



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

Interim condensed consolidated financial information (Unaudited)
and review report for the three month period ended 31 March 2017



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The Board of Directors

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

Report on review of interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2017, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review


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

Conclusion


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

Report on review of other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, and its Executive Regulations nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three month period ended 31 March 2017, that might have had a material effect on the business of the Group or its consolidated financial position.


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

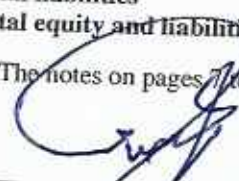
17 May 2017
Kuwait


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

Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2017
(All amounts are in Kuwaiti Dinar)

	Notes	31 March 2017	31 December 2016 (Audited)	31 March 2016
Assets				
Non-current assets				
Property, plant and equipment	5	21,061,727	14,611,547	3,970,620
Investments in associates		476,447	513,986	568,312
Available for sale investments	6	1,034,726	1,024,559	1,097,126
Held to maturity investments	7	2,733,302	2,427,352	800,000
		<u>25,306,202</u>	<u>18,577,444</u>	<u>6,436,058</u>
Current assets				
Inventories	8	4,095,822	4,275,227	5,803,009
Trade and other receivables	9	20,161,195	16,622,889	13,435,471
Investments at fair value through profit or loss		803,091	939,791	3,588,880
Cash and cash equivalents	10	8,467,645	11,231,046	14,655,658
		<u>33,527,753</u>	<u>33,068,953</u>	<u>37,483,018</u>
Total assets		<u>58,833,955</u>	<u>51,646,397</u>	<u>43,919,076</u>
Equity and liabilities				
Equity				
Share capital		21,659,057	21,659,057	21,659,057
Share premium		4,967,805	4,967,805	4,967,805
Treasury shares	11	(1,647,126)	(1,647,126)	(1,647,126)
Statutory reserve		11,825,560	11,825,560	11,825,560
Voluntary reserve		10,758,595	10,758,595	10,758,595
Other reserves	12	51,350	(104,042)	31,556
Accumulated losses		(4,056,292)	(5,508,240)	(8,480,816)
Total equity		<u>43,558,949</u>	<u>41,951,609</u>	<u>39,114,631</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		1,435,256	1,415,440	1,441,381
Long term borrowing		8,925,630	2,556,714	-
Total non-current liabilities		<u>10,360,886</u>	<u>3,972,154</u>	<u>1,441,381</u>
Current liabilities				
Trade and other payables	13	4,914,120	5,722,634	3,363,064
Total liabilities		<u>15,275,006</u>	<u>9,694,788</u>	<u>4,804,445</u>
Total equity and liabilities		<u>58,833,955</u>	<u>51,646,397</u>	<u>43,919,076</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.


Bader N. AlSubaiee
Chairman


Osama Khaled Bodai
Chief Executive Officer

Interim condensed consolidated statement of income (Unaudited)
For the three month period ended 31 March 2017
(All amounts are in Kuwaiti Dinar)

	Notes	For the three months ended 31 March	
		2017	2016
Operating revenues		12,835,482	9,299,976
Operating costs		(11,662,521)	(7,635,795)
Gross profit		1,172,961	1,664,181
Other operating income	14	1,210,432	144,990
Marketing expenses		(408,458)	(212,425)
General and administrative expenses		(622,111)	(499,476)
Other operating expenses		-	(108,698)
Operating profit		1,352,824	988,572
Net investment income		47,890	55,336
Group's share in associates' results		1,316	86,967
Foreign currency exchange gain/(loss)		115,014	(143,200)
Profit before subsidiaries' tax and deductions		1,517,044	987,675
Income tax on subsidiaries		-	(28,049)
Profit after subsidiaries' tax and before deductions		1,517,044	959,626
National Labour Support Tax ("NLST")		(37,926)	(24,365)
Zakat		(15,170)	(9,746)
Board of Directors' remuneration	17	(12,000)	(12,000)
Profit for the period		1,451,948	913,515
Basic and diluted earnings per share (fils)	15	6.94	4.37

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the three month period ended 31 March 2017
(All amounts are in Kuwaiti Dinar)

	Note	For the three months ended 31 March	
		2017	2016
Profit for the period			
Other comprehensive income:			
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>			
Available for sale investments:			
- Change in fair value	12	10,167	(17,280)
Foreign currency translation differences	12	145,225	9,884
Other comprehensive income/(loss) for the period		<u>155,392</u>	<u>(7,396)</u>
Total comprehensive income for the period		<u>1,607,340</u>	<u>906,119</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)
For the three month period ended 31 March 2017
(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Accumulated losses	Total equity
At 1 January 2017	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	(104,042)	(5,508,240)	41,951,609
Profit for the period	-	-	-	-	-	-	1,451,948	1,451,948
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	155,392	-	155,392
At 31 March 2017	<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>51,350</u>	<u>(4,056,292)</u>	<u>43,558,949</u>
At 1 January 2016	21,659,057	4,967,805	(1,647,126)	11,825,560	10,758,595	38,952	(9,394,331)	38,208,512
Profit for the period	-	-	-	-	-	-	913,515	913,515
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	-	-	-	-	-	(7,396)	-	(7,396)
At 31 March 2016	<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>31,556</u>	<u>(8,480,816)</u>	<u>39,114,631</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (Unaudited)
For the three month period ended 31 March 2017
(All amounts are in Kuwaiti Dinar)

	For the three months ended	
	31 March	
Notes	2017	2016
OPERATING ACTIVITIES		
Profit for the period		
<i>Adjustments for:</i>	1,451,948	913,515
Depreciation		
Interests on deposits and call accounts	5 314,629	262,259
Net investment income	(19,737)	(36,248)
Group's share in associates' results	(47,890)	(55,336)
Foreign currency exchange (gain)/ loss	(1,316)	(86,967)
Employees' end of service benefits	(115,014)	(143,200)
	44,859	91,461
	<u>1,627,479</u>	<u>945,484</u>
<i>Changes in working capital:</i>		
Inventories	179,405	49,967
Trade and other receivables	(3,503,795)	(2,871,618)
Trade and other payables	(693,500)	(23,707)
Cash used in operations	<u>(2,390,411)</u>	<u>(1,899,874)</u>
Employees' end of service benefits paid	(25,077)	(38,560)
Net cash flows used in operating activities	<u>(2,415,488)</u>	<u>(1,938,434)</u>
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	5 (6,689,459)	(310,202)
Acquisition of a subsidiary, net of cash acquired	30,543	-
Dividends received from associates	34,920	34,345
Investments at fair value through profit or loss	149,615	3,461,245
Purchase of held to maturity investments	(305,950)	(800,000)
Interest received on deposits and call accounts	19,737	36,248
Net cash flows (used in)/generated from investing activities	<u>(6,760,594)</u>	<u>2,421,636</u>
FINANCING ACTIVITIES		
Long term borrowing	6,368,916	-
Net cash flows generated from financing activities	<u>6,368,916</u>	<u>-</u>
Net foreign exchange differences	43,765	(64,023)
Net (decrease)/increase in cash and cash equivalents	<u>(2,763,401)</u>	<u>419,179</u>
Cash and cash equivalents at beginning of the period	11,231,046	14,236,479
Cash and cash equivalents at end of the period	<u>10 8,467,645</u>	<u>14,655,658</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2017
(All amounts are in Kuwaiti Dinar unless otherwise stated)

I. INCORPORATION AND ACTIVITIES

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

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

The Parent Company's objectives are as follows:

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

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

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

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2017
(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. INCORPORATION AND ACTIVITIES (CONTINUED)

Name of subsidiaries	Shareholding interest (%)			Activity	Country of incorporation
	31 March 2017	31 December 2016 (Audited)	31 March 2016		
Rural Export and Trading (WA) PTY Ltd.	100	100	100	Trade in livestock and meat	Australia
Trans Emirates Livestock Trading Company L.L.C.	100	49	49	Trade in livestock and meat	UAE

- On 22 January 2017, the Group acquired the remaining 51% of its former associate "Emirates Livestock and Meat Products Trading Company L.L.C." to become a fully owned subsidiary which resulted in no goodwill from the acquisition transaction. Also, name has been changed to "Trans Emirates Livestock Trading Company L.L.C.". Out of the 51% acquired, 1% is held by a nominee of the Parent Company who has confirmed in writing that the Parent Company has the beneficial ownership interest in the subsidiary through a letter of assignment.
- The financial information of the subsidiaries has been consolidated based on financial information prepared by management as at 31 March 2017.
- The total assets of subsidiaries amounted to KD 5,713,899 as at 31 March 2017 (31 December 2016: KD 5,243,221 and 31 March 2016: KD 5,206,330) and their respective total liabilities amounted KD 594,478 as at 31 March 2017 (31 December 2016: KD 506,138 and 31 March 2016: KD 546,744). Their total revenue amounted to KD 1,785,437 for the three month period ended 31 March 2017 (31 March 2016: KD 559,597). Their total profit amounted to KD 14,791 for the three month period ended 31 March 2017 (31 March 2016: KD 16,883).

The interim condensed consolidated financial information were authorised for issue by Parent Company's Board of Directors' on 14 May 2017.

The Annual General Assembly ("AGM") for the year ended 31 December 2016 held on 4 May 2017 approved the consolidated financial statements for the year ended 31 December 2016. In addition, the AGM approved the extinguishment of accumulated losses against the voluntary reserve and the distribution of cash dividends of 5 fils per share for the year ended 31 December 2016 (31 December 2015: cash dividend of nil fils per share) through utilisation of the voluntary reserve after deducting the treasury shares.

2. BASIS OF PREPARATION

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

Operating results for the three month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2016.

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the three month period ended 31 March 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

The accounting policies adopted in the preparation of the interim condensed consolidated financial information for this financial interim period are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and amendments effective as of 1 January 2017. New standards and amendments apply for the first time in 2017. However, they do not impact the interim condensed consolidated financial information of the Group.

The following is an explanation of new standards and amendments applicable as of 1 January 2017, as well as clarification of standards issued but not effective yet:

a) New standards and amendments effective from 1 January 2017

No new or amended standards have been effective for the current period that result in any material impact on the accounting policies, financial position or performance of the Group.

b) Standards and interpretations issued but not effective

The following new 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's management 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 consolidated financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group management undertakes a detailed review.

IFRS 15 - Revenue from contracts with customers

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

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

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

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2017
(All amounts are in Kuwaiti Dinar unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

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

IFRS 16 – Leases

The standard will affect primarily the accounting for the Group's operating leases.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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 audited annual consolidated financial statements as at and for the year ended 31 December 2016.

4. FAIR VALUE ESTIMATION

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

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

The 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
	31 March 2017	31 December 2016 (Audited)	31 March 2016			
Available for sale investments						
Quoted shares	81,807	82,149	60,465	31 March	Level 1	Bid prices Technical valuation
Unquoted shares	725,511	715,002	809,253	31 March	Level 2	
Total	807,318	797,151	869,718			
Investments at fair value through profit or loss						
Quoted shares	706,566	852,326	841,182	31 March	Level 1	Bid prices Technical valuation Declared net asset value
Unquoted shares	96,525	87,465	99,699	31 March	Level 3	
Investment funds	-	-	2,647,999	31 March	Level 2	
Total	803,091	939,791	3,588,880			

Notes to the interim condensed consolidated financial information (Unaudited)
For the three month period ended 31 March 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

4. FAIR VALUE ESTIMATION (CONTINUED)

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

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Opening balance	14,611,547	3,866,863	3,866,863
Additions	6,689,459	11,854,531	310,202
Depreciation charge	(314,629)	(1,104,045)	(262,259)
Foreign currency translation differences	75,350	(5,802)	55,814
	<u>21,061,727</u>	<u>14,611,547</u>	<u>3,970,620</u>

For the period ended 31 March 2017, depreciation expenses amounting to KD 171,398, KD 48,105 and KD 95,126 (year ended 31 December 2016: KD 682,351, KD 160,496 and KD 261,198; period ended 31 March 2016: KD 156,497, KD 34,461 and KD 71,301) were charged to operating costs, marketing expenses and general and administrative expenses, respectively.

Machinery and equipment included in property, plant and equipment with a carrying value of KD 190,523 (year ended 31 December 2016: KD 190,523; period ended 31 March 2016: KD nil) are mortgaged as a security against long term borrowing.

6. AVAILABLE FOR SALE INVESTMENTS

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Unquoted local securities	570,716	567,036	619,677
Unquoted foreign securities	382,203	375,374	416,984
Quoted securities	81,807	82,149	60,465
	<u>1,034,726</u>	<u>1,024,559</u>	<u>1,097,126</u>

- Available for sale investments include unquoted local securities of KD 227,408 as of 31 March 2017 (31 December 2016: KD 227,408 and 31 March 2016: KD 227,408), 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

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Local bonds and Sukuk	2,733,302	2,427,352	800,000

During the period ended 31 March 2017, the Group has local Sukuk at annual return income of 6.25% to 6.50% and local bonds at annual interest rates ranging from 6.25% to 6.50%. Bonds are classified as non-current on the basis of their maturities.

Notes to the interim condensed consolidated financial information (Unaudited)

For the three month period ended 31 March 2017

(All amounts are in Kuwaiti Dinar unless otherwise stated)

8. INVENTORIES

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Livestock and meat (net)	1,720,212	1,675,475	4,389,726
Fodder	223,547	228,426	129,862
Intestine	131,972	97,907	83,073
Medicines, fertilisers and others	482,786	38,342	33,817
	<u>2,558,517</u>	<u>2,040,150</u>	<u>4,636,478</u>
Goods in transit	488,742	1,313,052	55,273
Production materials and spare parts	1,048,563	922,025	1,111,258
	<u>4,095,822</u>	<u>4,275,227</u>	<u>5,803,009</u>

9. TRADE AND OTHER RECEIVABLES

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Trade receivables	10,653,757	9,899,372	4,622,476
Accrued Government subsidy*	16,330,630	16,330,630	16,330,630
	<u>26,984,387</u>	<u>26,230,002</u>	<u>20,953,106</u>
Provision for doubtful debts	(13,130,535)	(13,130,070)	(13,127,317)
	<u>13,853,852</u>	<u>13,099,932</u>	<u>7,825,789</u>
Advances to suppliers	5,295,154	2,946,619	4,741,119
Prepaid expenses	390,135	183,994	211,408
Refundable deposits	16,209	13,277	10,827
Deferred tax assets	46,904	44,259	52,253
Staff advance	23,000	10,363	13,125
Others	535,941	324,445	580,950
	<u>20,161,195</u>	<u>16,622,889</u>	<u>13,435,471</u>

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

The Government subsidy due from Ministry of Commerce and Industry (the "Ministry") as a result of the subsidy granted to the Parent Company to meet the increased prices of certain foodstuff and consumer goods in accordance with the previous ministerial Decrees' amounted to KD 16,330,630 as at 31 March 2017 (KD 16,330,630 as at 31 December 2016, KD 16,330,630 as at 31 March 2016) which includes KD 1,665,502 recognised by the Group in excess of the amount stated in the Council of Ministers' Decree No. 1308 dated 11 September 2011 for covering the costs incurred for clearance, transportation, medical care, nutrition, dead livestock, and transportation to slaughterhouse, selling and marketing expenses and other livestock expenses.

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9. TRADE AND OTHER RECEIVABLES (CONTINUED)

To date, the Group's subsidy has not been approved by the Ministry due to a dispute regarding the subsidy per head. Further, there are legal cases filed by the Parent Company against the Ministry claiming the subsidy due amount. The court had appointed experts to look into the matter. On 1 March 2017, a verdict was issued by the Court of First Instances in favour of the Parent Company for an amount of KD 2,294,156. On 30 March 2017, management has appealed against the verdict demanding the full amount. At the reporting date, the provision for impairment maintained against this balance amounted to KD 12,730,079 as at 31 March 2017 (KD 12,730,079 as at 31 December 2016, KD 12,730,079 as at 31 March 2016).

10. CASH AND CASH EQUIVALENTS

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Cash on hand and at banks	5,456,126	4,498,986	5,039,872
Time deposits maturing within 3 months from placement date	2,755,801	6,621,151	8,036,334
Cash at investment portfolios	255,718	110,909	1,579,452
	<u>8,467,645</u>	<u>11,231,046</u>	<u>14,655,658</u>

The annual average effective interest rate on deposits is 1.55% as at 31 March 2017 (31 December 2016: 1.13% and 31 March 2016: 1.48%).

11. TREASURY SHARES

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Number of shares	7,377,383	7,377,383	7,377,383
Percentage of issued shares (%)	3.41%	3.41%	3.41%
Market value	1,578,760	1,578,760	959,060

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

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12. OTHER RESERVES

	Change in fair value reserve of available for sale investments	Foreign currency translation reserve	Total
At 1 January 2017			
Change in fair value of available for sale investments	(33,807)	(70,235)	(104,042)
Foreign currency translation differences	10,167	-	10,167
31 March 2017	<u>(23,640)</u>	<u>145,225</u>	<u>145,225</u>
At 1 January 2016			
Change in fair value of available for sale investments	24,619	14,333	38,952
Foreign currency translation differences	(17,280)	-	(17,280)
31 March 2016	<u>7,339</u>	<u>9,884</u>	<u>9,884</u>
		<u>24,217</u>	<u>31,556</u>

13. TRADE AND OTHER PAYABLES

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Trade payables	1,506,001	2,889,758	1,033,330
Dividends payable (Note 17)	32,383	32,383	125,655
Accrued expenses	1,946,926	1,418,188	1,202,104
Accrued bonus expense	451,764	473,144	131,342
Accrued leave	271,099	170,068	183,292
Refundable deposits	10,000	10,000	20,000
Due to related parties (Note 17)	-	-	24,182
Board of Directors' remunerations (Note 17)	138,000	126,000	132,000
National Labour Support Tax ("NLST")	244,602	103,785	127,256
Zakat	97,841	41,514	50,903
Other payables	215,504	457,794	333,000
	<u>4,914,120</u>	<u>5,722,634</u>	<u>3,363,064</u>

14. OTHER OPERATING INCOME

Included in other operating income an amount of KD 1,088,000 representing gain on sale of utilisation right of a land in Al Rai area.

15. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 31 March	
	2017	2016
Profit for the period	1,451,948	913,515
Weighted average number of outstanding shares (less treasury shares)	209,213,192	209,213,192
Earnings per share (fils)	6.94	4.37

The Parent Company had no outstanding dilutive shares.

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16. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Letters of guarantee	1,495,661	428,375	433,783

As at 31 March 2017, the Group has capital commitments for manufacturing new equipment of KD 20,377,072 (31 December 2016: KD 27,105,833 and 31 March 2016: KD 2,516,426).

17. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Transactions	Three months ended 31 March	
	2017	2016
Management fees paid to associates	-	24,181
Key management benefits	51,824	28,077
Board of Directors' remuneration	12,000	12,000

Balances	31 March 2017	31 December 2016 (Audited)	31 March 2016
	Key management long term balances	123,614	118,106
Key management short term balances	30,215	27,823	19,682
Dividends payable (Note 13)	32,383	32,383	125,655
Due to related parties (Note 13)	-	-	24,182
Board of Directors' accrued remunerations (Note 13)	138,000	126,000	132,000

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

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

18. OPERATING SEGMENTS

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

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

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18. OPERATING SEGMENTS (CONTINUED)

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

The Group conducts its activities through three main geographical segments:

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

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

18.1.1. Segments revenues

	Commercial segment		Food processing segment		Investments segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	KD 000's							
Kuwait	9,320	5,915	1,845	1,536	13	142	11,178	7,593
UAE	1,475	1,497	-	-	-	-	1,475	1,497
Australia	310	461	-	-	-	-	310	461
Total	11,105	7,873	1,845	1,536	13	142	12,963	9,551
Unallocated items:								
Miscellaneous revenues							1,247	63
Total revenue							14,210	9,587

18.1.2. Segments results

	Commercial segment		Food processing segment		Investments segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	KD 000's							
Kuwait	1,502	846	(74)	144	13	142	1,441	1,132
UAE	34	(80)	-	-	-	-	34	(80)
Australia	(19)	93	-	-	-	-	(19)	93
Total	1,517	859	(74)	144	13	142	1,456	1,145
Unallocated items:								
Other unallocated revenues							49	63
Other unallocated costs							(53)	(267)
Profit for the period							1,452	914

Notes to the interim condensed consolidated financial information (Unaudited)

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18. OPERATING SEGMENTS (CONTINUED)

18.1.3. Segmental distribution of assets and liabilities

	Commercial segment			Food processing segment			Investments segment			Total		
	31 March 2017	31 December 2016 (Audited)	31 March 2016	31 March 2017	31 December 2016 (Audited)	31 March 2016	31 March 2017	31 December 2016 (Audited)	31 March 2016	31 March 2017	31 December 2016 (Audited)	31 March 2016
	KD 000's											
Assets	40,090	30,360	18,266	5,664	5,663	5,511	13,080	15,623	20,142	58,834	51,646	43,919
Liabilities	15,219	9,639	4,748	56	56	56	-	-	-	15,275	9,695	4,804

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18. OPERATING SEGMENTS (CONTINUED)

18.1.4. Geographical distribution of assets and liabilities

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

		31 December 2016 (Audited)			
		Kuwait	UAE	Australia	Total
		KD 000's			
Assets		46,403	2,284	2,959	51,646
Liabilities		9,189	263	243	9,695

		31 March 2016			
		Kuwait	UAE	Australia	Total
		KD 000's			
Assets		38,425	2,330	3,164	43,919
Liabilities		4,132	368	304	4,804