368	49,852
	11,351,131	13,965,880

Following is the movement of provision of doubtful debts during the year:

	2012	2011
Balance as at 1 January	470,625	266,463
Provided during the year	7,799,919	204,162
Financial statements translation different	5,134	-
Balance as at 31 December	8,275,678	470,625

- Governmental subsidy - represents a balance due from the Ministry of Commerce & Industry as subsidy to support the company to meet the increasing prices of some foodstuffs and consumer goods, in accordance to the Council of Ministers Resolution 1308 dated 11 September 2011 (note 20). To the date have not been approved by the Ministry on how to calculate subsidy by the Group. Accordingly, during the year ended 31 December 2012, the Group provide a provision of impaired of accrued subsidy income by KD 7,799,919 based on management estimates of irrecoverable amounts.
- As at 31 December 2012, trade receivable didn't due amounted to KD 582,032 (KD 13,538,847 as at 31 December 2011).
- As at 31 December 2012, trade receivable past due and not collected and not impaired amounted to KD 1,744,265 (KD 427,033 as at 31 December 2011).
- As at 31 December 2012, impaired and provision trade receivable amounted to KD 16,801,255 (KD 470,625 as at 31 December 2011).

11. Investments at fair value through profit or loss

	2012	2011
Local quoted investments	1,334,804	1,164,508
Local unquoted investments	87,465	87,465
Foreign unquoted investments	1,537,802	1,955,884
Funds investments	4,733,246	3,713,825
	7,693,317	6,921,682

a. Unquoted and foreign investments have been valued by the investment portfolio's Manager as at 31 December 2012 and 2011.

12. Cash and cash equivalents

	2012	2011
Cash on hand and at banks	1,928,046	2,011,840
Time deposits	5,787,566	6,734,909
Cash at investment portfolios	309,044	350,041
	8,024,656	9,096,790

a. The actual average interest rate on deposits was 0.65% as at 31 December 2012 (1.66% as at 31 December 2011).

13. Share capital

The issued and fully paid capital of the Company is KD 21,659,057 divided into 216,590,575 shares with a nominal value of 100 Fils each as at 31 December 2012 and 31 December 2011.

14. Treasury shares

	2012	2011
Number of shares – share	7,377,383	6,997,383
Percentage to issued shares (%)	%3.41	%3.23
Market value	1,195,136	1,553,419

The treasury shares have been recorded at cost amounted to KD 1,647,126 as at 31 December 2012 (KD 1,574,143 as at 31 December 2011).

15. Statutory reserve

In accordance with the Company's Articles of Association, 10% of the net profit for the year before contribution to Kuwait Foundation for the Advancement of Science, National Labor Support Tax, Board of Directors' remuneration and Zakat is transferred to the statutory reserve. The General Assembly may resolve to discontinue such annual transfers when the statutory reserve reaches 50% of the Company's paid up share capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up capital to be made in years when accumulated profits are not sufficient for the payment of such dividend.

16. VOLUNTARY RESERVE

As required by the Company's articles of association, a percentage of the net profit for the year proposed by the Board of Director and approved by the General Assembly is transferred to the voluntary reserve. The General Assembly may resolve to discontinue such transfer based on a recommendation by the Board of Directors.

17. Other reserves

	Changes in fair value of investments available for sale reserve	Foreign currency translation reserve	Changes in associates' reserve	Total
Balance as at 1 January 2011	(178,100)	630,798	581,414	1,034,112
Changes in fair value of available for sale investments	(48,996)	-	-	(48,996)
Transferred to income statement from sale of available for sale investments	23,913	-	-	23,913
Foreign currency translation differences	-	(5,682)	-	(5,682)
Balance as at 31 December 2011	(203,183)	625,116	581,414	1,003,347
Balance as at 1 January 2012	(203,183)	625,116	581,414	1,003,347
Changes at fair value of available for sale investments	(3,122)	-	-	(3,122)
Impairment of available for sale investments	39,956	-	-	39,956
Transferred to income statement from sale of available for sale investments	83,295	-	-	83,295
Changes in an associate's reserve	-	-	(581,414)	(581,414)
Foreign currency translation differences	-	119,592	-	119,592
Balance as at 31 December 2012	(83,054)	744,708	-	661,654

18. Trade and other payables

	2012	2011
Trade payables	782,540	609,647
Dividends accrued to shareholders	278,385	335,335
Cost of accrued shipping & marine expenses	663,887	1,515,269
Accrued expenses	935,686	1,029,550
Accrued leave	198,733	231,067
Due to related parties	87,457	-
Board of Directors' remuneration	28,000	28,000
NLST	59,850	-
Zakat	23,940	-
Other payables	124,517	119,311
	3,182,995	3,868,179

19. Operating income

	2012	2011
Sales	38,992,074	73,313,550
Transportation revenue	788,520	1,843,641
	39,780,594	75,157,191

20. GOVERNMENTAL SUBSIDY

By Council of Ministers resolution No. 1308 dated 11 September 2011 on the company's purchase and transfer of sheep to the port of Kuwait (CIF) and sold to the state at their cost plus 15% profit margin.

In addition to the Ministerial Decree No. 409, issued on 8 July 2012 on the submission of the Ministry of Commerce and Industry of financial support KD 16.835 per head of sheep live or chilled or frozen complete freeze enter to Kuwait from whatever source or means, and in effect until the date of 1 November 2012.

Management has to prove income in the income statement for the year ended 31 December 2012 of KD 9,888,513 (KD 10,727,466 as at 31 December 2011) as financial support from the ministry to meet the increasing prices of some food stuffs and consumer goods.

Governmental subsidy revenue for the year ended 31 December 2012 included an amount of KD 1,665,502 (KD 1,915,160 for the year ended 31 December 2011) represents what has been proved by the management over what stated by Council of Ministers 1308 on 11 September 2011, this increase in accordance to the opinion of management, are against the clearance, transport, medical care, feed, dead, transport for slaughter-houses, selling and marketing expenses and other expenses for sheep

21. Other operating expenses

This item represents the total vessel expenses during the stoppage and repair durations, amounting to KD 1,750,642 during the year ended 31 December 2012 (KD 704,970 - 31 December 2011).

22. Profit/ (loss) from investments

	2012	2011
Investment at fair value through profit or loss		
Profit/ (loss) from changes in fair value	490,615	(665,217)
Net trading profits	68,249	-
Portfolios management fees	(41,119)	(17,366)
	517,745	(682,583)
Available for sale investments		
(loss)/profit from sale of available for sale investments	(68,093)	6,073
Impairment losses	(39,956)	-
	(108,049)	6,073
	409,696	(676,510)

23. Board of director's remuneration

The board of directors remuneration exceeds the limit allowed by Article No. (229) of the Companies Law. This remuneration is subject to the approval of the Shareholders General Assembly meeting.

24. Loss per share

Basic loss per share are calculated based on dividing the net loss of the year by the weighted average number of common shares outstanding during the year as follows:

	2012	2011
Net loss for the year	(5,537,505)	(5,387,319)
Weighted average number of outstanding shares	209,264,425	210,034,891
Loss per share (fils)	(26.46)	(25.65)

25. Staff cost

	2012	2011
Staff salaries and benefits	1,989,506	1,921,113
Employees' end of service indemnity	217,886	215,787
Leaves	129,969	120,552
	2,337,361	2,257,452

26. Contingent liabilities and capital commitments

	2012	2011
Letter of guarantee	1,341,154	966,343
Lease Contract obligations	340,045	264,480

Lease Contract obligations due during one year from the financials date amounted KD 189,417 as at 31 December 2012 (KD 264,480: as at 31 December 2011).

27. Related parties transactions

The Related Parties are represented in main shareholders, member of Board of Directors, senior management and associate companies.

In the ordinary course of business, the Group entered into transactions with related parties during the period. These transactions are detailed below as follows:

	2012	2011
Management fees paid to associate companies	89,700	89,582
Sales to related parties	-	210,321
Key management long term benefits	460,079	610,154
Key management short term benefits	33,879	61,095

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

28. Segmental financial information

Primary segment – geographical segments

The Group conducts its activities through two main geographical segments: the first is in Kuwait through Livestock Transport and Trading Company K.S.C. (The Company) and the other in the United Arab Emirates through Emirates Livestock and Meat Products Trading Company (Under management), a subsidiary. All intra-company transactions are recognized at cost plus all administrative costs. The company did not classify Rural Export Company, Australia, as a separate geographical segment due to the fact that the main activity of this company is to provide services of storage, care and shipping of livestock for the Livestock Transport & Trading Company and the UAE subsidiary.

The following is the geographical segments information:

	Year ended 31 December							KD' 000
	2012				2011			
	Kuwait	UAE	Unallocated items	Total	Kuwait	UAE	Unallocated items	Total
Segment income	38,811	969	3,404	43,184	72,838	2,319	10,689	85,846
Costs and expenses		1,160)			84,352)			
	(41,722)	(	(5,839)	(48,721)	(	(2,553)	(4,328)	(91,233)
Segment's losses					11,514)	(234)		
	(2,911)	(191)	(2,435)	(5,537)	(		6,361	(5,387)
Assets	40,300	346	-	40,646	46,508	756	-	47,264

Secondary segment – activities segments

The main activities of the Group is the activity of the sale of live sheep and slaughtered, and the activity of the sale of meat, whether processed or only after classified in various products. There are also other subsidiary activities is the sale of fodder and leather and intestine and fertilizer.

The Group sells its products in Kuwait and the United Arab Emirates and some other Gulf states.

	2012	**2011**
	KD'000	KD'000
Live sheep sales	24,764	59,326
Meat sales	12,601	11,897
Others	2,416	3,934
	39,781	75,157